



Annual Results FY 08

May 02, 2008



State Bank of India
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**Pure Banking.
Nothing else.**

BUSINESS HIGHLIGHTS

- **SBI Group net profit crosses USD 2.24 Billion (Rs 8,960 crore)**

- **SBI Stand-alone Net Profit crosses Rs 6,700 crore**

- Net Profit for FY 08 at Rs 6,729 crore, up by 48.2% from Rs 4,541 crore in FY 07
- Net Profit for Q4 FY 08 at Rs 1,883 crore, up by 26.1% from Rs 1,493 crore in Q4 FY 07

- **Total business growth of over Rs 1,81,000 crore in FY 08**

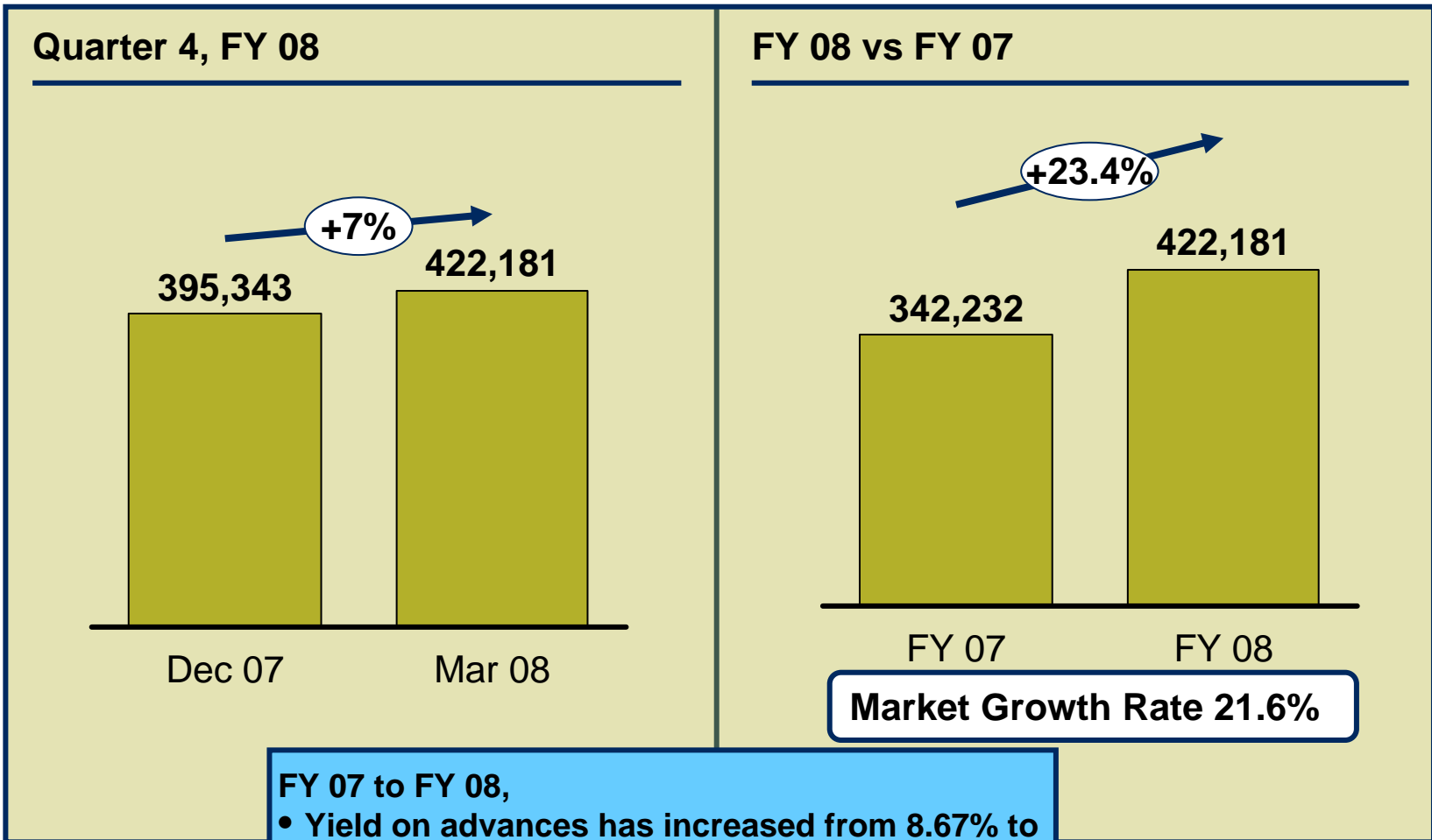
- Deposits up by Rs 1,01,885 crore, a 23.4% growth from Rs 4,35,521 crore in FY 07 to Rs 5,37,406 crore in FY 08; CASA ratio has remained stable
- Advances up by Rs 79,949 crore, a 23.4% growth from Rs 3,42,232 crore in FY 07 to Rs 4,22,181 crore in FY 08
- Housing Loan portfolio up by 20%; SME by 26%, Auto Loans by 30%, Mid-corporate by 24%; Growth rates among the highest in the industry
- International advances up by 50% y-o-y; Helping Indian corporates in global acquisitions

