

**Audited Financial Results for the quarter / year ended 31st March 2016**


(in lakhs)

Particulars	Quarter ended 31.03.2016 (audited)	Year ended 31.03.2016 (audited)	Quarter ended 31.03.2015 (audited)
Total income from operations (net)	390708.00	1563278.00	414585.00
Net Profit from ordinary activities after tax	25313.00	106493.00	44551.00
Net Profit for the period after tax (after extraordinary items)	25313.00	106493.00	44551.00
Equity Share Capital	2075.00	2075.00	2075.00
Reserves (excluding Revaluation Reserves as shown in the Balance Sheet of Previous year)	1037888.00	1037888.00	957581.00
Earning Per Share (before extraordinary items) (of Rs.100/- each)			
(not annualised) Basic:	Rs. 1,219.90	Rs. 5,132.19	Rs. 2,147.04
(not annualised) Diluted:	Rs. 1,219.90	Rs. 5,132.19	Rs. 2,147.04
Earning Per Share (after extraordinary items) (of Rs.100/- each)			
(not annualised) Basic:	Rs. 1,219.90	Rs. 5,132.19	Rs. 2,147.04
(not annualised) Diluted:	Rs. 1,219.90	Rs. 5,132.19	Rs. 2,147.04

Note : The above is an extract of the detailed format of Quarterly /Annual Financial Results filed with the Stock Exchange under the SEBI Regulations 2015. The full format of the Quarterly / Annual Financial Results are available on the Bombay Stock Exchange website and Bank's Website.

(BSE : [www.bseindia.com](http://www.bseindia.com) and Bank website [www.sbhyd.com](http://www.sbhyd.com))

Place : Mumbai  
 Date : 30.04.2016

  
 SANTANU MUKHERJEE  
 MANAGING DIRECTOR



**STATE BANK OF HYDERABAD**  
**AUDITED FINANCIAL RESULTS FOR THE QUARTER / YEAR ENDED 31.03.2016**

(₹ In Crore)

Sl. No.	PARTICULARS	Quarter Ended			Year Ended	
		31.03.2016 (Audited)	31.03.2015 (Audited)	31.12.2015 (Reviewed)	31.03.2016 (Audited)	31.03.2015 (Audited)
1	2	3	4	5	6	7
1.	<b>INTEREST EARNED ( a+b+c+d )</b>	3,434.83	3,639.85	3,584.15	14,187.20	13,823.76
a.	Interest and discount on Advances/bills	2,650.97	2,838.57	2,827.94	11,092.69	10,959.24
b.	Income on investments	714.83	666.43	688.91	2,834.58	2,582.71
c.	Interest on balances with RBI and Other inter bank funds	8.26	28.04	11.49	59.35	92.19
d.	Others	60.57	106.81	55.81	200.58	189.62
2.	<b>OTHER INCOME</b>	472.45	506.00	366.09	1,445.58	1,325.06
3.	<b>TOTAL INCOME (1+2)</b>	3,907.08	4,145.85	3,950.24	15,632.78	15,148.82
4.	<b>INTEREST EXPENDED</b>	2,278.29	2,425.73	2,381.32	9,593.59	9,431.15
5.	<b>OPERATING EXPENSES (I)+(II)</b>	711.32	843.44	714.81	2,746.53	2,804.01
i.	Employee Cost	421.31	498.77	430.64	1,596.15	1,745.89
ii.	Other operating expenses	290.01	344.67	284.17	1,150.38	1,058.12
6.	<b>TOTAL EXPENDITURE (4+5)</b> (Excluding Provisions and Contingencies)	2,989.61	3,269.17	3,096.13	12,340.12	12,235.16
7.	<b>OPERATING PROFIT/LOSS (3-6)</b> (Profit before provisions & contingencies)	917.47	876.68	854.11	3,292.66	2,913.66
8.	<b>Provisions (Other than tax) and Contingencies</b>	538.41	152.52	587.83	1,678.93	946.88
9.	Exceptional Items	NIL	NIL	NIL	NIL	NIL
10.	Profit /Loss from ordinary activities before tax (7-8-9)	379.06	724.16	266.28	1,613.73	1,966.78
11.	Tax Expenses	125.93	278.65	81.27	548.80	649.65
12.	Net Profit/Loss from ordinary activities after tax (10-11)	253.13	445.51	185.01	1,064.93	1,317.13
13.	Extraordinary Items (net of tax expenses)	NIL	NIL	NIL	NIL	NIL
14.	Net Profit / Loss for the period (12-13)	253.13	445.51	185.01	1,064.93	1,317.13
15.	<b>PAID - UP EQUITY SHARE CAPITAL</b>	20.75	20.75	20.75	20.75	20.75
16.	<b>RESERVES EXCLUDING REVALUATION RESERVES</b> (as per balance sheet of previous accounting year)	10,378.88	9,575.81	9,575.81	10,378.88	9,575.81
17.	<b>ANALYTICAL RATIOS</b>					
(i)	Percentage of shares held by Govt	NIL	NIL	NIL	NIL	NIL
(ii)	Capital Adequacy Ratio					
b.	Basel III	11.62%	11.26%	11.15%	11.62%	11.26%
(iii)	Earning per share (In ₹) (**) ( not annualised)	1,219.90	2,147.04	891.61	5,132.19	6,347.61
a)	Basic & Diluted EPS before extraordinary items	NIL	NIL	NIL	NIL	NIL
b)	Basic & Diluted EPS after extraordinary items	NIL	NIL	NIL	NIL	NIL
(iv)	(a) Gross NPA	6,590.91	4,984.77	5,831.52	6,590.91	4,984.77
(b)	Net NPA	3,743.16	2,348.51	2,894.56	3,743.16	2,348.51
(c)	% of Gross NPAs to Gross Advances	5.75%	4.59%	5.28%	5.75%	4.59%
(d)	% of Net NPA to Net Advances	3.37%	2.24%	2.71%	3.37%	2.24%
(e)	Return on Assets (annualised)	0.65%	0.89%	0.67%	0.65%	0.89%
	(**) Figures reported for the period are not annualised.					

SANTANU MUKHERJEE  
MANAGING DIRECTOR

PLACE : HYDERABAD  
DATE : 30.04.2016



**State Bank of Hyderabad**  
**Balance Sheet as on 31.3.2016**

(' in thousands)

	Schedule	as on 31.3.2016	as on 31.03.2016
<b>CAPITAL &amp; LIABILITIES</b>			
Capital	1	207500	207500
Reserves & Surplus	2	103788820	95758077
Deposits	3	1371740653	1301661873
Borrowings	4	88745294	85024536
Other Liabilities & Provisions	5	81485543	62375855
<b>TOTAL</b>		<b>1645967810</b>	<b>1545027841</b>
<b>ASSETS</b>			
Cash and Balances with Reserve Bank of India	6	65173546	57916820
Balances with banks and money at call and short notice	7	13077391	16225017
Investments	8	380075950	364911486
Advances	9	1110653464	1050531289
Fixed Assets	10	6859591	6381697
Other Assets	11	70127868	49061532
<b>TOTAL</b>		<b>1645967810</b>	<b>1545027841</b>
Contingent Liabilities	12	694043330	627958489
Bills For Collection		34355329	24129712
Principal Accounting Policies	17		
Notes to Accounts	18		

*A. Bhattacharya*  
(Arundhati Bhattacharya)  
Chairman

*V.G. Kannan*  
(V.G. Kannan)  
Director

*Santanu Mukherjee*  
(Santanu Mukherjee)  
Managing Director

*Anil Kumar Sharma*  
(Anil Kumar Sharma)  
Director

*(Neera) Vyasa*  
(Neera) Vyasa  
Director

*(Ravi Nandan Sahay)*  
(Ravi Nandan Sahay)  
Director

*(Vijay Kumar Monga)*  
(Vijay Kumar Monga)  
Director

*(Venkat Changavalli)*  
(Venkat Changavalli)  
Director

*(Bolleni Shanti Sree)*  
(Bolleni Shanti Sree)  
Director

*(Annie George Mathew)*  
(Annie George Mathew)  
Director

*(M. Harshavardhan)*  
(M. Harshavardhan)  
Director

*(N. Laxmi Srinivas)*  
(N. Laxmi Srinivas)  
Director

*(V. Viswanathan)*  
(V. Viswanathan)  
Chief General Manager  
(Retail Banking)

*(S. Chandrasekharan)*  
(S. Chandrasekharan)  
General Manager  
(Treasury) & CFO

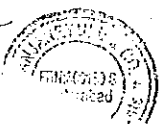
*(P. Mohandas)*  
(P. Mohandas)  
Deputy General Manager (F&A)

As per our Report of even date

for M/s Anjaneyulu & Co.,  
Chartered Accountants  
Firm Registration No:00180S

for M/s S.K. Basu & Co.,  
Chartered Accountants  
Firm Registration No:301026E

*(K. Narayana Murthy)*  
(K. Narayana Murthy)  
Partner  
Mem No. 028012



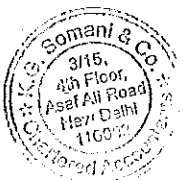
*(S. Basu)*  
(S. Basu)  
Partner  
Mem No.053225



for M/s K.G. Somani & Co.,  
Chartered Accountants  
Firm Registration No:06591N

for M/s Jawahar and Associates,  
Chartered Accountants  
Firm Registration No. 01281S

*(Bhuvnesh Maheshwari)*  
(Bhuvnesh Maheshwari)  
Partner  
Mem No. 088155



*(V. Umapathi)*  
(V. Umapathi)  
Partner  
Mem No.021887



Place:Hyderabad  
Date : 30.04.2016

**STATE BANK OF HYDERABAD**  
**PROFIT & LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH, 2016**

( In thousands)

INCOME:	Schedule	Year ended	
		31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
Interest earned	13	141872066	138237598
Other Income	14	14455764	13250629
<b>TOTAL</b>		<b>156327830</b>	<b>151488227</b>
<b>EXPENDITURE:</b>			
Interest expended	15	95935942	94311469
Operating Expenses	16	27465269	28040104
Provisions and Contingencies		22277374	15965377
<b>TOTAL</b>		<b>145678585</b>	<b>138316950</b>
<b>PROFIT/LOSS:</b>			
Net Profit for the year		10649245	13171279
Profit brought forward		3	4
<b>TOTAL</b>		<b>10649248</b>	<b>13171283</b>
<b>APPROPRIATIONS:</b>			
Transfer to Statutory Reserve		3194773	3951384
Transfer to Other Reserves		6778931	7554880
Transfer to Capital Reserve		675541	474900
Dividend (Includes Corporate Dividend Tax)		--	899958
Investment Reserve Account		--	290180
Balance carried over to the balance sheet		3	3
<b>TOTAL</b>		<b>10649248</b>	<b>13171283</b>
Principal Accounting Policies	17		
Notes on Accounts	18		
Earning Per Share (in `)		5132.19	6347.61
(Face Value `100/- Each)			

*A. Bhattacharya*

(Arundhati Bhattacharya)  
Chairman

*Anil Kumar Sharma*  
(Anil Kumar Sharma)  
Director

*Vijay Kumar Monga*  
(Vijay Kumar Monga)  
Director

*Annie George Mathew*  
(Annie George Mathew)  
Director

*V. Viswanathan*  
(V. Viswanathan)  
Chief General Manager (Retail Banking)

*V.G. Kannan*

(V.G. Kannan)  
Director

*Neeraj Vyasa*  
(Neeraj Vyasa)  
Director

*Venkat Changavalli*  
(Venkat Changavalli)  
Director

*M. Harshavardhan*  
(M. Harshavardhan)  
Director

*S. Chandrasekharan*  
(S. Chandrasekharan)  
General Manager (Treasury) & CFO

*Santanu Mukherjee*

(Santanu Mukherjee)  
Managing Director

*Ravi Nandan Sahay*  
(Ravi Nandan Sahay)  
Director

*Bolleni Shanti Sree*  
(Bolleni Shanti Sree)  
Director

*N.L. Laxmi Srinivas*  
(N.L. Laxmi Srinivas)  
Director

*P. Mohandas*  
(P. Mohandas)  
Deputy General Manager (F&A)

