भारतीय स्टेट बँक
भारतीय स्टेट बैंक
State Bank of India

शेयर आणि बॉन्ड विभाग, कॉर्पोरेट केन्द्र, 14वा माळा, स्टेट बँक भवन, मादाम कामा रोड, मुंबई - 400 021.
शेयर आणि बॉन्ड विभाग, कारपोरेट केन्द्र, 14वाँ तल, स्टेट बैंक भवन, मादाम कामा रोड, मुंबई - 400 021.
Shares & Bonds Department, Corporate Center, 14th Floor, State Bank Bhavan, Madame Cama Road, Mumbai-400 021.

Tel. 91-22-2274 0841 - 48 (Eight Lines) I **Fax :** 91-22-2285 5348 I E-mail : gm.snb@sbi.co.in

Date :

Ref. No.

19.05.2017

CC/S&B/SA/427

BSE Limited
The Listing Department,
Phoiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai- 400001

The National Stock Exchange of India
The Listing Department,
Exchange Plaza,
Bandra Kurla Complex,
Mumbai- 400051

Dear Sir/Madam,

DISCLOSURE UNDER SEBI (LODR) REGULATIONS 2015:

Further to our letter No.CC/S&B/SA/2429 dated 23.02.2017 and letter No.CC/S&B/SA/,2598 dated 21.03.2017 we advise you that the Bank has acquired entire undertaking of State Bank of Bikaner & Jaipur, State Bank of Mysore, State Bank of Patiala, State Bank of Hyderabad, State Bank of Travancore and Bharatiya Mahila Bank Ltd. w.e.f. 1st April, 2017. Accordingly, merger between the State Bank of India and above six Banks has taking effect on the commencement of business hours on 1st April, 2017. The Central Board of the Bank has approved the Balance Sheet of the Bank, as at the commencement of business hours on 1st April, 2017, after giving effect to the merger.

A copy of the said post-merger Balance Sheet, as approved by the Central Board, is being annexed herewith for your information and record.

Yours faithfully,

(Sanjay M. Abhyankar)
VP Compliance- Company Secretary

Encl: as above



STATE BANK OF INDIA

OPENING

BALANCE SHEET

AS ON 1ST APRIL 2017

State Bank of India

Opening Balance Sheet as on 1st April 2017

(000s omitted)

	Sch.No.	As on 1st April 2017
		₹
CAPITAL AND LIABILITIES		
Capital	1	810,98,57
Reserves & Surplus	2	211001,55,95
Deposits	3	2585320,33,26
Borrowings	4	332105,69,67
Other Liabilities and Provisions	5	175623,17,79
TOTAL		3304861,75,24
ASSETS		
Cash and Balances with Reserve Bank of India	6	160741,35,22
Balances with Banks and Money at Call & Short Notice	7	110120,33,57
Investments	8	932926,67,14
Advances	9	1868962,63,04
Fixed Assets	10	49906,42,35
Other Assets	11	182204,33,92
TOTAL		3304861,75,24
Contingent Liabilities	12	1183443,69,44
Bills for Collection		77706,06,18
Significant Accounting Policies	13	
Notes to Accounts	14	

State Bank of India

SCHEDULES

SCHEDULE 1 - CAPITAL

(000s omitted)

	As on 1st April 2017 ₹
Authorised Capital	
5000,00,00,000 equity shares of ₹ 1 /- each	5000,00,00
Issued Capital :	
811,06,78,212 equity shares of ₹ 1/- each	811,06,78
Subscribed and Paid up Capital :	
810,98,57,182 equity shares of ₹ 1/- each	810,98,57
[The above includes 12,70,16,300 equity shares of ₹ 1/- each represented by 1,27,01,630 Global Depository Receipts]	
TOTAL	**810,98,57**

SCHEDULE 2 - RESERVES & SURPLUS

(000s omitted)

	As on 1st April 2017 ₹
I. Statutory Reserves	65336,98,36
II. Capital Reserves	5079,54,72
III. Amalgamation Reserves	1023,23,27
IV. Share Premium	55423,23,36
V. Foreign Currency Translation Reserves	4428,63,94
VI. Revaluation Reserve	36063,04,80
VII. Revenue and Other Reserves	52814,52,29
VIII. Balance in Profit and Loss Account	(9167,64,79)
Total	**211001,55,95**

SCHEDULE 3 - DEPOSITS

(000s omitted)

	As on 1st April 2017 ₹
A. I. Demand Deposits	
(i) From Banks	7054,06,41
(ii) From Others	179930,34,86
II. Savings Bank Deposits	942101,36,88
III. Term Deposits	
(i) From Banks	20352,42,40
(ii) From Others	1435882,12,71
Total	**2585320,33,26**
B. (i) Deposits of Branches in India	2493961,11,67
(ii) Deposits of Branches outside India	91359,21,59
Total	**2585320,33,26**

SCHEDULE 4 - BORROWINGS

(000s omitted)