- **Cost income ratio declines by 520 bps to 49.0% for FY 08; efficient new platform build almost complete**

- Nearly 1,000 new branches added during the year; Branch network crosses 10,000 mark
- Migration to new operating architecture nearly complete; customer service and efficiency have improved significantly
- Over 2,000 branches redesigned during the year
- India Post and other channel alliances for rural banking to expand reach

HIGH ADVANCES GROWTH COUPLED WITH 123 BPS IMPROVEMENT IN YIELD

Rs crore



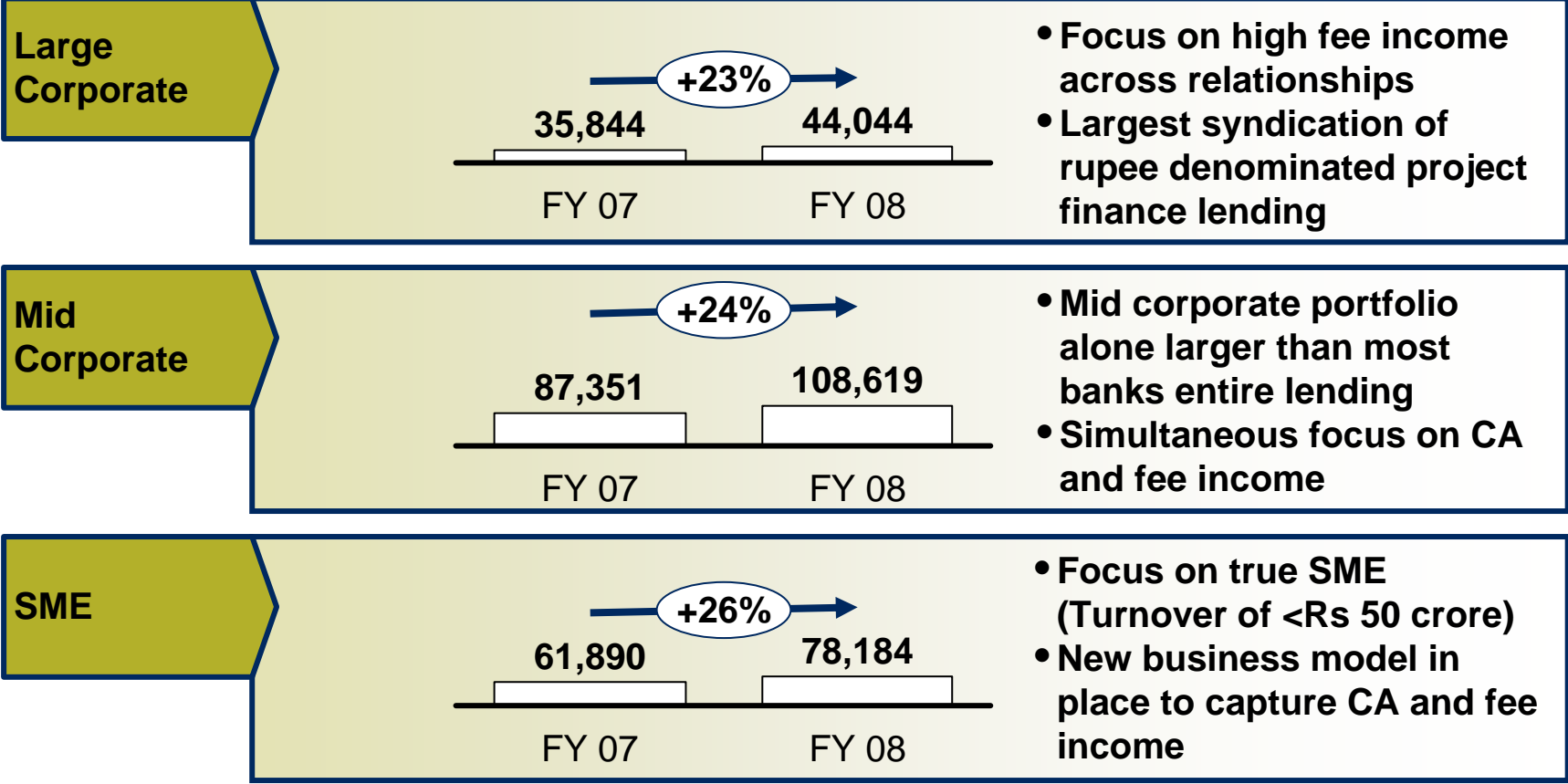
FY 07 to FY 08,

- Yield on advances has increased from 8.67% to 9.90%
- Interest income from advances has increased by 41.8% from Rs 24,839 crore to Rs 35,228 crore

SEGMENTAL BREAK-UP OF ADVANCES GROWTH (1/3)

Rs crore

FY 08 vs FY 07



SEGMENTAL BREAK-UP OF ADVANCES GROWTH (2/3)