As per our Report of even date

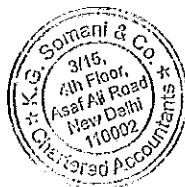
for M/s Anjaneyulu & Co.,  
Chartered Accountants  
Firm Registration No.00180S

*K. Narayana Murthy*  
(K. Narayana Murthy)  
Partner  
Mem No. 028012



for M/s K.G. Somani & Co.,  
Chartered Accountants  
Firm Registration No:06591N

*Bhuvnesh Maheshwari*  
(Bhuvnesh Maheshwari)  
Partner  
Mem No. 088155  
  
Place:Hyderabad  
Date :30.04.2016



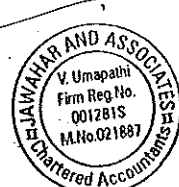
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Chartered Accountants  
Firm Registration No:301026E

*S. Basu*  
(S. Basu)  
Partner  
Mem No.053225



for M/s Jawahar and Associates,  
Chartered Accountants  
Firm Registration No. 01281S

*V. Umapathi*  
(V. Umapathi)  
Partner  
Mem No.021887



**State Bank of Hyderabad**  
Finance & Accounts Dept.  
Head Office : Hyderabad

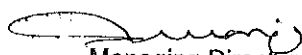
**Audited Segment Reporting for the year ended 31st March 2016**

(₹ in Crore)

PARTICULARS	Figures for the Quarter ended (Audited)			Year ended (Audited)	
	31.03.2016	31.03.2015	31.12.2015 (Reviewed)	31.03.2016	31.03.2015
<b>Segment Revenue</b>					
(a) Treasury Operations	786.62	845.80	865.53	3373.28	3166.77
(b) Corporate/Wholesale	1625.75	1538.60	1559.35	6282.99	6152.78
(c) Retail Banking	1494.73	1761.54	1625.36	5976.51	5829.27
(d) Other Banking Operations	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>3907.09</b>	<b>4145.84</b>	<b>3950.23</b>	<b>15632.78</b>	<b>15148.82</b>
<b>2. Segment Results</b>					
(a) Treasury Operations	265.97	128.07	206.49	725.82	371.53
(b) Corporate/Wholesale	332.58	303.24	297.60	1240.03	1183.30
(c) Retail Banking	389.01	524.44	426.68	1633.81	1678.05
(d) Other Banking Operations	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>987.56</b>	<b>955.75</b>	<b>930.77</b>	<b>3599.66</b>	<b>3232.88</b>
Unallocated expenses /unallocated income	-70.04	-79.06	-76.67	-307.00	-319.22
<b>OPERATING PROFIT</b>	<b>917.52</b>	<b>876.69</b>	<b>854.11</b>	<b>3292.66</b>	<b>2913.66</b>
Provisions & Contingencies	538.41	152.85	587.83	1678.93	947.21
Taxes	125.93	278.33	81.27	548.80	649.33
Extraordinary Profit	0.00	0.00	0.00	0.00	0.00
<b>Net Profit</b>	<b>253.18</b>	<b>445.51</b>	<b>185.01</b>	<b>1064.93</b>	<b>1317.12</b>
<b>Other Information</b>					
<b>Segment Assets</b>					
(a) Treasury Operations	44716.42	44367.48	41475.41	44716.42	44367.48
(b) Corporate/Wholesale	60802.75	60178.55	57472.34	60802.75	60178.55
(c) Retail Banking	57836.76	49217.09	55306.98	57836.76	49217.09
<b>TOTAL</b>	<b>163355.93</b>	<b>153763.12</b>	<b>154254.72</b>	<b>163355.93</b>	<b>153763.12</b>
Unallocated Assets	1240.85	739.66	876.43	1240.85	739.66
<b>TOTAL</b>	<b>164596.78</b>	<b>154502.78</b>	<b>155131.15</b>	<b>164596.78</b>	<b>154502.78</b>
<b>Segment Liabilities</b>					
(a) Treasury Operations	926.06	1105.00	3489.62	926.06	1105.00
(b) Corporate/Wholesale	82449.76	80412.96	77110.39	82449.76	80412.96
(c) Retail Banking	76982.96	68946.83	70493.13	76982.96	68946.83
<b>TOTAL</b>	<b>160358.78</b>	<b>150464.79</b>	<b>151093.15</b>	<b>160358.78</b>	<b>150464.79</b>
Unallocated Liabilities	4238.00	4038.00	4038.00	4238.00	4038.00
<b>TOTAL</b>	<b>164596.78</b>	<b>154502.79</b>	<b>155131.15</b>	<b>164596.78</b>	<b>154502.79</b>

**Notes:**

1. The Bank operates only in Domestic Segment.
2. Figures for the previous period have been regrouped wherever necessary in order to make them comparable

  
Managing Director

Date : 30.04.2016

  
Statutory Central Auditor



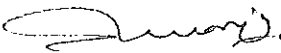
**STATE BANK OF HYDERABAD**  
**HEAD OFFICE : HYDERABAD**  
**Cash Flow Statement for the year ended 31.3.2016**

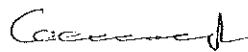
	Particulars	(Rs. in thousands)	
		Year ended 31.03.2016	Year ended 31.03.2015
A.	Cash Flow from Operating activities	8321325.48	11562778.00
B.	Cash Flow from Investing activities	(1143040.44)	(2177457.00)
C.	Cash Flow from Financial activities	(3089183.99)	(4092126.00)
	<b>Net Change in Cash &amp; Cash Equivalents</b>	<b>4109101.05</b>	<b>5293195.00</b>
D.	Cash & Cash Equivalents at the beginning of the year	74141836.00	68848641.00
E.	Cash & Cash Equivalents at the end of the year	78250937.05	74141836.00
	<b>Net Change in Cash &amp; Cash Equivalents</b>	<b>4109101.05</b>	<b>(0.00)</b>

<b>A</b>	<b>Cash flows from Operating activities:</b>			
	Net profit after Tax		10649245	13171279
<b>I</b>	<b>Adjustments for non-cash and non-operating items:</b>			
Add:	Tax Provisions (IT & WT)	5382900		7991721
	Provisions for NPAs (P&L)	19062844		6688801
	Depreciation on Investment	472493		(439600)
	Earmarked for Rest Adv	(3056894)		2771534
	Adhoc pro loan loss	0		265248
	DTA/DTL for CY	105100		(1495200)
	Standard Assets	115800		391400
	Pro for contin liabilities	195100		269175
	Floating Pro loan losses	0		(477700)
		22277343	32926588	15965377
	Depreciation	1117126		1090373
	Interest paid on Subordinated Bonds	3070000		3192171
	Provision for Employee Benefits	3986800		3277591
		8173926		7560135
	<b>Operating profit before changes in Assets:</b>		41100514	36696791
<b>II</b>	<b>Adjustments for changes in Assets:</b>			
Less:	Increase / Decrease in Investments	(15164464)		(22241905)
	Increase / Decrease in Advances	(60122175)		(93993278)
	Increase / decrease in Other assets	(32389331)		(7423494)
	Increase / decrease in Fixed Assets	(477894)		(1182682)
		(108153864)		(124841359)
			(67053350)	
<b>III</b>	<b>Adjustments for changes in Liabilities</b>			(88144568)
Add:	Increase / decrease in deposits	70078780		106564826
	Increase / Decrease in borrowings	3720758		21660680
	Other Liabilities	16602173		(17735658)
		90401711		110489848
	<b>Cash generated from operations</b>		23348361	22345280
Less:	Advance Tax actually paid	(12408536)		(8370000)
	<b>Extra Ordinary Items:</b>			
	Utilisation for DTL on Spl Reserve U/s 36			
Less:	(1) viii by debit to Other Reserves	0	0	0
	Floating Provisions Loan Losses		0	0
	Utilisation of reserves for creating provision for frauds		(477700)	0
	Utilisation for payment of Instruments pertaining to previous years by debit to Other Reserves A/c	(2618500)		
	Depr on investment written back			(2)
	Deferred Tax Liability provision utilised			(439600)
				(1495200)
		(15027036)		(10782502)
	<b>Net Cash Flow from Operating Activities</b>		8321325	11562778



Particulars		Year ended 31.03.2016		Year ended 31.03.2015	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>					
I.	Investment in Subsidiaries and/or Joint Ven	0	0	0	0
II.	Income Earned on Such Investment	0	0	0	0
<b>III. Fixed Assets</b>					
	Additions during the year	(2262171)		(3064810)	
	Deductions during the year	1119131		887353	
			(1143040)		(2177457)
IV.	<b>Net Cash used in Investing Activities</b>		(1143040)		(2177457)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>					
I.	Share Capital		0		0
II.	Share Premium		0		0
III.	Subordinated Bonds		0		0
IV.	Redemption of Bonds (Series - I)		0		0
V.	Interest paid on Subordinated Bonds		(3069184)		(3192171)
VI.	Dividend paid		0		(899955)
	<b>Net Cash Provided by (used in) Financing Activities</b>		(3069184)		(4092126)
<b>D. CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>					
I.	Cash in Hand (Including Foreign Currency Notes)		5879963		6260282
II.	Balance with Reserve Bank of India		52036856		60116658
III.	Balance with Banks and Money at call and short Notice		1,62,25,017		2472701
	<b>Total::</b>		<b>74141836</b>		<b>68848641</b>
<b>E. CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>					
I.	Cash in Hand (Including Foreign Currency Notes)		5191821		5879963
II.	Balance with Reserve Bank of India		59981725		52036856
III.	Balance with Banks and Money at call and short Notice		1,30,77,391		1,62,25,017
	<b>Total::</b>		<b>78260937</b>		<b>74141836</b>

  
Managing Director

  
Statutory Central Auditor

Place : Hyderabad  
Date : 30.04.2016



## PRINCIPAL ACCOUNTING POLICIES

### 1.1 Basis of Preparation

The Bank's financial statements are prepared under the historical cost convention, on accrual basis of accounting on going concern basis, unless otherwise stated and conform to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, guidelines of Reserve Bank of India (RBI), Accounting standards/ Guidance notes issued by the Institute of Chartered Accountants of India (ICAI), and the practices prevalent in the banking industry in India.

### 1.2 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 of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

The effect of any revision to the accounting estimates is recognized prospectively in the current and future periods

## 2. Transactions involving Foreign Exchange:

2.1 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.

2.2 Foreign currency monetary items are reported using the Foreign Exchange Dealers Association of India (FEDA) closing spot/ Forward rates.

Foreign currency Non-Monetary items, which are carried at historical cost, are reported using the exchange rate on the date of transaction.

Contingent liabilities denominated in foreign currency are reported using the FEDA closing spot rates

2.3 Outstanding foreign exchange spot and forward contracts held for trading are revalued at the exchange rates notified by FEDA for specified maturities, and the resulting profit or loss is recognised in the Profit or Loss account.

Foreign exchange forward contracts which are not intended for trading and are outstanding at the Balance Sheet date, are valued at the closing spot rate. The premium or discount arising at the inception of such a forward exchange contract is recognised as expense or income over the life of the contract.





2.4 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.

2.5 Gains / losses on account of changes in exchange rates of open position in currency features trades are settled with the exchange clearing house on daily basis and such gains/ losses are recognized in the Profit & Loss account.

### 3. INVESTMENTS

#### 3.1 Classification/categorization of Investments in India:

Investments are classified / grouped and disclosed under the following heads:

- (i) Government Securities,
- (ii) Other Approved Securities,
- (iii) Shares,
- (iv) Debentures and Bonds,
- (v) Subsidiaries/Joint ventures and
- (vi) Others.

In accordance with RBI guidelines investments are classified on the date of purchase as (a) Held to Maturity (HTM) (b) Held for Trading (HFT) or (c) Available for Sale (AFS).