		As on 1st April 2017 ₹
I. Borrowings in India		
(i) Reserve Bank of India		5000,00,00
(ii) Other Banks		1853,00,00
(iii) Other Institutions and Agencies		71820,94,97
(iv) Capital Instruments:		
a. Innovative Perpetual Debt Instruments(IPDI)	11510,00,00	
b. Subordinated Debts & Bonds	41415,93,80	52925,93,80
Total		**131599,88,77**
II. Borrowings outside India		
(i) Borrowing and Refinance outside India		194507,18,40
(ii) Capital Instruments:		
Innovative Perpetual Debt Instruments(IPDI)		5998,62,50
Total		**200505,80,90**
Grand Total (I & II)		**332105,69,67**
Secured Borrowings included in I & II above		**79365,70,78**

SCHEDULE 5 - OTHER LIABILITIES & PROVISIONS

(000s omitted)

	As on 1st April 2017 ₹
I. Bills payable	30976,99,75
II. Inter Office adjustments (net)	31571,58,62
III. Interest accrued	15897,28,65
IV. Deferred Tax Liabilities (net)	2,18,63
V. Others (including provisions)	97175,12,14
Total	**175623,17,79**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(000s omitted)

	As on 1st April 2017 ₹
I. Cash in hand (including foreign currency notes and gold)	14635,53,42
II. Balances with Reserve Bank of India	
(i) In Current Account	146105,81,80
(ii) In Other Accounts	-
Total	**160741,35,22**

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE

(000s omitted)

	As on 1st April 2017 ₹
I. In India	
(i) Balances with banks	
(a) In Current Account	37,50,17
(b) In Other Deposit Accounts	41647,44,09
(ii) Money at call and short notice	
(a) With banks	30001,53,04
(b) With Other Institutions	654,45,50
Total	**72340,92,80**
II. Outside India	
(i) In Current Account	23527,23,84
(ii) In Other Deposit Accounts	4474,23,48
(iii) Money at call and short notice	9777,93,45
Total	**37779,40,77**
GRAND TOTAL (I and II)	**110120,33,57**

SCHEDULE 8 - INVESTMENTS

(000s omitted)

	As on 1st April 2017 ₹
I. Investments in India in	
(i) Government Securities	737704,78,45
(ii) Other Approved Securities	13,42
(iii) Shares	7174,87,18
(iv) Debentures and Bonds	60258,78,91
(v) Subsidiaries and/or Joint Ventures (incluidng Associates)	4042,34,35
(vi) Others (Units of Mutual Funds, Commercial Papers etc.)	82015,01,90
Total	**891195,94,21**
II. Investments outside India in	
(i) Government Securities (including local authorities)	8821,01,82
(ii) Subsidiaries and/or Joint Ventures abroad	2555,73,99
(iii) Other Investments (Shares, Debentures, etc.)	30353,97,12
Total	**41730,72,93**
GRAND TOTAL (I and II)	**932926,67,14**
III. Investments in India	
(i) Gross Value of Investments	894131,25,83
(ii) Less: Aggregate of Provisions / Depreciation	2935,31,62
(iii) Net Investments (vide I above)	**891195,94,21**
IV. Investments outside India	
(i) Gross Value of Investments	41815,76,58
(ii) Less: Aggregate of Provisions / Depreciation	85,03,65
(iii) Net Investments (vide II above)	**41730,72,93**
GRAND TOTAL (III and IV)	**932926,67,14**

SCHEDULE 9 - ADVANCES

(000s omitted)

		As on 1st April 2017 ₹
A.(i) Bills purchased and discounted		78561,71,92
(ii) Cash Credits,Overdrafts and Loans Repayable on demand		741361,19,48
(iii) Term Loans		1049039,71,64
	Total	**1868962,63,04**
B.(i) Secured by tangible assets (includes advances against Book Debts)		1479557,82,92
(ii) Covered by Bank / Government Guarantees		82198,44,11
(iii) Unsecured		307206,36,01
	Total	**1868962,63,04**
C.(I) Advances in India		
(i) Priority Sector		471276,22,23
(ii) Public Sector		131884,87,37
(iii) Banks		1414,38,66
(iv) Others		980950,52,90
	Total	**1585526,01,16**
(II) Advances outside India		
(i) Due from banks		87802,75,38
(ii) Due from others		
(a) Bills purchased and discounted		11672,61,58
(b) Syndicated loans		101077,74,18
(c) Others		82883,50,74
	Total	**283436,61,88**
	GRAND TOTAL [C (I). and C (II)]	**1868962,63,04**

SCHEDULE 10 - FIXED ASSETS

(000s omitted)

	As on 1st April 2017 ₹	
I. Premises		
Gross Block including Revaluation	41376,02,98	
Depreciation to date	1072,36,04	40303,66,94
II. Other Fixed Assets (including furniture and fixtures)		
Gross Block	27263,36,67	
Depreciation to date	18312,43,12	8950,93,55
III. Leased Assets		
Gross Block	50,02,41	
Depreciation to date (including provisions)	45,31,96	
	4,70,45	
Less : Lease Adjustment Account	4,70,45	-
IV. Assets under Construction (including Premises)		651,81,86
Total		**49906,42,35**

SCHEDULE 11 - OTHER ASSETS

(000s omitted)

	As on 1st April 2017 ₹
(i) Inter Office adjustments (net)	-
(ii) Interest accrued	23589,00,20
(iii) Tax paid in advance / tax deducted at source	11675,64,36
(iv) Stationery and Stamps	113,20,65
(v) Non-banking assets acquired in satisfaction of claims	11,58,96
(vi) Deferred tax assets (net)	1708,66,26
(vii) Others *	145106,23,49
Total	**182204,33,92**
*includes Deposits placed with NABARD/SIDBI/NHB amounting ₹ 67720,55,07 thousand	