Rs crore

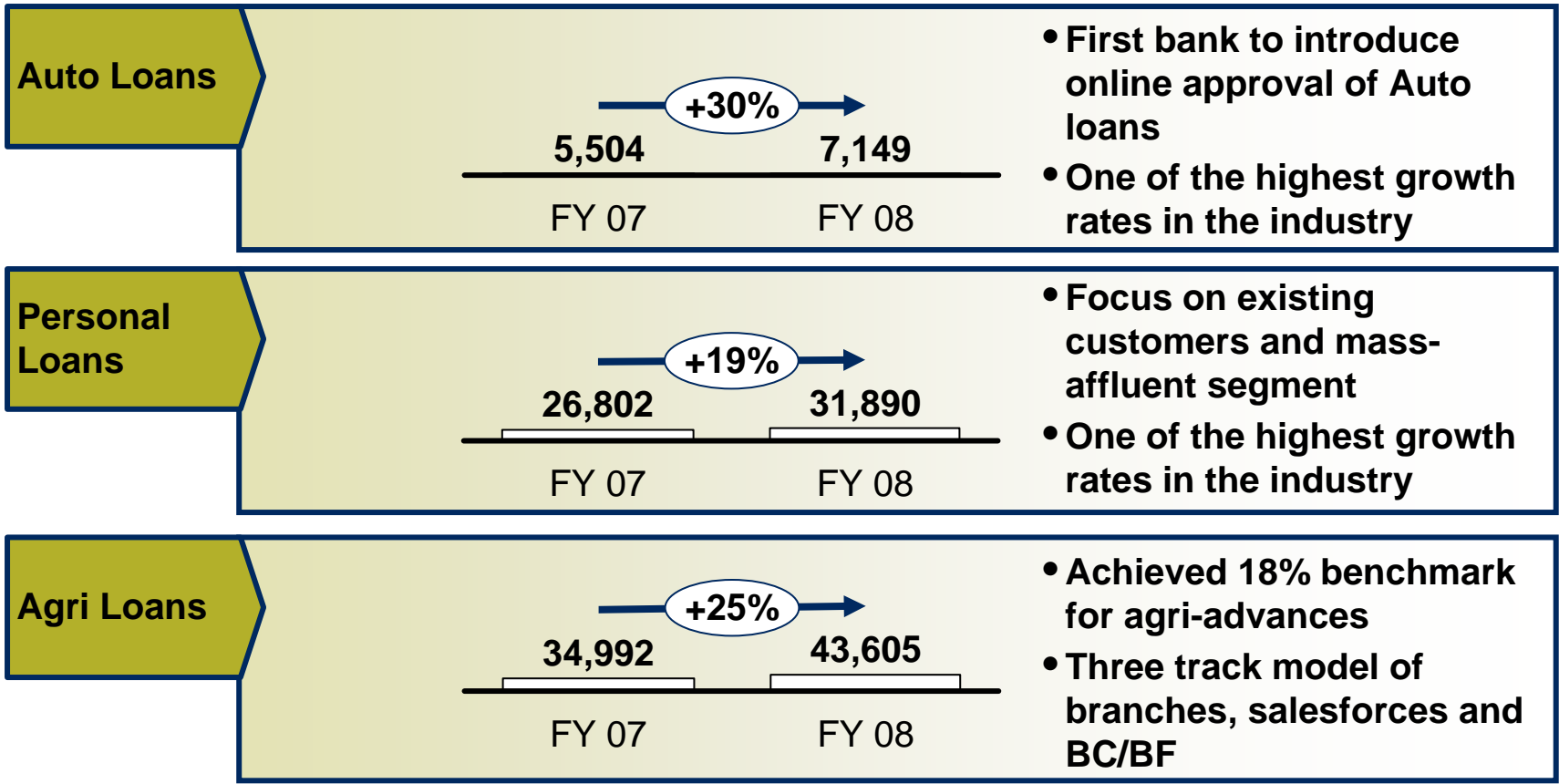
FY 08 vs FY 07

Segment	FY 07	FY 08	Growth	Key Points
International	38,652	58,135	+50%	<ul style="list-style-type: none">Highest provider of corporate syndicated creditCapturing India related business in high potential countries
Home Loans	37,982	45,097	+19%	<ul style="list-style-type: none">Highest disbursement growth