- (a) **Held to Maturity (HTM):** Comprises Investments acquired, with the intention to hold them till maturity
- (b) **Held for Trading (HFT):** Comprises Investments held principally for resale within 90 days of their acquisition with the intention to trade.
- (c) **Available for Sale (AFS):** Comprises Investments not covered by (a) and (b) above.

Subsequent shifting between the above categories is done in conformity with RBI guidelines

#### 3.2

- (a) Investments in subsidiaries, joint ventures and associates are categorised as Held to Maturity.
- (b) Investments received through Restructuring of Advances are categorized as Available for Sale (AFS)

#### 3.3 Cost / Valuation:

- I. In determining the acquisition cost / sale consideration of an investment, broken period interest paid / received on debt instruments is treated as interest expense/income and is excluded from cost/sale consideration. Brokerage/Commission, Security Transaction Tax (STT) etc., paid in connection with acquisition of investments are expensed upfront and excluded from cost.
- II. Cost is determined on the weighted average cost method



III. The transfer of a security from HFT/AFS category to HTM category is accounted for at the least of acquisition cost/book value/market value on the date of transfer, and 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 re-valued and resultant depreciation, if any, is provided. In case of transfer of securities from AFS to HFT category or vice versa, the securities are not valued on the date of transfer. The provisions for the accumulated depreciation, if any, held are transferred to the provisions for depreciation against HFT securities and vice-versa.

IV. Held to Maturity category:

Investments held under Held to Maturity category are carried at its acquisition cost or at amortised cost, if acquired at a premium. Any premium on acquisition is amortised over the period remaining to maturity, on constant yield basis. Amortisation of premium is adjusted against income under the head "interest on investments".

Investments in subsidiaries and joint ventures are valued at historical cost while investments in Regional Rural Banks, are valued at carrying cost (i.e., book value). A provision is made for diminution, in value other than temporary.

V. Held for Trading and Available for Sale Categories:

Investments held as "Held for Trading" and "Available for Sale" are marked to market scrip-wise and the resultant net depreciation if any, in each classification disclosed in the Balance Sheet is recognized in the Profit and Loss Account, while the net appreciation is ignored. On provision for depreciation, the book value of the individual securities remains unchanged after marking to market.

VI. The valuation of quoted investments in "Held for Trading" and "Available for Sale" categories, is based on market rates/ quotes on the Stock Exchanges, rates declared by Primary Dealers Association of India(PDAI) / Fixed Income Money Market and Derivatives Association (FIMMDA) in accordance with the guidelines prescribed by RBI.

VII. Unquoted Investments are valued as per norms laid down by Reserve Bank of India, which are as under

- a. Government / Approved securities - on yield to maturity basis.
- b. Equity, PSU and Trustee shares - at book value as per the latest Balance Sheet (not more than 12 months old), otherwise ₹1 per company.
- c. Preference Shares - on yield to maturity basis.
- d. PSU Bonds-on yield to maturity basis with appropriate credit spread mark-up.
- e. Units of Mutual Funds-at the latest repurchase price / NAV declared by the Fund in respect of each scheme.
- f. Venture Capital Fund (VCF) -declared NAV or break up NAV as per audited balance sheet which is not more than 18 months old, otherwise at ₹1/- per VCF.



- VIII. Security receipts issued by an Asset Reconstruction Company (ARC) are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the security receipts issued by the 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 ARC, is reckoned for valuation of such investments.
- IX. Investments are classified as performing and non-performing, based on the guidelines issued by the RBI. In respect of Non-Performing Investments (NPI), income is not recognised, and provision is made for depreciation/diminution in the value of such securities as per RBI guidelines.
- X. Investments become non performing when:
- a) Interest/installment (including maturity proceeds) is due and remains unpaid for more than 90 days;
  - b) In case of Preference shares fixed dividend is due and remains unpaid for more than 90 days;
  - c) 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;
  - d) If any credit facility availed by the issuer of security is NPA in the books of the Bank, investment in any of the securities issued by the same issuer is also treated as NPI and vice versa. However, if only the preference shares issued by the issuer are classified as NPI, the investment in any other performing securities issued by the same issuer is not classified as NPI and any performing credit facilities granted as a borrower, is not treated as NPA.
  - e) Securities created out of conversion of outstanding principal amount as part of restructuring of advance are classified in the same asset classification category in which restructured advance has been classified
  - f) Investments in debentures/bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.
- XI. Transactions in securities other than transactions under the Liquidity Adjustment Facility (LAF) under Repo/ Reverse repo are treated as per Uniform Accounting Guidelines prescribed by Reserve Bank of India.
- XII. Securities purchased / sold under LAF with RBI are debited / credited to investment account and reversed on maturity of the transaction. Interest expended/earned thereon is accounted for as expenditure / revenue.
- XIII. Purchases and sales of SLR and Non SLR securities are recorded and recognized on the basis of 'settlement' date.



#### 4. Loans / Advances and Provisions thereon:

4.1 Advances are classified as performing and non-performing, based on the guidelines issued by the RBI and in accordance with the Income recognition and Asset classification norms applicable.

4.2 Provision on Standard Assets is made and included under the head "other liabilities and provisions" and not netted out against advances

4.3 For restructured/ rescheduled accounts, provisions are made in accordance with the guidelines issued by RBI, which require that the difference between the fair value of the loan before and after restructuring is provided for in addition to the provision for NPAs.

4.4 Advances are disclosed net of provisions specific to non performing advances, the amount of sacrifice computed in respect of restructured / re-scheduled advances, bills rediscounted with institutions and amounts received/ claimed from credit guarantee organizations.

4.5 Non-Performing advances (NPAs), other than Central Government guaranteed advances (where the guarantee is neither invoked nor repudiated), are classified into substandard, doubtful and loss assets, based on the criteria stipulated by the RBI.

4.6 Provisioning in respect of Advances, including for NPAs is made in accordance with the prudential norms prescribed by the RBI. Additional provision is made to improve Provision Coverage Ratio (PCR).

4.7 The sale of Non Performing Financial Assets is accounted for as per guidelines prescribed by the RBI. Bank can spread over any shortfall, if the sale value is lower than the NBV, over a period of two years. The spreading over the shortfall would however be available for NPAs' sold up to March 31, 2016 or as extended by RBI from time to time.

Further, the Bank can reverse the excess provision on sale of NPAs, if the sale value is for a value higher than the NBV, to its Profit and Loss A/c in the year the amounts are received. However, bank can reverse excess provision arising out of sale of NPAs only when the cash received (by way of initial consideration and / or redemption of SRs/ PTCs) is higher than the net book value (NBV) of the asset. Such reversal of excess provision is limited to the extent of cash received in excess of the NBV of the asset".

4.8 Amounts recovered against debts written off in earlier years, are recognised as revenue.

4.9 Interest accrued and remaining unrealized (including for prior periods), in the accounts of borrowers identified and classified as NPA, is derecognized and reversed. The Bank's advances portfolio in the balance sheet date, is shown net of such credits/reversals.

#### 4.10 Provision for Country Wise Exposure:

In addition to the specific provisions made according to the asset classification status, provision is also made for country exposures. Countries are grouped into seven risk categories, and provisioning is made as per RBI guidelines. **Where the individual net country exposure is 1% or more of the total funded assets, Bank is required to make provision for country risk on such exposures.** The provision is reflected in Schedule-5 of the balance sheet under "Other liabilities and other provisions".



#### 4.11 Floating Provisions:

The Bank has a policy for creation and utilization of floating provisions for advances. The quantum of floating provisions to be created is assessed at the end of each financial year. The floating provisions are utilized only for contingencies under extra ordinary circumstances specified in the policy with prior permission of Reserve Bank of India.

### 5. FIXED ASSETS

5.1 Fixed assets are carried at cost less accumulated depreciation.

5.2 Premises include freehold as well as leasehold properties. Land and buildings allotted by Government/Government agencies are capitalized based on letters of Allotment, Agreements or upon physical possession.

5.3 Cost includes cost of purchase and all related expenditure such as site preparation, installation costs and professional fees incurred in relation to the asset before it is put to use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefits from such assets or their functioning capability.

5.4 In respect of fixed assets acquired during the year, depreciation is charged on proportionate basis, on the basis of number of days the asset is put to use. ,

5.5 The depreciation is charged on Straight line Method on all Fixed Assets on the basis of estimated useful life of the assets. The brief summary of useful life of the assets is given below.

Nature of Assets	Useful life of Asset in years
Premises including building used for the Bank's business, guest house and residential purpose	60
Vehicles (Motor cars)	5
Safe deposit lockers, Fire proof Data Safe, Strong Room Doors	20
Furniture and Fixtures other than Electrical Fittings and Fixtures	10
Electrical Fittings and Fixtures	5
Items provided at residence of Officials:	
Electrical Equipments	5
Wooden and Steel Furniture	10
Carpets and Curtains	3
Computer, ATM, CDM, CD,CVM and Networking Equipment	5
Computer Software forming an integral part of hardware	3
Computer software which does not form an integral part of hardware	3
Servers	4

5.6 In respect of leasehold premises, the lease premium is amortised over the period of lease and the lease rent is charged in the respective years.

5.7 Office items costing less than ₹1,000 each are charged off in the year of purchase

### 6. EMPLOYEES BENEFITS

#### 6.1 Short Term Employee Benefits:

The undiscounted amount of short-term employee benefits, such as medical benefits, casual leave etc. which are expected to be paid in exchange for the services rendered by employees are recognized during the period when the employee renders the service.



## 6.2 Post Employment Benefits:

### i. Defined Benefit Plan

a. 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 an approved trust established for this purpose and are charged to Profit and Loss Account.

b. The Bank operates gratuity and pension schemes under defined benefit plans.

c. The Bank provides for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, on death while in employment, or on termination of employment for an amount equivalent of 15 days' basic salary payable for each completed year of service subject to a maximum amount of ₹10,00,000 as per the Gratuity Act 1972 or in terms of the State Bank of Hyderabad (Payment of Gratuity to Employees) Regulations, 1960, whichever is higher. Vesting occurs upon completion of five years of service.

The Bank makes annual contributions to a fund administered by trustees based on an independent external actuarial valuation carried out annually.

d. The Bank provides for pension to all eligible employees. The benefit is in the form of monthly payments as per rules and regular payments to vested employees on retirement, on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. The Bank makes annual contributions to a fund administered by trustees based on an independent external actuarial valuation carried out annually.

e. 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 recognised in the statement of profit and loss and are not deferred.

### ii. Other Long Term Employee benefits:

a. All eligible employees of the bank are eligible for compensated absences, leave travel concession, Silver Jubilee Awards, 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 recognised in the profit and loss account and is not deferred.

### Defined Contribution Plans:

The Bank operates a new pension scheme (NPS) for all officers / employees joining the Bank on or after 1<sup>st</sup> August, 2010, which is a defined contribution plan, such new joiners not being entitled to become members of the existing SBH 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, 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.



## 7. 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.

## 8. Revenue Recognition:

8.1 Income and expenditure are accounted for on accrual basis except for the following which are recognized on realization:

- (i) Commission on LCs and Guarantees (excluding Deferred Payment Guarantees)
- (ii) Insurance Claims
- (iii) Locker Rent
- (iv) Interest on Tax refund
- (v) Commission from Cross Selling activities.
- (vi) Income from non performing assets, leases and investments, is recognised in accordance with the prudential norms prescribed by the RBI.
- (vii) Interest on application money on investments
- (viii) Overdue interest on investments and bills discounted,
- (ix) Income on Rupee Derivatives designated as "Trading".
- (x) Income from Fees and Commission (other than on Deferred Payment Guarantee and Government Business)

8.2 Profit / loss on sale of investments is credited /debited to "Profit / Loss on Sale of Investments". However profit on sale of investments in the Held to Maturity category is appropriated to Capital Reserve net of applicable taxes.

8.3 Income (other than interest) on investments in "Held to Maturity"(HTM)category acquired at a discount is recognized as follows:

- a) On interest bearing securities, recognized at the time of sale/redemption
- b) On zero coupon securities, accounted for over the balance tenor of the security on a constant yield basis.