SCHEDULE 12 - CONTINGENT LIABILITIES

(000s omitted)

	As on 1st April 2017 ₹
I. Claims against the bank not acknowledged as debts	32727,52,17
II. Liability for partly paid investments / Venture Funds	603,35,11
III. Liability on account of outstanding forward exchange contracts	655988,09,10
IV. Guarantees given on behalf of constituents	
(a) In India	160817,47,92
(b) Outside India	74531,30,30
V. Acceptances, endorsements and other obligations	117817,77,23
VI. Other items for which the bank is contingently liable	140958,17,61
Total	**1183443,69,44**

SCHEDULE 13- SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Preparation:

The Bank's financial statements are prepared under the historical cost convention, on the accrual basis of accounting on going concern basis, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms/ guidelines prescribed by the Reserve Bank of India (RBI), Banking Regulation Act 1949, Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), and the practices prevalent in the banking industry in India.

B. Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

C. Significant Accounting Policies:

1. Revenue recognition:

1.1 Income and expenditure are accounted on accrual basis, except otherwise stated. As regards Bank's foreign offices, income and expenditure are recognised as per the local laws of the country in which the respective foreign office is located.

1.2 Interest/ Discount income is recognised in the Profit and Loss Account as it accrues except: (i) income from Non-Performing Assets (NPAs), comprising of advances, leases and investments, which is recognised upon realisation, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices (hereafter collectively referred to as Regulatory Authorities), (ii) overdue interest on investments and bills discounted, (iii) Income on Rupee Derivatives designated as "Trading", which are accounted on realisation.

1.3 Profit or Loss on sale of investments is recognised in the Profit and Loss Account. However, the profit on sale of investments in the 'Held to Maturity' category is appropriated (net of applicable taxes and amount required to be transferred to statutory reserve), to 'Capital Reserve Account'.

1.4 Income from finance leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding in the lease, over the primary lease period. Leases effective from April 1, 2001 are accounted as advances at an amount equal to the net investment in the lease as per Accounting Standard 19 – "Leases" issued by ICAI. The lease rentals are apportioned between principal and finance income based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of finance leases. The principal amount is utilized for reduction in balance of net investment in lease and finance income is reported as interest income.

1.5 Income (other than interest) on investments in "Held to Maturity (HTM)" category acquired at a discount to the face value, is recognised as follows :

a. On Interest bearing securities, it is recognised only at the time of sale/ redemption.

b. On zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.

1.6 Dividend is accounted on an accrual basis where the right to receive the dividend is established.

1.7 All other commission and fee incomes are recognised on their realisation except for: (i) Guarantee commission on deferred payment guarantees, which is spread over the period of the guarantee; (ii) Commission on Government Business and ATM interchange fees, which are recognised as they accrue; and (iii) Upfront fees on restructured accounts, which is apportioned over the restructured period.

1.8 One time Insurance Premium paid under Special Home Loan Scheme (December 2008 to June 2009) is amortised over average loan period of 15 years.

1.9 Brokerage, Commission etc. paid/ incurred in connection with issue of Bonds/ Deposits are amortized over the tenure of the related Bonds/ Deposits and the expenses incurred in connection with the issue are charged upfront.

1.10 The sale of NPA is accounted as per guidelines prescribed by RBI :-

i. When the bank sells its financial assets to Securitisation Company (SC)/ Reconstruction Company (RC), the same is removed from the books.

ii. If the sale is at a price below the net book value (NBV) (i.e., book value less provisions held), the shortfall is debited to the Profit and Loss Account in the year of sale.

iii. If the sale is for a value higher than the NBV, the excess provision is written back in the year the amounts are received, as permitted by the RBI.

2. Investments:

The transactions in all securities are recorded on "Settlement Date".

2.1 **Classification**

Investments are classified into three categories, viz. Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) as per RBI Guidelines

2.2 **Basis of classification:**

i. Investments that the Bank intends to hold till maturity are classified as "Held to Maturity (HTM)".

ii. Investments that are held principally for resale within 90 days from the date of purchase are classified as "Held for Trading (HFT)".

iii. Investments, which are not classified in the above two categories, are classified as "Available for Sale (AFS)".

iv. An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

v. Investments in subsidiaries, joint ventures and associates are classified as HTM.

2.3 **Valuation:**

i. In determining the acquisition cost of an investment:

(a) Brokerage/commission received on subscriptions is reduced from the cost.

(b) Brokerage, Commission, Securities Transaction Tax (STT) etc., paid in connection with acquisition of investments are expensed upfront and excluded from cost.

(c) Broken period interest paid / received on debt instruments is treated as interest expense/ income and is excluded from cost/ sale consideration.

