

Notes:

1. The working results for the period ended 31<sup>st</sup> December 2008 have been arrived at after considering provisions for NPAs, Bonus, Employees' Benefits, Investment Depreciation, Income Tax (after adjustment for deferred tax), Wealth Tax, Fringe Benefit Tax (FBT) and items other than advance related on an estimated basis.
2. During the period ended 31<sup>st</sup> December 2008, the Bank has made aggregate investments of Rs. 807 crore in its subsidiaries / associates for the purpose of funding their business growth. During the quarter, the Bank has approved a further infusion of capital of Rs. 125 crores in Global Trade Finance Limited and Rs. 66 crores in SBI Cards & Payments Services Ltd to meet the CRAR requirements. Of this, Rs. 36 crores has been infused in SBI Cards & Payments Services Ltd.
3. During the period, SBI has established a custodial services company namely SBI Custodial Services Pvt. Ltd., a wholly owned subsidiary with a capital of Rs. 13.76 crore. A joint venture agreement has been entered with Societe Generale, France, with the bank having 65% stake. RBI has approved the said joint venture and the bank is awaiting approval from SEBI. The paid up capital of this joint venture is envisaged at Rs. 80 crores.
4. During this quarter, the Bank's subsidiary, Indian Ocean International Bank (IOIB) amalgamated with SBI International (Mauritius) Ltd, another subsidiary of the Bank and the amalgamated entity's name has been changed to SBI (Mauritius) Ltd. and converted as a Public Limited Company from its erstwhile status as a Private Limited Company. The Scheme of Merger has been sanctioned by Bank of Mauritius from 1<sup>st</sup> April 2008, being the appointed date. Consequently, the Bank's stake in SBI (Mauritius) has reduced from a 98% holding (pre-merger) to 93.40% holding as at 31<sup>st</sup> December 2008 (post-merger).
5. The bank has signed a Joint Venture agreement during the quarter with Insurance Australia Group(IAG) for undertaking General Insurance business. The bank will hold 74% equity in the JV, while IAG will hold 26% equity. Regulatory approval from RBI and IRDA is awaited. No funding has been made by the Bank as on 31<sup>st</sup> December 2008.
6. The bank has signed a joint venture during the quarter with Macquarie Capital Group,Australia and IFC,Washington for setting up an Infrastructure fund of USD 3 billion for investing in various infrastructure projects in India in the ratio of 45:45:10. No funding has been made by the Bank as on 31<sup>st</sup> December 2008.
7. The bank has signed an MOU during the quarter with State General Reserve Fund (SGRF) of Oman, a Sovereign Fund of that country with an objective to set up a general fund to invest in various sectors in India.
8. The Boards of the Bank and SBI Capital Markets Ltd.(SBICAP) have approved takeover of SBICAP Securities Limited (SSL) by SBI as its subsidiary from SSL's holding company – SBICAP, subject to necessary regulatory approval.
9. As per the Agricultural Debt Waiver and Debt Relief Scheme 2008, the amount receivable from the Central Government on account of debt waiver is Rs. 5506 Crore and on account of debt relief is Rs. 322 Crore, which is treated as part of advances and other assets respectively in accordance with the scheme. For the Debt Waiver, the Government of India has agreed to provide interest on the amount receivable from it from the date of payment of the first instalment and accordingly no provision for loss of interest on present value terms has been made. Further, the first instalment of Rs. 2168 crores has been received on 24 December 2008. In respect of Debt Relief, the bank has made provision of Rs. 140 Crore towards present value of loss of interest on amount receivable from eligible farmers which is reversible to General Reserve upon complete settling of the account after receipt of claim

from the Government. Further, the bank has retained prudential provision of Rs. 400 Crore on non performing agricultural advances, which are rendered surplus on settlement of dues as per scheme. The figures of debt relief are subject to payment of dues by the farmers.

10. The Eighth Bipartite Settlement entered into by the Indian Bank's Association on behalf of the member Banks with the All India Unions of Workmen expired on 31<sup>st</sup> October 2007. Pending the execution of a new agreement, a provision of Rs. 1040 crores has been made during the period (aggregating to Rs. 1615 crores for the period November 2007 till December 2008) for the Bank's estimated liability in respect of wage revision.
11. Effective from 31<sup>st</sup> March, 2008, the Bank has changed its accounting policies in respect of :-
  - Recognition of dividend on shares of corporate bodies from realization basis to accrual basis where the right to receive the dividend is established.
  - Accounting of Mark-to-Market (MTM) gains / losses in case of forex OTC options, whereby the balance in premium received on options sold and premium paid on option bought have been considered to arrive at MTM value for forex OTC options.There is no material impact on net profit for the period due to these changes in accounting policies.
12. Effective from 31<sup>st</sup> March 2008, the Bank has reclassified its Primary Segments as Treasury, Corporate/Wholesale Banking and Retail Banking business in line with the directions issued by RBI. The Bank had been classifying the Banking and Treasury Operations as Primary Segments. In view of this, the Segment figures for the corresponding period of the previous year are not comparable.
13. Effective from 31<sup>st</sup> March 2008, the Bank has adopted AS 15 (Revised 2005) 'Employee Benefits'. The provisions for employee benefits for the current period are based on AS 15 (Revised 2005). Hence, the figures of corresponding period of previous year are not comparable.
14. Inter Office transactions between branches, controlling offices and local head offices and corporate centre establishment have been reconciled up to 31<sup>st</sup> March 2008. Further, pipeline transactions in respect of foreign exchange, gold, currency transactions and Government transactions are under reconciliation. Steps for adjustment/elimination of outstanding entries are in progress. These balances are subject to reconciliation, the ultimate effect of which is not expected to be material.
15. The Bank's Pension fund rules state that the Bank shall contribute 10% of salary to the Pension Fund. The Government of India has advised the Bank to contribute to the Pension Fund in accordance with fund's rules. However, in order to comply with Accounting Standard 15 (Revised 2005), and to make adequate prudential provisions in accordance with the actuarial valuations, the Bank has made an additional contribution of Rs. 1002 crore (Previous Period Rs. 793 crore) over and above 10% of salary as stipulated in Bank's Pension Fund Rules. The Bank has taken up the matter with Govt. of India for amendment of rules.
16. Number of Investors Complaints received and disposed of during the quarter ended 31<sup>st</sup> December 2008:
  - (i) Pending at the beginning of the quarter – 05.
  - (ii) Received during the quarter – 82.
  - (iii) Disposed of during the quarter – 84 (iv) Lying unresolved at the end of the quarter – 03.

17. The figures of the current period include the working results of the branches of erstwhile State Bank of Saurashtra (SBS) for the period from 14<sup>th</sup> August 2008 consequent to merger of e-SBS with the Bank. Accordingly, the figures of the previous period are strictly not comparable.
18. Previous period figures have been regrouped/reclassified, wherever necessary, to conform to current period classification.

**S. K. BHATTACHARYYA**  
Managing Director and CC & RO

**R SRIDHARAN**  
Managing Director and GE(A&S)

**O. P. BHATT**  
Chairman

**In terms of our Review Report of even date**

**R G N Price & Co.,**  
Chartered Accountants

**S. K. Mittal & Co**  
Chartered Accountants

**Vardhaman & Co.,**  
Chartered Accountants

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S. K. Mittal  
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V. Baskaran  
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**Jain Kapila Associates**  
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**A K Sabat & Co.,**  
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**Guha Nandi & Co.**  
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**Chokshi & Chokshi**  
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Mumbai  
24<sup>th</sup> January 2009.