8.4 Dividend on shares is accounted for when the right to receive the dividend is established



## 9. Provision for Taxation

9.1 Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax and deferred tax expenses are determined in accordance with the provisions of Income Tax Act, 1961 and as per Accounting Standard 22 respectively. Deferred tax adjustments comprise of changes in the deferred tax assets or liabilities during the year.

9.2 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. Deferred tax assets and liabilities are recognised on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax basis, and carry forward losses. The impact of changes in the deferred tax assets and liabilities is recognised in the profit and loss account.

9.3 Deferred tax assets are recognised and reassessed at each reporting date, based upon management's judgment as to whether realisation is considered certain. Deferred tax assets are recognised on carried forward unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realised against future profits.

## 10. Provisions, Contingent Liabilities and Contingent Assets:

10.1 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.

10.2 No provision is recognised for obligations recognized as contingent liabilities, if:

- i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or nonoccurrence 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.

10.3 Contingent Assets are neither recognised nor disclosed in the financial statements.

## 11 Net Profits and Contingency Fund:

Net Profit is arrived at after accounting for the following "Provisions and Contingencies".

- Depreciation on Investments
  - Provision for Income Tax and Wealth Tax.
  - Provision for Loan Losses
  - Provision for Standard Assets and
  - Other usual and necessary provisions and transfer to contingencies
- Contingency funds are grouped in the Balance Sheet under the head "Other Liabilities and Provisions".

*[Handwritten signatures and initials]*





**State Bank of Hyderabad**

**Schedules forming part of the Balance Sheet as on 31st March 2016 and**

**Profit & Loss account for the year ended 31<sup>st</sup> March 2016**

**Schedule-18 - Notes to Accounts for the year 2015-16**

(₹ in Crore)

1.	CAPITAL	2015-16	2014-15																														
i)	Basel II																																
	Tier I CRAR	9.51%	9.37%																														
	Tier II CRAR	2.99%	2.63%																														
	Total CRAR (Basel II)	12.50%	12.00%																														
ii)	Basel III																																
i)	Common Equity Tier 1 (including CCB of 0.625% w.e.f 31 <sup>st</sup> March 2016) capital ratio (%)	8.90%	8.86%																														
ii)	Tier 1 capital ratio (%)	9.27%	9.18%																														
iii)	Tier 2 capital ratio (%)	2.35%	2.08%																														
iv)	Total Capital ratio (CRAR) %	11.62%	11.26%																														
v)	Percentage of the shareholding of the Government of India	Nil	Nil																														
vi)	Amount of equity capital held by State Bank of India	20.75	20.75																														
vii)	Amount of Additional Tier 1 capital raised; of which Perpetual Non Cumulative Preference Shares (PNCPS): Innovative Perpetual Debt Instruments (IPDI): The details of outstanding domestic IPDIs are as under:	Nil 685.00	Nil 685.00																														
	<table border="1"> <thead> <tr> <th>Nature of Bonds</th> <th>Principle Amount</th> <th>Date of Issue</th> <th>Maturity Period (in months)</th> <th>Rate of Interest (% p.a.)</th> </tr> </thead> <tbody> <tr> <td>IPDI</td> <td>350</td> <td>28.03.2008</td> <td>Perpetual</td> <td>9.95</td> </tr> <tr> <td>IPDI</td> <td>135</td> <td>24.02.2010</td> <td>Perpetual</td> <td>9.20</td> </tr> <tr> <td>IPDI</td> <td>200</td> <td>20.09.2010</td> <td>Perpetual</td> <td>9.05</td> </tr> </tbody> </table>	Nature of Bonds	Principle Amount	Date of Issue	Maturity Period (in months)	Rate of Interest (% p.a.)	IPDI	350	28.03.2008	Perpetual	9.95	IPDI	135	24.02.2010	Perpetual	9.20	IPDI	200	20.09.2010	Perpetual	9.05												
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IPDI	350	28.03.2008	Perpetual	9.95																													
IPDI	135	24.02.2010	Perpetual	9.20																													
IPDI	200	20.09.2010	Perpetual	9.05																													
viii)	Amount of Tier 2 Capital raised; of which: Subordinated Debt Capital Instruments: Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)] The bonds are unsecured, long-term, non-convertible and are redeemable at par. The detail of subordinated debt is as under:	3553.00 Nil Nil Nil Nil	3353.00 Nil Nil Nil Nil																														
	<table border="1"> <thead> <tr> <th>Nature of Bonds</th> <th>Principle Amount</th> <th>Date of Issue</th> <th>Maturity period (in months)</th> <th>Rate of interest</th> </tr> </thead> <tbody> <tr> <td>Tier II</td> <td>500</td> <td>19.03.2008</td> <td>180</td> <td>9.35</td> </tr> <tr> <td>Tier II</td> <td>325</td> <td>05.06.2009</td> <td>180</td> <td>8.39</td> </tr> <tr> <td>Tier II</td> <td>450</td> <td>21.08.2009</td> <td>180</td> <td>8.50</td> </tr> <tr> <td>Tier II</td> <td>475</td> <td>08.09.2009</td> <td>180</td> <td>8.60</td> </tr> <tr> <td>Tier II</td> <td>550</td> <td>30.09.2006</td> <td>115</td> <td>8.80</td> </tr> </tbody> </table>	Nature of Bonds	Principle Amount	Date of Issue	Maturity period (in months)	Rate of interest	Tier II	500	19.03.2008	180	9.35	Tier II	325	05.06.2009	180	8.39	Tier II	450	21.08.2009	180	8.50	Tier II	475	08.09.2009	180	8.60	Tier II	550	30.09.2006	115	8.80		
Nature of Bonds	Principle Amount	Date of Issue	Maturity period (in months)	Rate of interest																													
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Tier II	550	30.09.2006	115	8.80																													



Tier II	160	23.04.2008	115	9.15
Tier II	393	31.03.2015	120	8.32
Tier II	500	30.12.2015	120	8.40
Tier II	200	08.02.2016	120	8.45

Note: During the year ended 31.03.2016, for strengthening Bank's capital adequacy and for enhancing its long-term resources, the Bank has raised Tier 2 Capital under Basel III Capital Regulations as laid out by RBI for ₹700 crore in two tranches of ₹500 crore and ₹200 crore carrying coupon rate of 8.40% and 8.45% respectively. The bonds have a face value of ₹10 lakh and will be redeemed on 30.12.2025 and 08.02.2026 respectively. During the year, bonds for an amount of ₹500 crore were redeemed on maturity.

(₹ In Crore)

2 (I)	INVESTMENTS		
	Value of Investments -- In India	2015-16	2014-15
	Gross Value of Investments	38055.00	36821.25
	Provision for Depreciation		
	Net Value of Investments	47.41	30.10
2 (II)	MOVEMENT OF PROVISIONS HELD TOWARDS DEPRECIATION ON INVESTMENTS	38007.59	36791.15
	Opening Balance		
	Add: Provisions made during the year	30.10	114.53
	Less: Utilised on account of Shifting	47.25	0.00
	Less: Written off	17.24	59.84
	Closing Balance	12.70	24.59
		47.41	30.10

\* We do not have any investments outside India.

**Note:-**

- a) Securities amounting to ₹1916.15 Crore (previous year ₹1915.00 crore) are kept as margins with following agencies as under:

(₹ In Crore)

	2015-16	2014-15
Clearing Corporation of India Limited	1500.00	1520.00
General Settlement Fund	416.15	395.00
Total	1916.15	1915.00

- b) Investments have been shown net of liquidity adjustment facility of ₹998.00 Crore (previous year ₹300.00 Crore) and Reverse Repo amount of Rs.400.00 Crore (previous year NIL)

2(III) REPO TRANSACTIONS	(₹ In Crore)			
	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2016
Securities sold under Repo				
i. Govt Securities	0.00 (0.00)	2330.00 (1600.00)	585.19 (391.05)	998.00(300.00)
ii. Corporate Debt Securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Securities purchased under reverse repo				
i. Govt Securities	0.00 (0.00)	1850.00 (1764.83)	169.91 (201.91)	400.00 (0.00)
ii. Corporate Debt Securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

(Figures in Brackets pertains to previous year)



**2 (IV) NON-SLR INVESTMENT PORTFOLIO**
**ISSUER COMPOSITION OF NON-SLR INVESTMENTS AS ON 31.03.2016**

(₹ in Crore)

S. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	546.44 (407.77)	129.15 (129.15)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
(ii)	FIs	306.47 (2413.82)	113.80 (113.80)	0.00 (0.00)	0.00 (0.00)	5.65 (18.50)
(iii)	Banks	160.06 (1499.00)	84.25 (84.25)	0.00 (0.00)	0.00 (0.00)	18.90 (0.00)
(iv)	Private Corporates	248.03 (157.43)	14.30 (14.30)	0.00 (0.00)	5.00 (5.00)	57.21 (0.00)
(v)	Subsidiaries/Joint ventures**	6.33 (6.33)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
(vi)	Others	1763.84 (981.32)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
(vii)	Provision held towards depreciation	-47.41 (-30.10)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	81.76 (0.00)
	<b>TOTAL</b>	<b>2983.76</b>	<b>341.50</b>	<b>0.00</b>	<b>5.00</b>	<b>81.76</b>
	<b>Previous year</b>	<b>5435.63</b>	<b>341.50</b>	<b>0.00</b>	<b>5.00</b>	<b>18.50</b>

(Figures in Brackets pertain to Previous year)

**Note:**

- a) This statement excludes securities which are exempted from rating/listing requirement as per RBI Guidelines.
- b) Investments in Subsidiaries / Joint Ventures relate to Investment in Telangana Grameen Bank.
- c) An amount of ₹2188.72 crore pertaining to investments in NABARD/SIDBI/NHB, was included under Financial Institutions as on 31.03.2015 and forming part of Treasury investments. However as per RBI guidelines vide their circular No.DBR.BP.BC.No.31/21.04.018/2015-16 dated 16.07.2015 we have classified the investments with NABARD/SIDBI/NHB/MUDRA under 'Other Assets' (Schedule 11) as on 31.03.2016 amounting to ₹1268.22 crore. The break up is as follows.

(₹ in Crore)

PARTICULARS	2015-16	2014-15
NABARD	779.06	2050.60
SIDBI	96.87	27.65
NHB	331.28	110.47
MUDRA	61.03	0.00
Total	1268.22	2188.72

**2 (V) Non-Performing Non-SLR Investments**

(₹ in Crore)

PARTICULARS	2015-16	2014-15
Opening Balance	26.58	40.20
Addition during the year	9.19	0.00
Reduction during the year	12.70	13.62
Closing Balance	23.07	26.58
Total Provision Held	23.07	26.58

**2.(VI) Sales and Transfer to / from HTM Category**

The value of sales and transfer of securities to / from HTM category does not exceed 5% of the book value of investments held in HTM category at the beginning of the year.