in the industryHome loan portfolio is well distributed across all population groups
Education Loans	3,302	4,413	+34%	<ul style="list-style-type: none">Highest market share in the industry (24%)In-principle approvals now available on the net

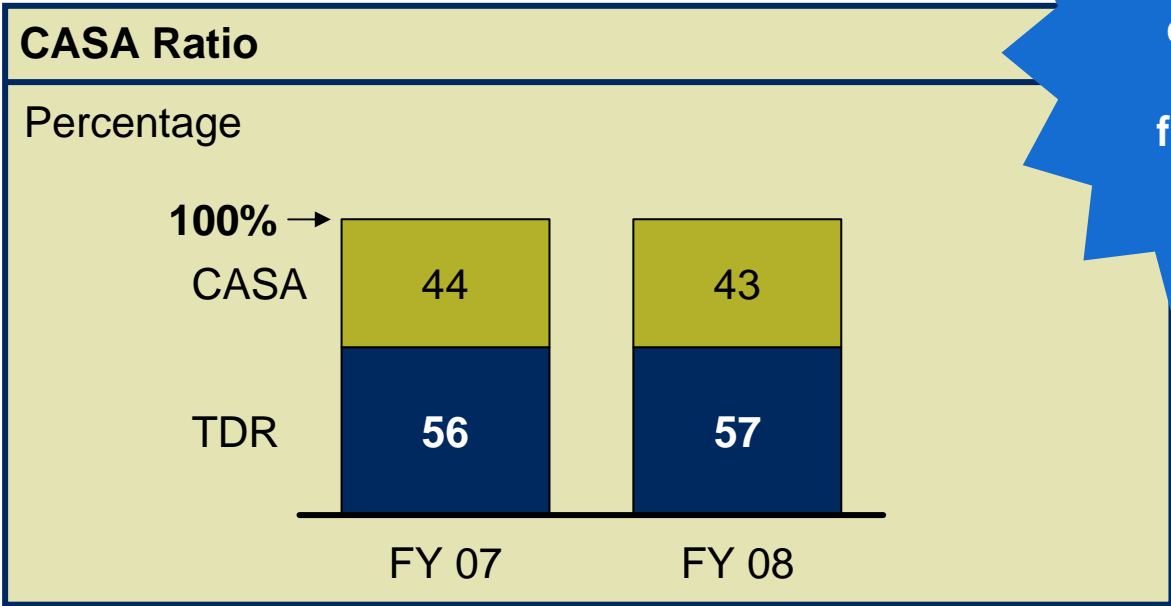
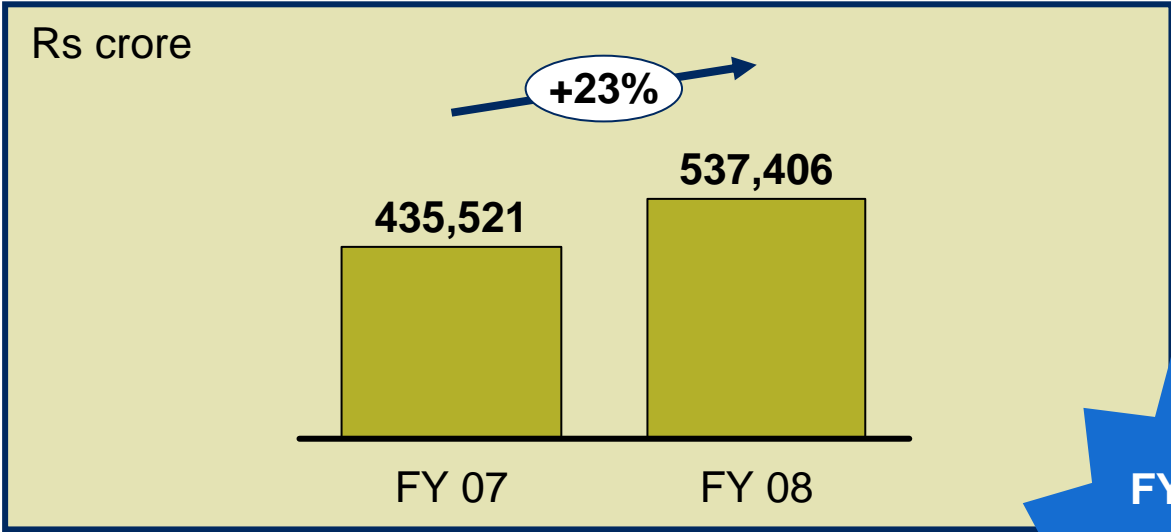
SEGMENTAL BREAK-UP OF ADVANCES GROWTH (3/3)