(d) Cost is determined on the weighted average cost method for investments under AFS and HFT category and on FIFO basis (first in first out) for investments under HTM category.

ii. Transfer of securities from HFT/AFS category to HTM category is carried out at the lower of acquisition cost/book value/market value on the date of transfer. 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 revalued and resultant depreciation, if any, is provided.

iii. Treasury Bills and Commercial Papers are valued at carrying cost.

iv. **Held to Maturity category:** a) Investments under Held to Maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period of remaining maturity on

constant yield basis. Such amortisation of premium is adjusted against income under the head "interest on investments". b) Investments in subsidiaries, joint ventures and associates (both in India and abroad) are valued at historical cost. A provision is made for diminution, other than temporary, for each investment individually. c) Investments in Regional Rural Banks are valued at carrying cost (i.e. book value).

v. **Available for Sale and Held for Trading categories:** Investments held under AFS and HFT categories are individually revalued at the market price or fair value determined as per Regulatory guidelines, and only the net depreciation of each group for each category (viz., (i) Government securities (ii) Other Approved Securities (iii) Shares (iv) Bonds and Debentures (v) Subsidiaries and Joint Ventures; and (vi) others) is provided for and net appreciation, is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.

vi. In case of sale of NPA (financial asset) to Securitisation Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts (SR), investment in SR is recognised at lower of: (i) Net Book Value (NBV) (i.e., book value less provisions held) of the financial asset; and (ii) Redemption value of SR. SRs issued by an SC/ ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ 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 SC/ ARC, is reckoned for valuation of such investments.

vii. Investments are classified as performing and non-performing, based on the guidelines issued by the RBI in the case of domestic offices and respective regulators in the case of foreign offices. Investments of domestic offices become non-performing where:

(a) Interest/ installment (including maturity proceeds) is due and remains unpaid for more than 90 days.

(b) 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, those equity shares would be reckoned as NPI.

(c) If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.

(d) The above would apply mutatis-mutandis to Preference Shares where the

fixed dividend is not paid.

(e) The investments in debentures/ bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.

(f) In respect of foreign offices, provisions for NPIs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

viii. Accounting for Repo/ Reverse Repo transactions (other than transactions under the Liquidity Adjustment Facility (LAF) with the RBI):

(a) The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/ Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/ income, as the case may be. Balance in Repo Account is classified under Schedule 4 (Borrowings) and balance in Reverse Repo Account is classified under Schedule 7 (Balance with Banks and Money at Call & Short Notice).

(b) Interest expended/ earned on Securities purchased/ sold under LAF with RBI is accounted for as expenditure/ revenue.

ix. Market repurchase and reverse repurchase transactions as well as the transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as Borrowings and Lending transactions in accordance with the extant RBI guidelines.

3. Loans/ Advances and Provisions thereon:

3.1 Loans and Advances are classified as performing and non-performing, based on the guidelines/ directives issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:

i. In respect of term loans, interest and/ or instalment of principal remains overdue for a period of more than 90 days;

ii. In respect of Overdraft or Cash Credit advances, the account remains "out of order", i.e. if the outstanding balance exceeds the sanctioned limit/ drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance-sheet, or if the credits are not adequate to cover the interest debited during the same period;

iii. In respect of bills purchased/ discounted, the bill remains overdue for a period of more than 90 days;

iv. In respect of agricultural advances: (a) for short duration crops, where the

instalment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.

3.2 NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

i. Sub-standard: A loan asset that has remained non-performing for a period less than or equal to 12 months.

ii. Doubtful: A loan asset that has remained in the sub-standard category for a period of 12 months.

iii. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

3.3 Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:

Substandard Assets:	i. A general provision of 15% on the total outstanding; ii. Additional provision of 10% for exposures which are unsecured ab-initio (i.e. where realisable value of security is not more than 10 percent ab-initio); iii. Unsecured Exposure in respect of infrastructure advances where certain safeguards such as escrow accounts are available - 20%.
Doubtful Assets:	
-Secured portion:	i. Upto one year – 25% ii. One to three years – 40% iii. More than three years – 100%
-Unsecured portion	100%
Loss Assets:	100%

3.4 In respect of foreign offices, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

3.5 Advances are net of specific loan loss provisions, unrealised interest, ECGC claims received and bills rediscounted.

3.6 For restructured/ rescheduled assets, provisions are made in accordance with the guidelines issued by the RBI, which require that the difference between the fair value of the loans/ advances before and after restructuring is provided for, in addition to provision for the respective loans/ advances. The Provision for Diminution in Fair Value (DFV) and interest sacrifice, if any, arising out of the above, is reduced from advances.

3.7 In the case of loan accounts classified as NPAs, an account may be reclassified as

a performing asset if it conforms to the guidelines prescribed by the regulators.

3.8 Amounts recovered against debts written off in earlier years are recognised as revenue in the year of recovery.

3.9 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions – Others" and are not considered for arriving at the Net NPAs.

3.10 Appropriation of recoveries in NPAs (not out of fresh/additional credit facilities sanctioned to the borrower concerned) towards principal or interest due as per the Bank's extant instructions is done in accordance with the following priority.

a. Charges
b. Unrealized Interest/Interest
c. Principal

4. Floating Provisions:

The Bank has a policy for creation and utilisation of floating provisions separately for advances, investments and general purposes. The quantum of floating provisions to be created is assessed at the end of the financial year. The floating provisions are utilised only for contingencies under extraordinary circumstances specified in the policy with prior permission of Reserve Bank of India.

5. Provision for Country Exposure:

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorised into seven risk categories, namely, insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the "Other liabilities & Provisions – Others".