2.(VII) Investment in Security Receipts				(₹ in Crore)		
Particulars	Backed by NPAs sold by the bank as		Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying		Total	
	(2015-16)	(2014-15)	(2015-16)	(2014-15)	(2015-16)	(2014-15)
Book value of investments in security receipts	1127.94	596.17	0.00	0.00	1127.94	596.17

3. DERIVATIVES :					
(I) Forward Rate Agreement / Interest Rate Swap		NIL			
(II) Exchange Traded Interest Rate Derivatives		NIL			
(III) Disclosure on Risk Exposure in Derivatives		Bank is yet to enter into the derivative products such as interest rate swaps, FRAs, options and futures. However, the derivative policy has been duly approved by the Board and is in place.			
(IV) Quantitative Disclosure on Risk Exposure in Derivatives as on 31.03.2016		(₹ in Crore)			
Sl.No.	Particulars	Currency Derivatives		Interest rate Derivatives	
		2015-16	2014-15		
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	3059.46	2119.25	NIL	NIL
	b) For trading	45070.98	37783.05	NIL	NIL
(ii)	Marked to Market Positions				
	a) Asset (+)	23410.81	20256.12	NIL	NIL
	b) Liability (-)	23882.16	21342.51	NIL	NIL
(iii)	Credit Exposure	99.57	57.96	NIL	NIL
(iv)	Likely impact of one percentage change in interest rate (100*PV01)	NIL	NIL	NIL	NIL
	a) On hedging derivatives	NIL	NIL	NIL	NIL
	b) On trading derivatives	NIL	NIL	NIL	NIL
(v)	Maximum and Minimum of 100*PV01 observed during the year	NIL	NIL	NIL	NIL
	a) On hedging	NIL	NIL	NIL	NIL
	b) On trading	NIL	NIL	NIL	NIL



4. ASSET QUALITY

(₹ in Crore)

4(i)	NON-PERFORMING ASSETS	2015-16	2014-15
(i)	Net NPAs to Net Advances (%)	3.37	2.24
(ii)	<b>Movement of NPAs (Gross)</b>		
	(a) Opening balance	4984.77	5824.20
	(b) Additions during the year	5818.75	3049.28
	(c) Reductions during the year	4212.61	3888.71
	(d) Closing Balance	6590.91	4984.77
(iii)	<b>Movement of Net NPAs</b>		
	(a) Opening balance	2348.51	2984.89
	(b) Net Additions during the year	1394.65	0.00
	(c) Reductions during the year	0.00	636.38
	(d) Closing Balance	3743.16	2348.51
(iv)	<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
	(a) Opening balance*	2448.18	2653.22
	(b) Provisions made during the year	1906.28	668.88
	(c) Write-off / write-back of excess provisions	1889.18	873.92
	(d) Closing balance	2465.28	2448.18
	*Opening balance of diminution in fair value in respect of NPA restructured accounts grouped with specific provision for NPAs under IRAC norms		
(v)	<b>Movement of Advances under collection account and technical write off/recoveries made there on during the year 2015-16</b>		
	PARTICULARS		
	Opening Balance	1037.06	935.01
	Add: Technical/Prudential write offs/AUCA during the year	1158.31	308.75
	Sub-Total (A)	2195.37	1243.76
	Less: Recoveries made from previously technical/prudential written-off/AUCA during the year	90.24	206.70
	Closing balance	2105.13	1037.06
(vi)	<b>Movement of Floating provisions</b>		
	Opening Balance	35.68	71.36
	Floating Provisions made during the year	0.00	0.00
	Amount of drawdown made during the year for making specific provisions for NPAs	0.00	35.68
	Closing balance	35.68	35.68
(vii)	<b>Movement of Counter Cyclical Provisions</b>		
	Opening Balance	12.09	24.18
	Provisions made during the year	0.00	0.00
	Amount of drawdown made during the year for making specific provisions for NPAs	0.00	12.09
	Closing balance	12.09	12.09



## 4.(II) MOVEMENT OF GROSS NPAs

(₹ In Crore)

Particulars	2015-16	2014-15
Gross NPAs as on April 1 of 2015 (Opening Balance)	4984.77	5824.20
Additions (Fresh NPAs) during the year	5818.75	3049.28
Sub-total (A)	10803.52	8873.48
Less:-		
(i) Upgradations	505.24	1552.54
(ii) Recoveries (excluding recoveries made from upgraded accounts)	2503.43	1980.89
(iii) Technical / Prudential Write-off	1158.31	308.53
(iv) Write-off other than those under (iii) above	45.63	46.75
Sub-total (B)	4212.61	3888.71
Gross NPAs as on 31 <sup>st</sup> March 2016 (Closing Balance) (A-B)	6590.91	4984.77





5	Downgradations of restructured accounts during the FY	No. of Borrowers	-4	-1	4	1	-7	5	1	1	-21	11	3	7	-32	15	8	9	
		Amount Outstanding	-837.97	53.49	784.48	0.00	-12.35	11.13	0.80	0.42	-233.57	51.86	181.66	0.05	-1083.69	116.48	966.94	0.47	
		Provision there on	-86.75	23.20	43.55	0.00	0.00	0.00	-0.03	0.03	-9.79	3.97	5.81	0.01	-76.54	27.17	49.33	0.04	
6	Write-offs restructured accounts during the FY	No. of Borrowers	9	7	4	3	23	4	7	1	26	5	18	7	62	16	29	11	
		Amount Outstanding	626.18	304.36	231.50	22.50	1184.54	9.94	16.25	0.13	0.30	26.62	79.38	288.13	0.04	925.49	399.99	519.76	22.84
		Provision there on	109.82	37.15	49.25	3.40	193.62	0.66	0.88	0.04	0.01	1.46	7.55	10.48	0.01	86.29	45.58	53.77	3.42
7	Restructured accounts as on March 31 of 2016 (closing figures*)	No. of Borrowers	29	6	16	1	52	11	57	39	130	23	66	7	159	40	136	47	
		Amount Outstanding	2058.45	432.38	1026.02	0.00	3516.85	105.17	16.96	22.66	0.34	145.13	238.90	369.57	0.04	3344.23	688.24	1432.25	0.38
		Provision there on	110.10	26.32	14.47	0.00	150.89	4.14	0.14	0.34	0.02	4.64	101.67	5.59	0.00	109.71	28.91	20.40	0.02

\* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)





5(II) (a)	Details of financial assets sold to Securitisation / Reconstruction Company (SC/RC) for Asset Reconstruction	(` in Crore)	
		2015-16	2014-15
(A)	Details of Sales:		
	1. No. of accounts	3256	56
	2. Aggregate value (net of provisions) of accounts sold to SC/RC	1160.22	897.72
	3. Aggregate consideration	772.51	951.86
	4. Additional consideration realized in respect of accounts transferred in earlier years	0.00	0.00
	5. Aggregate gain/(loss) over net book value		
	Gain	123.62	290.64
	Loss	511.33	236.50
	Net Gain	(-387.71)	54.14
5(II)(b)	Details of non-performing financial assets purchased / Sold from / to other Banks		
A	Details of non performing financial assets purchased:		
	Particulars	2015-16	2014-15
	1. (a) No. of accounts purchased during the year	0	0
	(b) Aggregate outstanding	0	0
	2. (a) Of these, number of accounts restructured during the Year	0	0
	(b) Aggregate outstanding	0	0
B	Details of non performing financial assets sold:		
	Particulars	2015-16	2014-15
	1. No. of accounts sold	0	0
	2. Aggregate outstanding	0	0
	3. Aggregate consideration received	0	0

**Note:-**

During the current FY 2015-16, the Bank sold financial assets worth Rs. 1819.11 crore (NPA – Rs. 1792.10 crore, NPI – Rs. 10.95 crore, AUCA – Rs. 16.06 crore). Some of the NPA accounts were sold for less than the Net Book Value resulting in a deficit of Rs. 511.33 crore during the period ended 31.03.2016 which is to be written off in eight quarters.

The deficit of Rs. 747.83 crore in respect of NPA accounts sold for less than the Net Book Value in the FY 2014-15 and FY 2015-16 is being written off in 8 quarters in equal proportions from the quarter in which the assets have been sold. The amount of written off for the FY 2014-15 was Rs. 42.08 crore and the amount written off for the FY 2015-16 is Rs. 231.43 crore and the balance of Rs. 474.32 crore is carried forward to be written off in future in terms of RBI Circular No. DBR.No.BP,BC.94/21.04.048/2014-15 dated 21.05.2015 and DBR.No.BP,BC.2/21.04.048/2015-16 dated 01.07.2015.

**5 (III) Provisions on Standard Assets**

(` in Crore)

Particulars	2015-16	2014-15
Provision towards Standard Advances	11.58	376.26



## 6. Business Ratios

Particulars		2015-16	2014-15
(i)	Interest income as a percentage to working funds	8.72%	9.30%
(ii)	Non-Interest income as a percentage to working funds	0.89%	0.89%
(iii)	Operating profit as a percentage to working funds	2.02%	1.96%
(iv)	Return on assets	0.65%	0.89%
(v)	Business (Deposits plus advances) per employee (₹ in lakh)	1471	1516
(vi)	Profit per employee (₹ in lakh)	6.15	8.29

## Asset Liability Management

### 6(I). Maturity pattern of certain items of assets and liabilities

₹ in Crore

MATURITY PATTERN OF	Day 1	2 to 7 days	8-14 days	15 to 30 days	31 days and upto 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 years and upto 3 years	Over 3 years and upto 5 years	over 5 years	Total
DEPOSITS*	1188.33 (937.66)	2139.84 (2080.00)	1116.14 (1324.92)	945.70 (1481.97)	1900.05 (8984.23)	4987.60 (11544.40)	8311.64 (15843.10)	13369.24 (48261.24)	41329.67 (18546.28)	26562.10 (20593.74)	32034.86 (129367.52)	135885.08 (129367.52)
ADVANCES* (GROSS)	1791.10 (1607.78)	1476.75 (1367.04)	931.90 (856.52)	2402.51 (1429.13)	2929.58 (7218.28)	3205.61 (5303.63)	4282.25 (8104.16)	8747.28 (66235.08)	59233.22 (10548.00)	13637.60 (13449.95)	13538.94 (13449.95)	112156.73 (106120.07)
INVESTMENT	180.88 (380.15)	400.00 (78.81)	4.93 (0.00)	5.00 (1.00)	1095.95 (1054.63)	1083.38 (1021.04)	1692.37 (2308.06)	2129.65 (8162.00)	6486.16 (7330.20)	6293.63 (15155.36)	16735.66 (15155.36)	38007.59 (39491.15)
BORROWINGS (GROSS)*	0.00 (0.17)	300.00 (0.00)	0.00 (0.00)	550.00 (600.00)	0.00 (500.00)	0.00 (500.00)	522.86 (647.33)	410.47 (241.11)	1139.64 (2246.68)	521.64 (321.68)	4433.23 (2482.98)	7677.64 (6939.95)
FOREIGN CURRENCY ASSETS	1287.63 (516.68)	632.50 (211.11)	91.17 (1439.00)	164.31 (42.07)	80.91 (406.70)	79.42 (406.70)	161.37 (608.66)	882.08 (928.57)	147.47 (72.61)	0.00 (0.00)	0.00 (0.60)	3546.88 (2801.41)
FOREIGN CURRENCY LIABILITIES	112.15 (72.17)	2.67 (2.93)	1.85 (1.80)	5.05 (5.21)	744.39 (710.26)	9.69 (710.26)	319.77 (921.60)	228.47 (69.74)	335.63 (91.82)	516.40 (485.43)	0.00 (0.00)	2285.67 (2381.16)

\*Excluding foreign currency deposits, advances and borrowings which are included in foreign currency assets and liabilities.