Rs crore

FY 08 vs FY 07



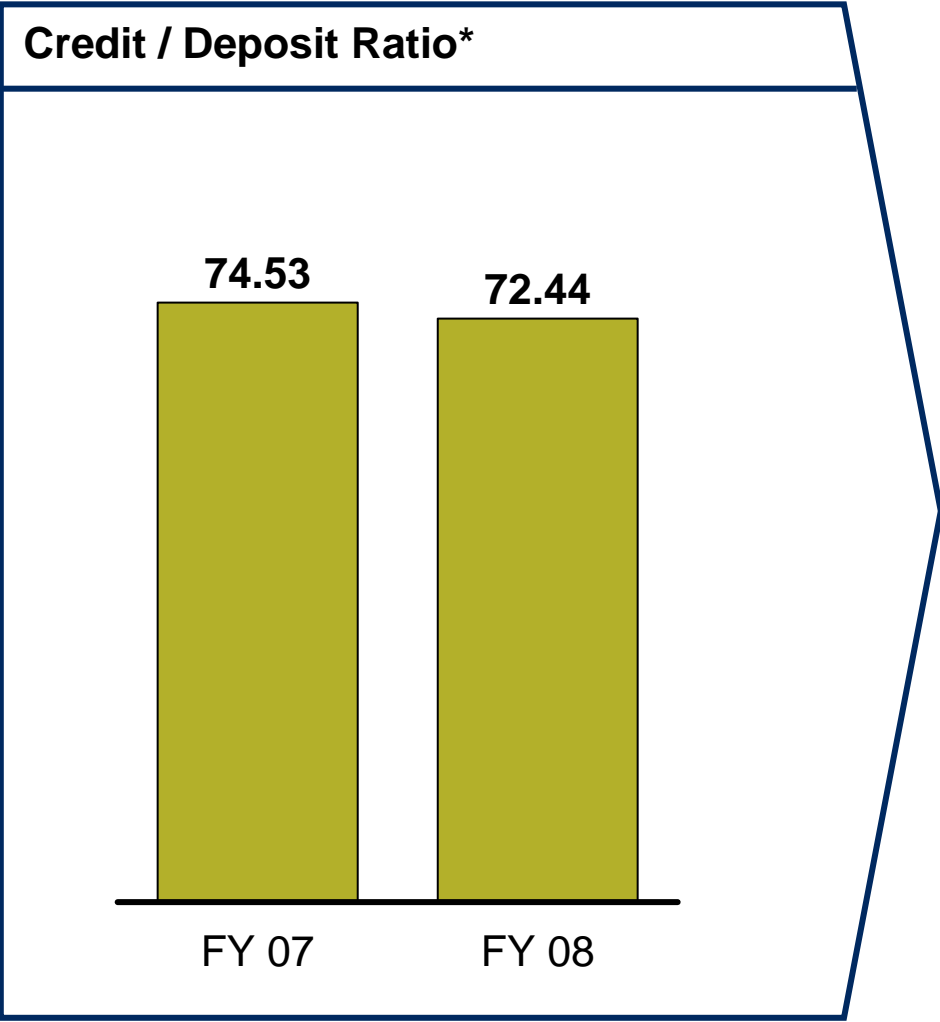
DEPOSIT GROWTH HAS KEPT PACE WITH ADVANCES, AND CASA RATIO HAS REMAINED STABLE



FY 07 to FY 08, cost of deposits has increased from 4.79% to 5.59%

OVERALL CREDIT / DEPOSIT RATIO AND NIMS HAVE REMAINED STABLE