6. Derivatives:

6.1 The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, cross currency interest rate swaps and forward rate agreements in order to hedge on-balance sheet/ off-balance sheet assets and liabilities or for trading purposes. The swap contracts entered to hedge on-balance sheet assets and liabilities are structured in such a way that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of the

underlying assets and accounted in accordance with the principles of hedge accounting.

6.2 Derivative contracts classified as hedge are recorded on accrual basis. Hedge contracts are not marked to market unless the underlying assets/ liabilities are also marked to market.

6.3 Except as mentioned above, all other derivative contracts are marked to market as per the Generally Accepted Accounting Practices prevalent in the industry. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Profit and Loss Account in the period of change. Any receivable under derivatives contracts, which remain overdue for more than 90 days, are reversed through Profit and Loss Account to "Suspense Account Crystallised Receivables". In cases where the derivative contracts provide for more settlement in future and if the derivative contract is not terminated on the overdue receivables remaining unpaid for 90 days, the positive MTM pertaining to future receivables is also reversed from Profit and Loss Account to "Suspense Account - Positive MTM".

6.4 Option premium paid or received is recorded in Profit and Loss Account at the expiry of the option. The balance in the premium received on options sold and premium paid on options bought is considered to arrive at Mark-to-Market value for forex Over-the-Counter (OTC) options.

6.5 Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

7. Fixed Assets, Depreciation and Amortisation:

7.1 Fixed Assets are carried at cost less accumulated depreciation/ amortisation.

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

7.3 The rates of depreciation and method of charging depreciation in respect of domestic operations are as under:

Sl. No.	Description of Fixed Assets	Method of charging depreciation	Depreciation/ amortisation rate
1	Computers	Straight Line Method	33.33% every year
2	Computer Software forming an integral part of the Computer hardware	Straight Line Method	33.33% every year
3	Computer Software which does not form an integral part of Computer hardware and cost of Software Development	Straight Line Method	33.33% every year
4	Automated Teller Machine/ Cash Deposit Machine/ Coin Dispenser/ Coin Vending Machine	Straight Line Method	20.00% every year
5	Server	Straight Line Method	25.00% every year
6	Network Equipment	Straight Line Method	20.00% every year
7	Other fixed assets	Straight Line Method	On the basis of estimated useful life of the assets Estimated useful life of major group of Fixed Assets are as under: Premises 60 Years Vehicles 5 Years Safe Deposit Lockers 20 Years Furniture & Fixtures 10 Years

7.4 In respect of assets acquired during the year (for domestic operations),

depreciation is charged on proportionate basis for the number of days the assets have been put to use during the year.

7.5 Assets costing less than ₹ 1,000 each are charged off in the year of purchase.

7.6 In respect of leasehold premises, the lease premium, if any, is amortised over the period of lease and the lease rent is charged in the respective year(s).

7.7 In respect of assets given on lease by the Bank on or before 31st March 2001, the value of the assets given on lease is disclosed as Leased Assets under Fixed Assets, and the difference between the annual lease charge (capital recovery) and the depreciation is taken to Lease Equalisation Account.

7.8 In respect of fixed assets held at foreign offices, depreciation is provided as per the regulations / norms of the respective countries.

7.9 The Bank considers only immovable assets for revaluation. Properties acquired during the last three years are not revalued. Valuation of the revalued assets is done at every three years thereafter.

7.10 The increase in Net Book Value of the asset due to revaluation is credited to the Revaluation Reserve Account without routing through the profit and loss statement.

7.11 The Revalued Assets is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

8. Leases:

The asset classification and provisioning norms applicable to advances, as laid down in Para 3 above, are applied to financial leases also.

9. 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.

10. Effect of changes in the foreign exchange rate:

10.1 Foreign Currency Transactions

i. 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.

ii. Foreign currency monetary items are reported using the Foreign Exchange Dealers Association of India (FEDAI) closing (spot/ forward) rates.

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

iv. Contingent liabilities denominated in foreign currency are reported using the FEDAI closing spot rates.

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

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

vii. 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.

viii. Gains/ Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/ losses are recognised in the Profit and Loss Account.

10.2 Foreign Operations:

Foreign Branches of the Bank and Offshore Banking Units (OBU) have been classified as Non-integral Operations and Representative Offices have been classified as Integral Operations.

a. **Non-integral Operations:**

i. Both monetary and non-monetary foreign currency assets and liabilities including contingent liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.

ii. Income and expenditure of non-integral foreign operations are translated at quarterly average closing rates notified by FEDAI.

iii. Exchange differences arising on investment in non-integral foreign operations are accumulated in Foreign Currency Translation Reserve until the disposal of the investment.

iv. The Assets and Liabilities of foreign offices in foreign currency (other than local currency of the foreign offices) are translated into local currency using spot rates applicable to that country on the Balance Sheet date.

b. **Integral Operations:**

i. 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.

ii. Monetary foreign currency assets and liabilities of integral foreign operations are translated at closing (Spot/ Forward) exchange rates notified by FEDAI at the Balance Sheet date and the resulting Profit/ Loss is included in the Profit and Loss Account. Contingent Liabilities are translated at Spot rate.

iii. Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate on the date of the transaction.