Figures in brackets pertains to previous year



## 6 (II). Liquidity Coverage Ratio (LCR):

(₹ in Crore)

		2015-16		2014-15	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets (HQLA)</b>					
1	Total High Quality Liquid Assets (HQLA)		15936.67		14493.35
<b>Cash Outflows</b>					
2	Retail deposits and deposits from small business customers, of which:				
(i)	Stable deposits	74871.40	6291.00	67228.71	5755.11
(ii)	Less stable deposits	23922.72	1196.14	19355.15	967.76
		50948.69	5094.87	47873.56	4787.36
3	Unsecured wholesale funding, of which:				
(i)	Operational deposits (all counterparties)	544.32	134.10	2891.74	611.44
(ii)	Non-operational deposits (all counterparties)	51076.78	18686.72	13326.18	7743.96
(iii)	Unsecured debt	0.00	0.00	0.00	0.00
4	Secured wholesale funding		0.00		0.00
5	Additional requirements, of which	5597.37	4271.40	735.82	99.33
(i)	Outflows related to derivative exposures and other collateral requirements	4199.04	4199.03	0.00	0.00
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00
(iii)	Credit and liquidity facilities	1398.33	72.36	735.82	99.33
6	Other contractual funding obligations	849.38	849.38	338.10	338.10
7	Other contingent funding obligations	34306.02	1685.21	19649.97	982.50
8	<b>TOTAL CASH OUTFLOWS</b>		31917.80		25304.8
<b>Cash Inflows</b>					
9	Secured lending (e.g. reverse repos)	299.99	0.00	966.67	0.00
10	Inflows from fully performing exposures	17022.46	10431.51	11546.74	6659.87
11	Other cash inflows	2893.43	2872.40	668.83	668.83



12	TOTAL CASH INFLOWS	20216.88	13303.91	13182.24	7328.71
			Total Adjusted Value		Total Adjusted Value
21	TOTAL HQLA		15335.67		1492.35
22	TOTAL NET CASH OUTFLOWS		1863.90		6201.73
23	LIQUIDITY COVERAGE RATIO (%)		82.39%		176.71%

(As compiled by Management and relied upon by Auditor)

## 7. EXPOSURES

(₹ In Crore)

7 (I) Exposure to Real Estate Sector		2015-16	2014-16
<b>a) Direct exposure</b>			
<b>(i) Residential Mortgages:</b>			
Lendings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.		21003.43	16148.37
Out of the above, individual housing loans upto ₹20 lakh		10826.91	9889.05
<b>(ii) Commercial Real Estate:</b>			
Lendings secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose/ multi-tenanted commercial premises, multi-family residential buildings, industrial or warehouse space, hotels, land acquisition, development and construction, etc.,). Exposure includes Non Fund Based (NFB) Limits also.		2254.12	1736.32
<b>(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:</b>			
a. Residential,		0.00	0.00
b. Commercial Real Estate		0.00	0.00
<b>b) Indirect Exposure</b>			
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		1936.70	2329.58
<b>Total Exposure to Real Estate Sector</b>		<b>25194.26</b>	<b>20214.27</b>
<b>7 (II) Exposure to Capital Market</b>			
(i)	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	267.23	124.19
(ii)	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'	0.05	0.00
(iii)	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	0.00	0.00



(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds / 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	89.09	0.00
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers	0.00	0.00
(vi)	Loans sanctioned to corporate 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	0.00	0.00
(vii)	Bridge loans to companies against expected equity flows/issues	0.00	180.00
(viii)	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	0.00	0.00
(ix)	Financing to stockbrokers for margin trading	0.00	0.00
(x)	All exposures to Venture Capital Funds (both registered and unregistered)	35.02	35.59
	<b>Total Exposure to Capital Market</b>	<b>391.39</b>	<b>339.78</b>

(As compiled by Management and relied upon by Auditors)

As a part of Strategic Debt Restructuring 51% stake has been obtained in two companies aggregate book value / acquisition cost ₹25.80 crore and the Market Value ₹26.80 crore.

### 7 (III) RISK CATEGORY WISE COUNTRY EXPOSURE

(₹ in Crore)

Risk Category *	Exposure (net) as at 31.03.2016	Provision held as at 31.03.2016	Exposure (net) as at 31.03.2015	Provision held as at 31.03.2015
Insignificant	0.00	0.00	0.59	0.00
Low	882.54	0.00	1944.90	0.00
Moderate	1.82	0.00	2.59	0.00
High	9.91	0.00	18.82	0.00
Very High	39.75	0.00	63.75	0.00
Restricted	18.60	0.00	0.00	0.00
Off-Credit	0	0.00	0.46	0.00
<b>TOTAL</b>	<b>952.62</b>	<b>0.00</b>	<b>2031.10</b>	<b>0.00</b>
<b>Previous Year</b>	<b>2031.10</b>	<b>0.00</b>	<b>1516.65</b>	<b>0.00</b>

(\* Basis of Category Classification - ECGC)

For compiling the country-wise risk exposure, the Bank has used the Country Risk Management Policy last reviewed and approved by the Board at its meeting held on 30.01.2016. Since the Bank does not have net funded exposure of more than 1 % of its total assets as on 31.03.2016 to any of the Countries, provision for Country risk is not necessary.



7 (IV) Details of Single Borrower Limit (SGL) & Group Borrower Limit (GBL) exceeding the prudential exposure of 15% of Banks Capital Funds, but are within the additional exposure of 5% permitted by RBI as on 31.03.2016.

In respect of individual borrowal accounts, exposure of ₹2463.00 Crore sanctioned during November 2015 to M/s. Tata Projects Limited has exceeded the stipulated prudential exposure ceiling of 15% of the capital funds as on 31.03.2015 i.e., ₹1899.71 Crore but has remained well within the approved ceiling of 20% (including additional 5%). The Bank does not have exposure on any Group which has exceeded the prudential exposure ceiling stipulated by Reserve Bank of India.

**7(V) Unsecured advances**

Loan and Advances secured by Intangible Assets viz. Rights, Licenses, Authorisations etc.

(₹ In Crore)

	2015-16	2014-15
<b>Total Unsecured Advances of the bank</b>	<b>8483.48</b>	<b>10400.70</b>
i) Of which amount of advances outstanding against charge over intangible securities such as rights, licences, authority etc.	0.00	344.61
ii) The estimated value of such intangible securities (as in (i) above).	0.00	344.61

<b>8 (I) Penalties imposed by RBI</b>		
Penalties imposed by RBI under the provisions of Section 46 (4) of the Banking Regulation Act, 1949	0.00	0.10

**9. RECONCILIATION**

i Inter branch/office balances are subject to reconciliation and consequential adjustments. Matching entries for the purpose of reconciliation is an ongoing exercise.

ii. Accounts for Government transactions (Central & State), Inter Bank Accounts, Branch System Suspense accounts, ATM clearing Account Suspense, Suspense account, Balances in NOSTRO Accounts, Currency Control Accounts, Clearing and Adjusting Accounts are at various stages of reconciliation, the consequential effect of which cannot be ascertained.

iii. Based on past experience on completion of matching / reconciliation exercise in respect of the above accounts, the management does not anticipate any material impact on the financial statements.

**10.(I) DISCLOSURE UNDER ACCOUNTING STANDARDS**

**10.1 AS-5: Net Profit and Loss for the Period, Prior Period Items and Changes in Accounting Policies.**

- a) Additional provision made during the year on Non Performing Assets and other provisions pointed out by the Reserve Bank of India (RBI) in Annual Financial Inspection Report of the Bank for the year ended 31.03.2016 are not considered as a prior period item.



- b) There is a change in useful life of the below mentioned Assets to ensure uniformity in SBI group during the year.

Nature of Assets	Old Useful life	New Useful Life
Automated Teller Machine ( ATM )	3 Years	5 Years
Cash Deposit Machine ( CDM ) , Coin Dispenser (CD), Coin Vending Machine ( CVM )	10 Years	5 Years
Servers	3 Years	4 Years
Networking Equipments (viz. Switches, Routers, Hubs etc.)	3 Years	5 Years
Computer Software which does not form an integral part of hardware and cost of software development.	100%depreciated in the year of purchase	3 Years

The net impact on account of change in useful life has resulted in decrease in depreciation for the current year by ₹5.37 crore. The cumulative depreciation as per old method upto 31.03.2016 was ₹117.05 crore against cumulative depreciation as per new method of ₹111.68 crore.

#### AS-9 – Revenue Recognition:

The revenue has been recognized in terms of AS9 on Revenue recognition, the guidelines issued by Reserve Bank of India and the Accounting Policy of the Bank.

#### 10.2 Employee Benefits, Accounting Standards (AS)-15 (Revised)

10.2.1 The following table sets out the status of the defined benefit pension plans and gratuity plan as required under AS - 15 as per actuarial valuation by independent Actuary appointed by the Bank.

(₹ In Crore)

Particulars	Pension Plans		Gratuity	
	2015-16	2014-15	2015-16	2014-15
<b>Change in the present value of the defined benefit obligation</b>				
Opening defined benefit obligation at 1 <sup>st</sup> April	3483.45	2892.51	481.84	437.77
Current service cost	156.84	252.74	47.51	33.16
Interest cost	285.99	268.14	39.56	40.58
Actuarial losses (gains) on obligation	162.85	259.58	61.01	35.41
Benefits paid	(279.81)	(189.52)	(69.27)	(65.08)
Closing defined benefit obligation at 31 <sup>st</sup> March	3809.32	3483.45	560.65	481.84
<b>Change in Plan Assets</b>				
Opening fair value of plan assets at 1 <sup>st</sup> April	3059.72	2583.32	415.78	416.26
Expected return on plan asset	298.35	333.63	36.30	43.09
Contributions by employer	423.73	309.19	66.06	21.51
Correction of Balance	0.00	23.10	0.00	0.00
Benefit paid	(279.81)	(189.52)	(69.27)	(65.08)
Actuarial gains	0.00	0.00	----	----
Closing fair value of plan assets at 31 <sup>st</sup> March	3501.99	3059.72	441.78	415.78
<b>Reconciliation of present value of the obligation and fair value of the Plan Assets</b>				
Present value of funded obligations at 31 <sup>st</sup> March	3809.32	3483.45	560.65	481.84
Fair value of Plan assets at 31 <sup>st</sup> March	3501.99	3059.72	441.78	415.78
Deficit / (Surplus) Fund Status	(307.33)	(423.73)	(118.87)	(66.06)
Net (Liability) / Asset recognized in Balance Sheet	(307.33)	(423.73)	(118.87)	(66.06)



Liabilities	(307.33)	(423.73)	(118.87)	(66.06)
Assets	0.00	0.00	0.00	0.00
Net(Liability) /(Assets recognized in Balance Sheet	(307.33)	(423.73)	(118.87)	(66.06)
<b>Net cost recognised in Profit &amp; Loss Account</b>				
Current service cost	156.84	252.74	47.51	33.16
Correction of Balance	0.00	(23.10)	0.00	0.00
Interest cost	285.99	268.14	39.56	40.58
Expected return on Plan Assets	(298.35)	(333.63)	(36.30)	(43.09)
Net actuarial losses (gain) recognised during the year	162.85	259.58	61.01	35.41
Total cost of defined benefit plans included in Schedule 16 "Payments to and Provisions for employees"	307.33	423.73	118.87	66.06
<b>Reconciliation of expected return and actual return on plan assets</b>				
Expected return on plan assets	298.35	333.63	36.30	43.09
Actuarial gain / (loss) on plan asset	0.00	0.00	---	---
Actual return on plan asset	298.35	333.63	36.30	43.09
<b>Reconciliation of opening and closing net liability / (asset) recognised in Balance Sheet</b>				
Opening net liability at 1 <sup>st</sup> April	423.73	309.19	66.06	21.51
Recognized in Profit & Loss A/c	307.33	423.73	118.87	66.06
Employer's Contribution	423.73	309.19	66.06	21.51
Net (Liability) / Asset recognized in Balance Sheet	307.33	423.73	(118.87)	(66.06)

Investments under Plan Assets of Gratuity Fund & Pension Fund as on 31<sup>st</sup> March 2016 are as follows:

Category of Assets	Gratuity Fund		Pension Fund	
	% of Plan Assets		% of Plan Assets	
	2015-16	2014-15	2015-16	2014-15
1. Central / State Govt. Securities	36.38	41.53	47.87	48.65
2. PSU / PSB	32.17	37.56	49.56	35.96
3. Insurance & SBI cards	29.81	18.99	1.49	0.00
4. Current Account	1.64	1.92	0.49	15.39
5. Equity and related Investments	--	--	0.59	0.00
Total	100.00	100.00	100.00	100.00

Principal actuarial assumptions:

Particulars	Pension Plan		Gratuity Plan	
	2015-16	2014-15	2015-16	2014-15
Discount Rate	8.06%	8.21%	7.86%	8.21%
Expected Rate of return on Plan Asset	9.00%	9.00%	9.00%	9.00%
Salary Escalation	5.00%	5.00%	5.00%	5.00%

Notes:-

- a) Principal actuarial assumptions taken into account by the Actuary for calculating pension and gratuity liability are as advised by the SBI and followed by all the Banks in SBI group.





- b) 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.