Percentage



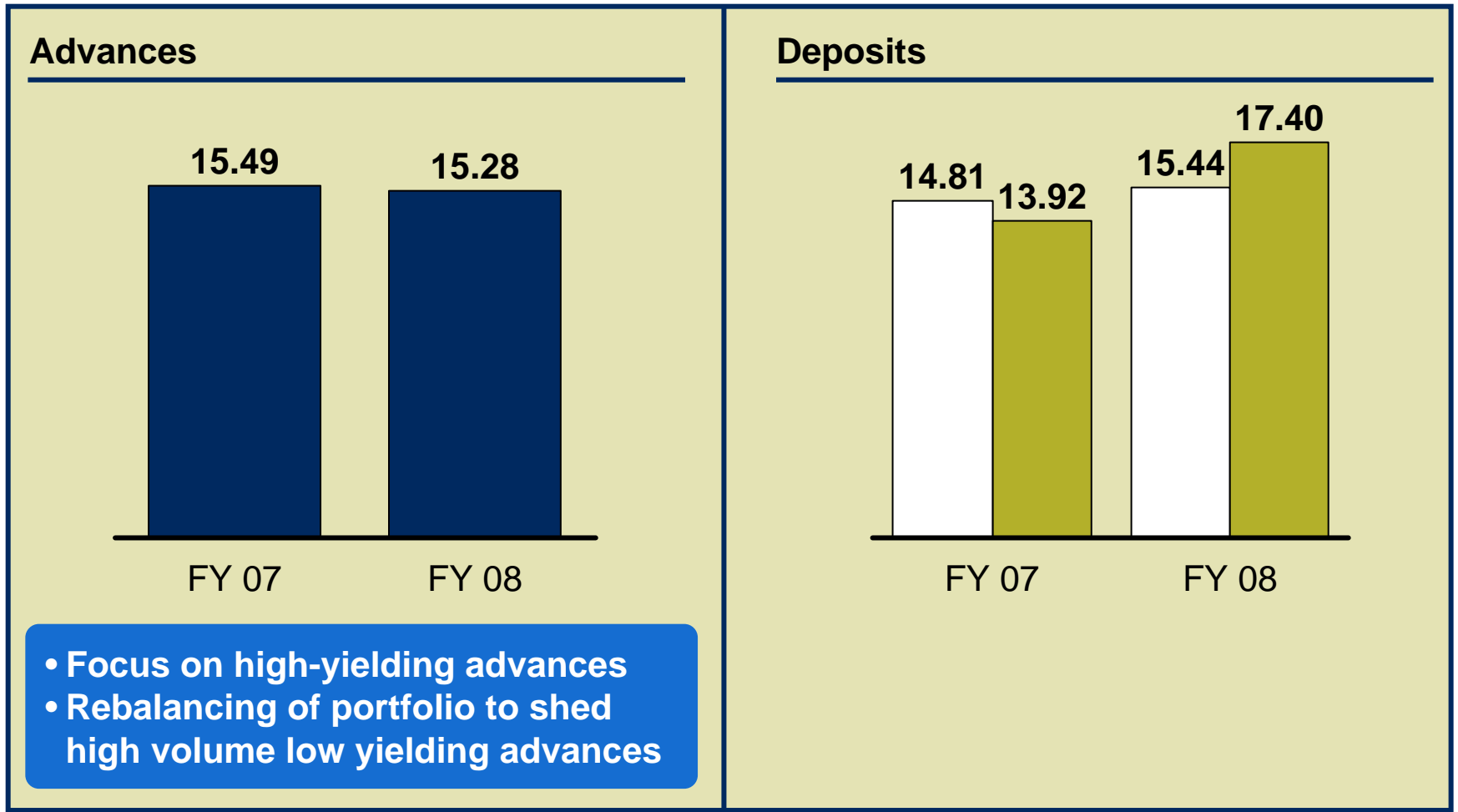
- Spreads have increased from 388 bps in FY 07 to 431 bps in FY 08
- Investment yield has declined by 7 bps
- NIM moved from 309 bps (excluding one-time items) in FY 07 to 307 bps in FY 08