11. Employee Benefits:

11.1 Short Term Employee Benefits:

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

11.2 Long Term Employee Benefits:

i. **Defined Benefit Plan**

a. The Bank operates a Provident Fund scheme. 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 a Trust established for this purpose and are charged to Profit and Loss Account. The Bank recognizes such annual contributions as an expense in the year to which it relates. Shortfall, if any, is provided for on the basis of actuarial valuation.

b. The Bank operates Gratuity and Pension schemes which are defined benefit plans.

i) The Bank provides for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, or on death while in employment, or on termination of employment, for an amount equivalent to 15 days basic salary payable for each completed year of service, subject to a maximum amount of ₹ 10 lacs. Vesting occurs upon completion of five years of service. The Bank makes periodic contributions to a fund administered by Trustees based on an independent external actuarial valuation carried out annually.

ii) The Bank provides for pension to all eligible employees. The benefit is in the form of monthly payments as per rules to vested employees on retirement or on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. The Bank makes monthly contribution to the Pension Fund at 10% of salary in terms of SBI Pension Fund Rules. The pension liability is reckoned based on an independent actuarial valuation carried out annually and Bank makes such additional contributions periodically to the Fund as may be required to secure payment of the benefits under the pension regulations.

c. 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 immediately recognised in the Profit and Loss Account and are not deferred.

ii. **Defined Contribution Plans:**

The Bank operates a New Pension Scheme (NPS) for all officers/ employees joining the Bank on or after 1st August, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing SBI 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 of the employees concerned, 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.

iii. **Other Long Term Employee benefits:**

a. All eligible employees of the Bank are eligible for compensated absences, silver jubilee award, leave travel concession, 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 immediately recognised in the Profit and Loss Account and is not deferred.

11.3 Employee benefits relating to employees employed at foreign offices are valued and accounted for as per the respective local laws/ regulations.

12. Taxes on income:

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – "Accounting for Taxes on Income" respectively after taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. 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. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgment as to whether their realisation is considered as reasonably certain. Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future profits.

13. Provisions, Contingent Liabilities and Contingent Assets:

13.1 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.

13.2 No provision is recognised for:

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

Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

13.3 Provision for reward points in relation to the debit card holders of the Bank is being provided for on actuarial estimates.

13.4 Contingent Assets are not recognised in the financial statements.

14. Bullion Transactions:

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. The Bank earns a fee on such bullion transactions. The fee is classified under commission income. The Bank also accepts deposits and lends gold, which is treated as deposits/ advances as the case may be with the interest paid/ received classified as interest expense/ income. Gold Deposits, Metal Loan Advances and closing Gold Balances are valued at available Market Rate as on the date of Balance Sheet.

15. Special Reserves:

Revenue and other Reserve include Special Reserve created under Section 36(i)(viii) of the Income Tax Act, 1961. The Board of Directors of the Bank have passed a resolution approving creation of the reserve and confirming that it has no intention to make withdrawal from the Special Reserve.

16. Share Issue Expenses:

Share issue expenses are charged to the Share Premium Account.

SCHEDULE - 14:

NOTES TO ACCOUNTS

1. **Opening Balance Sheet (consequent to merger) as on April, 1, 2017**

Consequent to the merger of five domestic banking subsidiaries and Bharatiya Mahila Bank Ltd (BMBL) with State Bank of India (SBI) effective from 1st April 2017 (as explained more fully in Note (2) below), the Audit Committee of the Board (ACB) has mandated that an opening balance sheet (consequent to merger) of the merged entity as at the beginning of April 01, 2017 as audited by the Central Statutory Auditors (hereinafter referred to as "Opening Balance Sheet") be presented to the ACB and Central Board of the Bank.

For the purpose of preparing the Opening Balance Sheet, the carrying book values of assets and liabilities of the five domestic banking subsidiaries and BMBL based on their respective audited financial statements as at 31st March 2017 have been incorporated with the carrying book value of assets and liabilities based on the audited financial statements of SBI as at March 31, 2017 in accordance with the principles prescribed in Accounting Standard 14 (AS14), "Accounting for amalgamation". The Opening Balance Sheet has been prepared based on the accounting policies adopted by SBI as at 31st March 2017 and changes have been considered in the domestic banking subsidiaries and BMBL only to the extent required to bring uniformity in the accounting policies as required by AS14. The adjustments made to the assets and liabilities consequent to merger have been explained in Note 2(iii). Bank is in the process of making necessary accounting entries in the books of accounts to give effect to the merger. In view of the nature of this financial statement, disclosures prescribed under Accounting Standards are furnished to the extent considered relevant to the opening Balance Sheet based on the specific mandate issued by ACB in this regard and also no comparative figures for the previous year are furnished.

2. **Scheme of Amalgamation:**

i. The Government of India(GOI) has accorded sanction under Sub-Section (2) of Section 35 of the State Bank of India Act, 1955 for Acquisition of the five domestic Banking Subsidiaries of State Bank of India (SBI) namely (i) State Bank of Bikaner and Jaipur (ii) State Bank of Hyderabad, (iii) State Bank of Mysore (iv) State Bank of Travancore (v) State Bank of Patiala and for acquisition of Bharatiya Mahila Bank Limited (hereinafter collectively referred to as Transferor Banks) vide their orders dated February 22, 2017 and March 20, 2017. As per the GOI orders these schemes for acquisition shall come into effect on April 01, 2017 (hereafter referred to as the effective date).