#### 10.2.3 Defined Contributory Pension

The Bank has implemented a Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and employees joining the Bank on or after 1<sup>st</sup> April 2010. The scheme is managed by NPS trust under the aegis of the Pension Fund Regulatory and Development Authority. During the year, the Bank has contributed ₹22.37 Crore to the said scheme (previous year ₹15.95 Crore).

#### 10.2.4 Other Long term Employee Benefits

Details of provisions made for various long term employee benefits other than pension and gratuity during the year are given below:

(₹ In Crore)

	2015-16	2014-15
Sick Leave	0.00	6.81
Leave Encashment	92.22	78.27
Resettlement Expenses	1.00	0.04
Silver Jubilee Awards	1.00	0.25
Leave Fare Concession	3.00	2.59
<b>TOTAL</b>	<b>97.22</b>	<b>87.96</b>

### 10 (II) AS-17: Segment Reporting:

#### Part A: Business Segments

- a) The Bank's operations are solely in financial services and consist of providing Banking services including commercial lending activities, treasury operations etc.
- b) The Reserve Bank of India has issued revised guidelines for Segment Reporting vide Circular No.DBOD.No.BP.BC.81/21.04.018/2006-07 dated 18.04.2007 in respect of Accounting Standard 17. Accordingly, the Bank has adopted the following business segments for public reporting purposes from March 31, 2008:
- Treasury
  - Corporate / Wholesale Banking,
  - Retail Banking,
  - Other Banking Operations

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, organizational and management reporting structure and the nature of their risk and returns, the data on the primary segments have been computed as under:

- 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, Mid Corporate Accounts Group and stressed Assets Management Group. These include providing loans and transaction services to corporate and institutional clients.
- III. **Retail Banking:** The Retail Banking Segment comprises of branches in National Banking Group, which primarily includes Personal Banking activities including lending activities to corporate customers having banking relations with branches in the National Banking Groups. 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.
- V. **Pricing of Inter-segment Transfers:** The retail Banking Segment is the primary resource mobilizing unit. The Corporate/ Wholesale Banking and Treasury segments are recipient of funds from Retail Banking. The Inter segment transfer of funds is done at cost of deposit computed by the corporate office.
- VI. **Allocation of Expenses, Assets and Liabilities:** Expenses incurred at the Corporate Centre establishments directly attributable either to Corporate/ Wholesale and Retail Banking Operations or to Treasury Operation segment, are allocated accordingly. Expenses not directly attributable are allocated on the basis of advances in each segment.  
The Bank has certain common assets and liabilities, which cannot be attributable to any segment, and the same are treated as unallocated.



Part A: Business Segments:

(₹ In Crore)

Business Segments Particulars	Treasury		Corporate / Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Revenue	3373.28	3166.77	6282.99	6152.78	5976.51	5829.27	0.00	0.00	15832.78	16148.82
Result	725.82	371.63	1240.03	1183.30	1633.81	1678.05	0.00	0.00	3599.66	3232.88
Unallocated Income/ Expenses									(307.00)	(319.22)
Operating Profit									3292.66	2913.66
Income Taxes									548.80	649.33
Prov for NPAs and other contingencies									1678.93	947.20
Extraordinary profit / loss									0.00	0.00
Net Profit									1064.93	1317.13
Other Information										
Segment Assets	44716.42	44367.48	60846.14	60178.55	57878.03	49217.09	0.00	0.00	163440.59	153763.12
Unallocated Assets									1156.19	739.66
Total Assets									164596.78	154502.78
Segment Liabilities	926.06	1105.00	82449.76	80412.96	76982.96	68948.83	0.00	0.00	160358.78	150464.79
Unallocated Liabilities									4238.00	4038.00
Total Liabilities									164596.78	154502.79

Part B – Geographic segments

The Bank has only Domestic Segment, therefore no separate disclosures under geographic segment is made.



**10 (III) AS-18: Related party disclosures**

In terms of AS-18 issued by the ICAI on "Related party disclosures", the Bank being a state controlled enterprise is not required to make disclosures of related party relationships with other state controlled enterprises and transactions with such enterprises. The Bank has considered, for the purpose of disclosure all whole time Directors on the Board including Managing Director (excluding Nominee Directors).

Name & designation	Nature of Payment	Remuneration paid during the year (₹)		Amounts due to the bank at year end
		2015-16	2014-15	
Sri.Santanu Mukherjee Managing Director 01.04.2015 To 31.3.2016	1) Salary & Allowance	40,18,252.00	14,79,899.83	NIL
	2) Incentives	7,19,520.00	---	
	3) Leased Accommodation	11,82,750.00	8,55,000.00	
	4) Perquisites	10,47,780.00	2,40,218.00	
	Total	69,68,302.00	25,76,117.83	
Relatives of the Directors and enterprises owned by Director referred to above				NIL
Further, in terms of the paragraph 5 of AS-18, transactions in the nature of banker-customer relationship are not required to be disclosed. There are no non banking transactions with the aforesaid parties.				

**10 (IV) AS-19: Leases**

The Bank has taken premises only on rental basis and has no long-term operating leases taken/given and hence reporting under AS-19 is not considered necessary.

**10 (V) AS- 20: Earnings Per Share (EPS)**

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.

S.No.	Particulars	2015-16	2014-15
1	Net Profit for the year (₹ In Crore)	1064.93	1317.13
2	Weighted Average No. of Equity shares	20,75,000	20,75,000
3	Basic and Diluted EPS (in ₹)	5132.19	6347.61
4	Face Value per Share (in ₹)	100.00	100.00

**AS-21, Consolidated Financial Statements:**

The Bank has no subsidiary, hence AS-21 issued by the ICAI is not applicable.



#### 10(VI) AS – 22: Accounting for Taxes on Income

In compliance with AS-22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, the Bank has recognised Deferred Tax Assets (DTA) and Liabilities (DTL). The major components of Deferred Tax Assets/Liabilities are given below:

(₹ in Crore)

Particulars	2015-16	2014-15
<b>Deferred Tax Assets</b>		
Provision for wage revision	0.00	129.53
Leave encashment and other provisions for employee benefits	170.77	134.67
Depreciation on fixed assets	1.27	4.15
Provision for restructured advances and other provisions	338.64	390.05
Tax Suffered NPA Provision	250.65	0.00
<b>Total</b>	<b>761.33</b>	<b>658.40</b>
<b>Deferred Tax Liabilities</b>		
Depreciation on Investments	381.34	381.90
Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961.	464.44	350.44
<b>Total</b>	<b>845.78</b>	<b>732.34</b>
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>(84.45)</b>	<b>(73.94)</b>
(Debited)/ Credited to Profit & Loss Account	(10.51)	149.52

#### AS-23 – Accounting for Investments in Associates in Consolidated Financial Statements

The bank is not having any subsidiary and not required to prepare Consolidated Financial Statements as per AS-21 issued by the ICAI. Hence as per para 1 of the said standard, AS-23 is not applicable to the Bank.

#### AS-24 – Discontinuing Operations

During the financial year 2015-16, there has been no discontinuation of operations of any of the branch that has resulted in shedding of liability and realization of the assets of the Bank or no decision to discontinue an operation, which will have the above effect, has been finalized by the Bank.



## AS-25 -- Interim Financial Reporting

Interim Financial Statements are reported / discussed at quarterly intervals in accordance with AS-25 issued by ICAI.

### 10 (VII) AS-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. The indications for Impairment of assets listed in paragraph,8-10 of the Accounting Standard 28-Impairment of Assets have been examined by the Management and on such examination, it has been observed that none of the indications are present in the case of the Bank and therefore a formal estimate on the recoverable amount has not been made to ascertain impairment of assets.

### 11. Additional Disclosures

(₹ in Crore)		
11(i) Break up of Provisions and Contingencies debited to Profit & Loss Account	2015-16	2014-15
a.Provision for Depreciation on Investments	47.25	-43.96
b.Provision towards NPAs	1583.28	668.88
c.Provision towards Standard Assets	11.58	39.14
d.Provision towards Income Tax	538.29	798.85
e.Wealth Tax	0.00	0.32
f. Deferred Tax (Asset)/Liability (Net)	10.51	-149.52
g.Others (counter cyclical and floating)	0.00	-47.77
h.Provision on Restructured Advances	-305.69	277.15
i. Provision for Contingent Liabilities & Others	223.49	53.44
j. Provision towards Frauds	119.02	0.00
<b>TOTAL</b>	<b>2227.73</b>	<b>1596.53</b>

Note: An additional provision of ₹323.00 crore has been made to cover any unforeseen events over and above the IRAC norms of RBI.

### 11 (ii) Draw Down from Reserves

(₹ in Crore)	
	2015-16
a. Number of frauds reported during the year	38
b. Amount involved in such frauds	673.66
c. Quantum of provision made during the year	186.15
d. Quantum of unamortized provision debited from 'other reserves' as at the end of the year	261.85



11 (III) Disclosure of Complaints

A. Customer Complaints (Number):

	2015-16	2014-15
a. Pending at the beginning of the year	36	31
c. Received during the year	1816	1990
e. Complaints redressed during the year	1826	1985
f. Complaints pending at the end of the year	26	36

B. Awards passed by the Banking Ombudsman (Number):

	2015-16	2014-15
a. Unimplemented awards at the beginning of the year	NIL	NIL
b. Awards passed by the Banking Ombudsman during the year	NIL	NIL
c. Awards implemented during the year	NIL	NIL
d. Unimplemented awards at the end of the year	NIL	NIL

C. Customer Complaints related to Banking Ombudsman

	2015-16	2014-15
a. Pending at the beginning of the year	18	12
b. Received during the year	548	493
c. Complaints redressed during the year	554	487
d. Complaints pending at the end of the year	12	18

D. ATM & Debit card related complaints

	2015-16	2014-15
a. Pending at the beginning of the year	1053	5387
b. Received during the year	44449	48088
c. Complaints redressed during the year	44517	52422
d. Complaints pending at the end of the year	985	1053
Out of the above ATM complaints attributed to Acquiring Bank	339	398



12. DISCLOSURE OF LETTERS OF COMFORT ISSUED BY THE BANK

No.	Particulars	Break-up of Letters of Comfort (LOCs) issued and paid/outstanding for the year ended 31.03.2016										Amount in Rupees 000's
		LOCs issued and paid during the Year ended 31.03.2016		Currency wise outstanding as on 31.03.2016								
		USD	Euro	Yen	SGD	CHF	GBP	HKD	AUD			
721	A LOCs issued and paid during the Year ended 31.03.2016											
	State Bank of India & Associates	22,97,00,039.10	42,16,662.70	4,56,11,475.00	0	0	54,433.70	0	44,352.00	0	1,55,71,053.30	
75	Other Banks	19,11,92,569.20	86,342.80	0	0	0	0	0	0	0	1,26,73,973.50	
796	Total Obligation in Foreign Currency	42,08,92,608.30	43,03,005.50	4,56,11,475.00	0	0	54,433.70	0	44,352.00	0	2,82,45,026.80	
	Rupee Equivalent (in 000's) As on 31.03.2016*	2,78,86,239.80	3,24,425.10	26,903.90	0	0	5,196.90	0	2,261.10	0	2,82,45,026.80	
	B LOCs issued and outstanding as on 31-03-2016											
394	State Bank of India & Associates	12,36,92,095.00	37,78,846.00	0	0	0	36,170.40	0	0	0	84,83,579.10	
318	Previous year 31.03.2015	13,84,98,572.90	33,37,615.30	4,62,84,418.00	0	0	31,972.90	0	0	0	89,07,497.00	
29	Other Banks	6,44,68,780.00	22,318.00	0	0	0	0	0	0	0	42,73,127.90	
34	Previous year 31.03.2015	13,19,62,320.70	86,319.70	0	0	0	0	0	0	0	82,53,445.00	
423	Total Obligation in Foreign Currency	18,81,61,875.00	38,01,164.00	0	0	0	36,170.40	0	0	0	1,27,56,707.10	
352	Previous year 31.03.2015	27,04,60,893.60	34,23,934.90	4,62,84,418.00	0	0	31,972.90	0	0	0	1,71,60,942.00	
	Rupee Equivalent (in 000's) as on 31.03.2016**	1,24,66,665.00	2,86,588.80	0	0	0	3,453.30	0	0	0	1,27,56,707.10	
	Rupee Equivalent Previous year 31.03.2015 (in 000's)	1,69,03,805.00	2,30,054.00	24,125.00	0	0	2,956.00	0	0	0	1,71,60,942.00	
1219	Grand Total (A+B) in Foreign Currency	60,90,54,483.30	81,04,169.50	4,56,11,475.00	0	0	90,604.10	0	44,352.00	0	4,10,01,733.90	
	Grand Total (A+B) in Rupees (000s)	4,03,52,904.80	6,11,013.90	26,903.90	0	0	8,650.20	0	2,261.10	0	4,10,01,733.90	

None of the above LOCs/LOUs outstanding as on 31.03.2016 includes LOCs/LOU issued prior to 01.04.2016

\* The INR value of the above LOCs/LOU is arrived, based on conversion rate of FEDAL closing rate as on 31.03.2016





**12 (I) Provisioning Coverage Ratio (PCR) as on 31.03.2016**

The provisioning to Gross Non-performing Assets of the Bank as at 31.03.2016 is 56.96% (previous year 61%).