* Excluding RIDF

MARKET SHARE HAS INCREASED IN DEPOSITS DRIVEN BY CASA, WHILE THAT OF ADVANCES IS MAINTAINED

Percentage

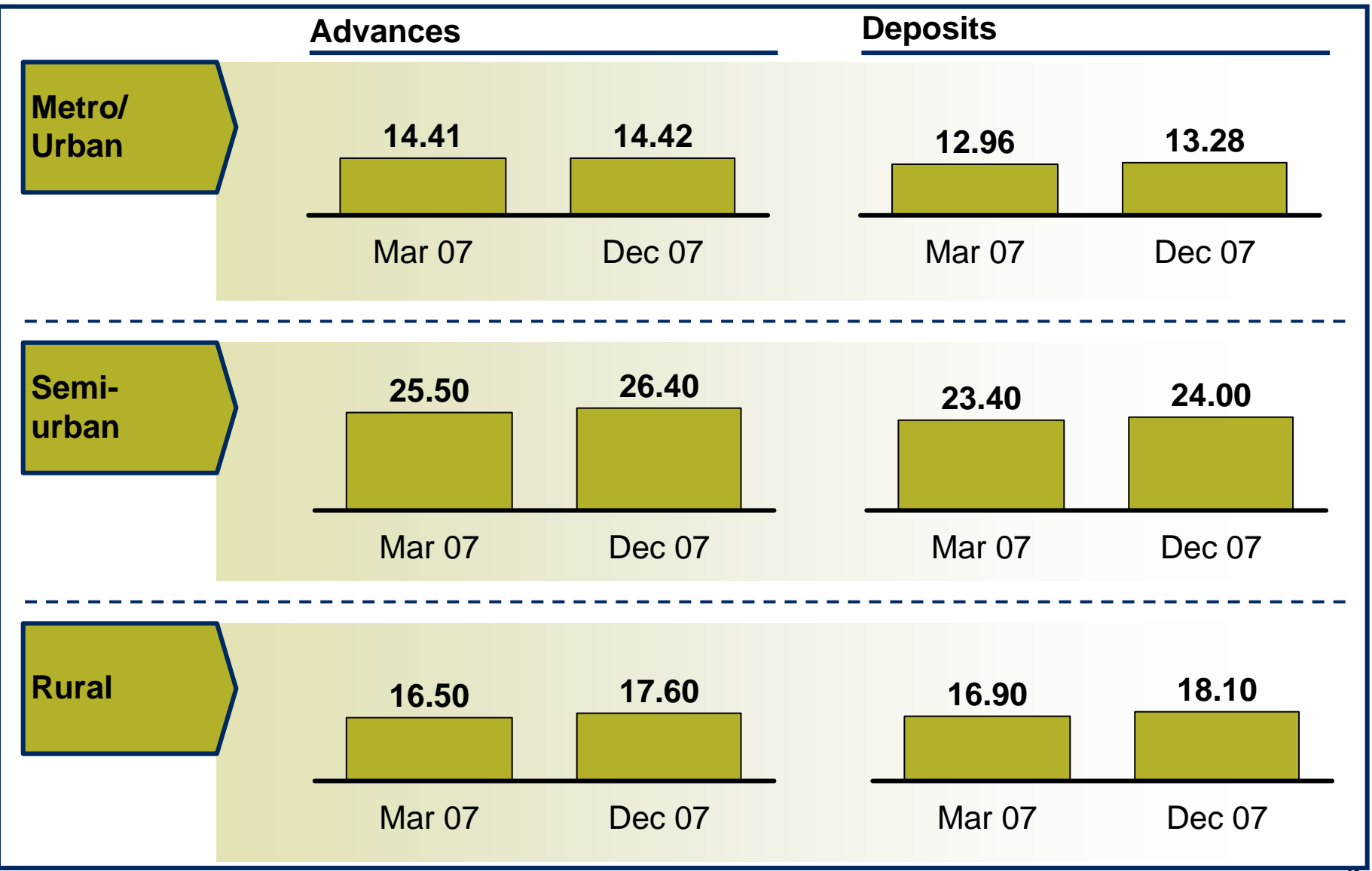
Overall
Low cost*



* Low cost deposits is as per RBI definition of CA + 10% of SA

MARKET SHARES HAVE INCREASED IN METRO/URBAN AND SEMI-URBAN/RURAL AREAS

Percentage