The undertakings of the Transferor Banks which shall be deemed to include all business, assets, liabilities, reserves and surplus, present or contingent and all other rights and interest arising out of such property as were immediately before the effective date in the ownership, possession or power of the Transferor Banks shall be transferred to and will vest in SBI (hereinafter referred to as Transferee Bank) on and from the effective date.

ii. In consideration of the transfer of and vesting of the undertakings of the transferor banks, equity shares of face value of ₹ 1/- each fully paid-up in the transferee bank was issued to shareholders of the respective transferor banks as below:.

Name of the Transferor Banks	Share exchange ratio
State Bank of Bikaner and Jaipur (SBBJ)	28 shares of face value ₹ 1 each of SBI for every 10 shares of SBBJ of face value ₹10 each fully paid up.
State Bank of Mysore (SBM)	22 shares of face value of ₹ 1 each for every 10 shares of SBM of face value ₹10 each fully paid up.
State Bank of Travancore (SBT)	22 shares of face value of ₹ 1 each for every 10 shares of SBT of face value of ₹10 each fully paid up.
State Bank of Patiala (SBP)	Being a wholly owned subsidiary the share capital stands cancelled from the effective date of the GOI Order.
State Bank of Hyderabad (SBH)	Being a wholly owned subsidiary the share capital stands cancelled from the effective date of the GOI Order.
Bharatiya Mahila Bank Limited (BMBL)	4,42,31,510 shares of face value of ₹ 1 each for every 100,00,00,000 shares of BMBL of face value of ₹ 10 each fully paid up.

Further, the transferee bank shall pay cash in respect of entitlements to fraction of equity shares wherever so determined.

iii. The merger is accounted under the 'pooling of interest' method as per Accounting Standard 14 (AS 14), "Accounting for amalgamation" and the approved Scheme of Acquisition.

All assets and liabilities (including contingent liabilities), duties and obligations of transferor Banks are proposed to be recorded in the books of account of transferee Bank at their existing carrying amounts and in the same form as on April 1, 2017 except for adjustments to bring uniformity of accounting policies as required under AS 14. Any further changes in liabilities / assets (including those consequent to changes in Accounting Standards) that may arise after the effective date will be made subsequently in the books of accounts of the transferee bank.

iv. The amount of Share Capital issued by transferee bank amounting to ₹ 13.64 crore (13,63,52,740 equity shares of face value ₹ 1 each issued at par) together with cash paid in lieu of fractional entitlement of shares ₹ 0.25 crore as consideration pursuant to the scheme has been adjusted against the corresponding share capital of the transferor banks (after adjusting equity shares held by the transferee in the transferor banks) and the excess has been adjusted to Amalgamation Reserve in the Opening Balance Sheet.

v. Summarized values of assets and liabilities transferred in accordance with the terms of the Scheme as detailed below:

Particulars	Amount (₹ in crore)
Assets Taken Over	
Cash and Balances with RBI	32,743.73
Balances with Banks and Money at Call & Short Notice	66,680.19
Investments	1,76,603.55
Advances	2,97,884.25
Fixed Assets	6,987.51
Other Assets	38,012.45
Total Assets	**6,18,911.68**
Liabilities Taken Over	
Reserves and Surplus	19,628.50
Deposits	5,40,841.19
Borrowings	16,927.92
Other Liabilities and Provisions	30,199.32
Total Liabilities	**6,07,596.93**
Net Assets	11,314.75

Net difference between share capital of transferor banks and corresponding investments by transferee	1,037.12
(Less):	
a. 13,63,52,740 Shares of face value of ₹ 1 each issued by SBI as consideration	13.64
b. Cash in lieu of fractional entitlement of shares	0.25
Difference transferred to Amalgamation Reserve	**1,023.23**

3. Inter Office Accounts between branches, controlling offices, local head offices and corporate centre establishments are being reconciled on an ongoing basis.

4. **Specific Notes to Accounts as per mandate of Audit Committee of the Board**

a) **Capital Ratio - As Per Basel III**

Sr. No.	Items	As at 1st April 2017
(i)	Common Equity Tier 1 Capital Ratio (%)	9.41%
(ii)	Tier 1 capital ratio (%)	10.05%
(iii)	Tier 2 capital ratio (%)	2.80%
(iv)	Total Capital Ratio (%)	12.85%

b) **Non Performing Non-SLR Investments**

₹ In crore

Particulars	As at 1st April 2017
Balance of Non-SLR Investments	1,192
Balance of Provisions held	541

c) **Non-Performing Assets**

₹ In crore

Particulars	As at 1st April 2017
Net NPAs to Net Advances (%)	5.19%
Gross NPA	1,77,866
Net NPA	96,978
Provisions for NPA	80,888

d) **Employee Benefits**

₹ In crore

Particulars	Pension Plans	Gratuity Plan
Present Value of Funded Obligation at 1st April 2017	83,870	9,817
Fair value of Plan Assets as at 1st April 2017	79,303	9,765
Deficit/(Surplus)	4,567	52

e) **Restructured Accounts**

₹ In crore

Sl. No.	Type of Restructuring		Under CDR Mechanism (1)					Under SME Debt Restructuring Mechanism (2)				
	Asset Classification		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
	Particulars											
	TOTAL Restructured Accounts as on 1st April, 2017	No. of Borrowers	68	1	133	11	213	143	96	758	72	1,069
		Amount outstanding	2,970	89	5,665	157	8,881	98	98	147	5	348
		Provision thereon	180	1	6	-	187	4	1	1	-	6