**12 (II) Fees / Remuneration earned (Gross) In respect of Bancassurance Business**

(₹ in Crore)

S.No	NATURE OF INCOME	2015-16	2014-15
1	For selling Life Insurance Policies	31.09	25.11
2	For selling non-Life Insurance Policies	5.12	3.60
3	For selling mutual fund products	0.48	0.53
4	For marketing SBI Cards	0.32	0.27
5	For marketing of GOI PMSBY Policies – Reimbursement of administrative expenses	0.13	--
6	For marketing of GOI PMJJBY Policies - Reimbursement of administrative expenses	1.90	--
	<b>Total</b>	<b>39.04</b>	<b>29.51</b>

**13. Concentration of Deposits, Advances, Exposures and NPAs****13(I) Concentration of Deposits**

(₹ in Crore)

Particulars	2015-16	2014-15
Total Deposits of twenty largest depositors	10877.36	14970.88
Percentage of Deposits of twenty largest depositors to total Deposits of the bank	7.93%	11.50%

**13 (II). Concentration of Advances**

(₹ in Crore)

Particulars	2015-16	2014-15
Total Advances of twenty largest borrowers	6300.13	6009.62
Percentage of Advances to twenty largest borrowers to total Advances of the bank	5.51	5.53%

**13 (III). Concentration of Exposures**

(₹ in Crore)

Particulars	2015-16	2014-15
Total Exposures to twenty largest borrowers / customers (₹ in Crore)	11463.45	11237.46
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers / customers	8.54	8.78%

**13 (IV). Concentration of NPAs**

(₹ in Crore)

Particulars	2015-16	2014-15
Total Exposure to top four NPA Accounts	2241.45	883.80



13 (V). Overseas Assets, NPAs and Revenue

(₹ in Crore)

Particulars	2015-16	2014-15
Total Assets*	789.78	186.77
Total NPAs	Nil	Nil
Total Revenue**	0.30	0.58

\* Balances in Nostro accounts plus overnight placements shown as Total Overseas Assets.  
 \*\* Interest earned during the year in Overnight Placement/Term Investments shown as Revenue

13(VI) Sector-wise advances

(₹ in Crore)

Sl. No.	Sector	2015-16			2014-15		
		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
<b>A</b>	<b>Priority Sector</b>						
1	Agriculture and allied activities	22079.09	1926.94	8.95	17977	323	1.80
2	Advances to industries sector eligible as priority sector lending	6561.22	1013.50	15.45	5875	866	14.74
3	Services	7199.01	262.03	3.64	4122	162	3.93
4	Personal loans	8308.89	95.25	1.15	8692	92	1.06
	<b>Sub-total (A)</b>	<b>44148.21</b>	<b>3297.72</b>	<b>7.56</b>	<b>36666</b>	<b>1443</b>	<b>3.94</b>
<b>B</b>	<b>Non Priority Sector</b>						
1	Agriculture and allied activities	0	0	0	0	0	0
2	Industry	36756.52	2882.12	7.84	41410	2921	7.05
3	Services	10360.51	306.07	2.95	11690	542	4.64
4	Personal loans	23301.13	105.00	0.45	18944	79	0.42
	<b>Sub-total (B)</b>	<b>70418.16</b>	<b>3293.19</b>	<b>4.68</b>	<b>72044</b>	<b>3542</b>	<b>4.92</b>
	<b>Total (A+B)</b>	<b>114566.37</b>	<b>6590.91</b>	<b>5.75</b>	<b>108710</b>	<b>4985</b>	<b>4.59</b>



**14. Transfers to Depositor Education and Awareness Fund (DEAF)**

(₹ in Crore)

Particulars	2015-16	2014-15
Opening balance of amount transferred to DEAF	75.45	NIL
Add: Amounts transferred to DEAF during the year	6.51	75.45
Less: Amounts reimbursed by DEAF towards claims	NIL	NIL
Closing balance of amounts transferred to DEAF	81.96	75.45

**15. Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms):**

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

**16. Capital Commitments**

Estimated amount of contracts on Capital Account remaining to be executed (net of Advances) and outstanding ₹19.33 Crore (Previous year ₹15.58 Crore).

17. The appeals filed by the Bank as on 31.03.2016 amounting to ₹775.19 crore and appeals filed by the Income Tax department amounting to ₹535.61 crore are disclosed as disputed Tax liability under contingent liability of the Bank.

18. In accordance with Reserve Bank of India Circular no.DBOD.No.BP.BC.77/21.04.018/2014-15, dated 20<sup>th</sup> December 2013 the Bank has created deferred tax liability of ₹107.63 Crore (Previous year ₹111.15 Crore) on account of Special reserve created u/s 36 (1) (VIII) of income tax act 1961 for the year ended 31<sup>st</sup> March 2016, which has been debited to Profit & Loss Account.

19. Disclosure relating to Securitization – Credit Default Swaps – Nil

20. Intra-Group Exposures: Nil

**21. Unhedged Foreign Currency Exposure**

In terms of RBI Circular DBOD.No.BP.BC.85/21.06.200/2013-14, dated 15<sup>th</sup> Jan, 2014 Bank has made a provision of ₹20.80 Crore (previous year ₹24.32 crore) for Unhedged Foreign Currency Exposure for the year ended 31<sup>st</sup> March, 2016 on the basis of information provided by the constituents.

22. Previous year's figures have been regrouped and reclassified wherever possible and necessary to make them comparable with the current year's figures.



*A. Bhattacharya*  
(Arundhati Bhattacharya)  
Chairman

*V.G. Kannan*  
(V.G. Kannan)  
Director

*Santanu Mukherjee*  
(Santanu Mukherjee)  
Managing Director

*Ani Kumar Sharma*  
(Ani Kumar Sharma)  
Director

*Neeraj Vyas*  
(Neeraj Vyas)  
Director

*Ravi Nandan Sahay*  
(Ravi Nandan Sahay)  
Director

*Vijay Kumar Monga*  
(Vijay Kumar Monga)  
Director

*Venkat Changavalli*  
(Venkat Changavalli)  
Director

*Bolleni Shanti Sree*  
(Bolleni Shanti Sree)  
Director

*Annie George Mathew*  
(Annie George Mathew)  
Director

*M. Harshvardhan*  
(M. Harshvardhan)  
Director

*N. Laxmi Srinivas*  
(N. Laxmi Srinivas)  
Director

*V. Viswanathan*  
(V. Viswanathan)  
Chief General Manager (Retail Banking)

*S. Chandrasekharan*  
(S. Chandrasekharan)  
General Manager (Treasury) & CFO

*P. Mohandas*  
(P. Mohandas)  
Deputy General Manager (F&A)

As per our Report of even date

for M/s Anjaneyulu & Co.,  
Chartered Accountants  
Firm Registration No: 0110018

*K. Narayana Murthy*  
(K. Narayana Murthy)  
Partner  
Mem No. 026012



for M/s S.K. Basu & Co.,  
Chartered Accountants  
Firm Registration No: 301026E

*S. Basu*  
(S. Basu)  
Partner  
Mem No. 053225



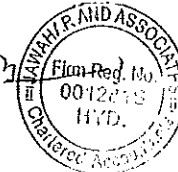
for M/s K.G. Somani & Co.,  
Chartered Accountants  
Firm Registration No: 06591N

*Bhuvnesh Maheshwari*  
(Bhuvnesh Maheshwari)  
Partner  
Mem No. 088155



for M/s Jawahar and Associates,  
Chartered Accountants  
Firm Registration No. 01281S

*V. Umepathi*  
(V. Umepathi)  
Partner  
Mem No. 021887



Place: Hyderabad  
Date : 30.04.2016

## Independent Auditors' Report

To

State Bank of India

Report on the Financial Statements:

1. We have audited the accompanying financial statements of State Bank of Hyderabad as at 31 March 2016, which comprise the Balance Sheet as at 31 March 2016, and the Profit and Loss Account, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 20 branches audited by us and 1104 branches audited by statutory branch 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 and the Statement of Profit and Loss are the returns from 809 branches which have not been subjected to audit. These unaudited branches account for 7.04 per cent of advances, 15.93 per cent of deposits, 26.66 per cent of interest income and 18.68 per cent of interest expenses.

### Management's Responsibility for the Financial Statements:

2. Management is responsible for the preparation of these 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 Banking Regulation Act, 1949, the State Bank of India (Subsidiary Banks) Act 1959, guidelines issued by Reserve Bank of India from time to time, recognized accounting policies and practices generally accepted in India and accounting standards prescribed by the Institute of Chartered Accountants of India. This responsibility of the management includes the design, implementation and maintenance of internal controls and risk management systems relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In making those risk assessments, the management has implemented such internal controls that are relevant to the preparation of the financial statements and designed procedures that are appropriate in the circumstances so that the internal control with regard to all the activities of the Bank is effective.

### Auditors' Responsibility:

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements



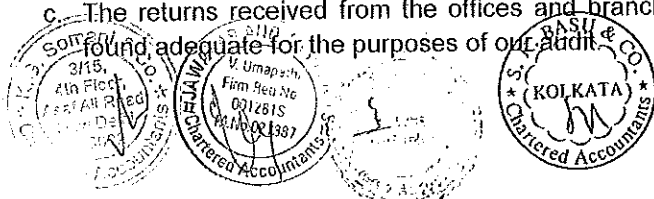
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion:**

6. In our opinion, as shown by books of bank and to the best of our information and according to the explanations given to us:
  - a. the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31 March 2016 in conformity with accounting principles generally accepted in India;
  - b. the Profit and Loss Account, read with the notes thereon shows a true balance of profit, in conformity with accounting principles generally accepted in India, for the year covered by the account; and
  - c. the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date

**Report on Other Legal and Regulatory Requirements:**

7. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949
8. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the State Bank of India (Subsidiary Banks) Act, 1959 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



9. We further report that:

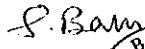
- a. the Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account and returns;
- b. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards.

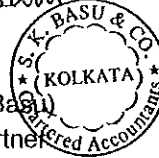
For M/s Anjaneyulu & Co.,  
Chartered Accountants  
Firm Regn No. 00180S

  
(K. Narayana Murthy)  
Partner  
Membership No.026012




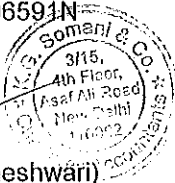
for M/s S.K. Basu & Co.,  
Chartered Accountants  
Firm Regn No.301026E

  
(S. Basu)  
Partner  
Membership No053225



For M/ K.G. Somani & Co.,  
Chartered Accountants  
Firm Regn No.06591N

  
(Bhuvnesh Maheshwari)  
Partner  
Membership No.088155



for M/s Jawahar and Associates  
Chartered Accountants  
Firm Regn No. 01281S

  
(V. Umepathi)  
Partner  
Membership No.021887



Place: Mumbai,  
Date : 30.04.2016.