Sl. No.	Type of Restructuring		Others (3)					TOTAL (1 + 2 + 3)				
	Asset Classification		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
	Particulars											
	TOTAL Restructured Accounts as on 1st April, 2017	No. of Borrowers	27,038	4,668	11,578	479	43,763	27,249	4,765	12,469	562	45,045
		Amount outstanding	5,947	1,434	3,881	20	11,282	9,015	1,621	9,693	182	20,511
		Provision thereon	126	5	2	-	133	310	7	9	-	326

f) **Accounting for Taxes on Income**

₹ In crore

Particulars	As at 1st April 2017
Deferred Tax Assets (DTA)	
Provision for long term employee Benefits	2,745.99
Provision/ Additional Provision on specified Restructured Standard Assets/Standard Assets over the specified RBI Prudential Norms	2,845.49
Provision for Other Assets and Other Liabilities	724.65
Amortisation of Discount	2.26
On account of Foreign Offices	427.91
On Accumulated Losses	5,240.01
Others	247.15
Total	**12,233.46**
Deferred Tax Liabilities (DTL)	
Depreciation on Fixed Assets	271.44
Interest accrued but not due on Securities	5,045.06
Special Reserve created u/s 36(1)(viii) of Income Tax Act 1961	4,645.01
On Foreign Currency Translation Reserve	563.28
On account of Foreign Offices	2.19
Others	0.01
Total	**10,526.99**
Net Deferred Tax Assets/(Liabilities)	**1,706.47**

g) **Provisions against Contingent Liabilities**

₹ In crore

Particulars	As at 1st April 2017
Balance of Provisions against Contingent Liabilities	1,020

Directors

Shri Sanjiv Malhotra

Shri M. D. Mallya

Shri Deepak I. Amin

Dr. Pushpendra Rai

Dr. Girish Kumar Ahuja

Ms Anjuly Chib Duggal

Shri Chandan Sinha

Sri Rajnish Kumar
Managing Director (National Banking Group)

Shri Dinesh Kumar Khara
Managing Director (Associates & Subsidiaries)

Shri P K Gupta
Managing Director (Compliance & Risk)

Shri B. Sriram
Managing Director (Corporate Banking Group)

Smt. Arundhati Bhattacharya
Chairman

Kolkata

19 May 2017

In terms of our report of even date

For Varma & Varma
Chartered Accountants

(Cherian K Baby)
Partner M.No. 016043
Firm Regn.No.004532 S

For V. Sankar Aiyar & Co.
Chartered Accountants

(G Sankar)
Partner M.No. 046050
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For S. N. Mukherji & Co.
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Chartered Accountants

(N. Sri Krishna)
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Kolkata
19 May 2017

INDEPENDENT AUDITORS' REPORT

To,

The Board of Directors,

State Bank of India,

Corporate Centre,

State Bank Bhavan, Mumbai

Report on the Balance Sheet

We have audited the accompanying Opening Balance Sheet (consequent to merger) of State Bank of India (the "Bank") as at April 01, 2017 and other explanatory information annexed therewith (together "the Balance Sheet").

This Balance Sheet has been prepared under the "pooling of interest method" as per AS-14 - Accounting for Amalgamation, and is based on the mandate of the Audit Committee of the Board (ACB). It incorporates the audited Balance Sheets of State Bank of India(SBI), audited by us, five domestic banking subsidiaries namely (i) State Bank of Bikaner and Jaipur (ii) State Bank of Hyderabad, (iii) State Bank of Mysore (iv) State Bank of Travancore (v) State Bank of Patiala and Bharatiya Mahila Bank Limited as at March 31, 2017, audited by other auditors, as stated in Note no. 1 and 2 to Schedule 14 to the Balance Sheet.

Management's Responsibility for the Balance Sheet

Management is responsible for the preparation and fair presentation of this Balance Sheet in accordance with the requirements of the Accounting Standards issued by the Institute of Chartered Accountants of India and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Balance Sheet that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Balance Sheet based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Balance Sheet is free from material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Balance Sheet of State Bank of India as at April 01, 2017 read with Notes to Accounts thereon as detailed in Schedule 14 thereof are prepared, in all material respects in accordance with the Scheme of Acquisition and applicable Accounting Standards and accounting principles generally accepted in India relevant to preparing such Balance Sheet.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Schedule 14 of Balance Sheet: 'Notes to Accounts' regarding:

(a) Note no. 1 regarding the basis for preparation of the Balance Sheet as at April 01, 2017 which is based on the audited Balance Sheets of SBI, five domestic banking subsidiaries and Bharatiya Mahila Bank Ltd. and the adjustments as stated therein.

(b) Note no. 2 regarding Scheme of Acquisition and accounting treatment thereof.

Other Matters

The Balance Sheet of State Bank of India as at April 01, 2017 referred to in this report incorporates the audited balance sheets of five domestic banking subsidiaries and Bharatiya Mahila Bank Ltd. as at March 31, 2017 audited by other auditors which reflects total assets of Rs. 6,19,284 crores.

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19 May 2017