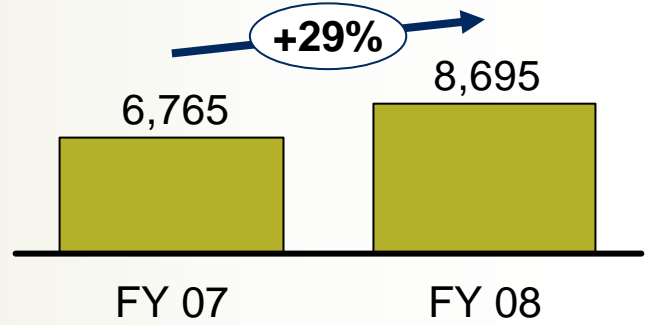
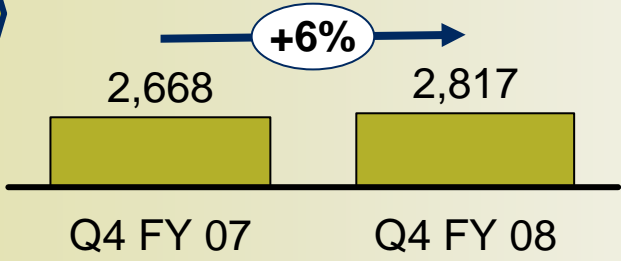
OTHER INCOME HAS INCREASED BY 29% IN FY 08; CORE FEE INCOME INCREASED BY 31% IN Q4 08

Rs crore

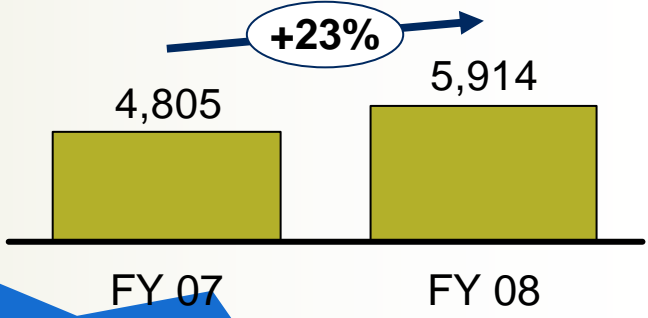
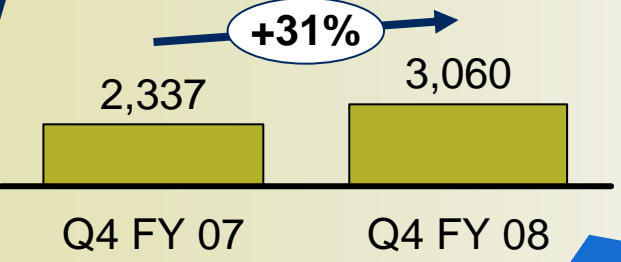
Q4 08 vs. Q4 07

FY 08 vs. FY 07

Total Other income



Fee Income

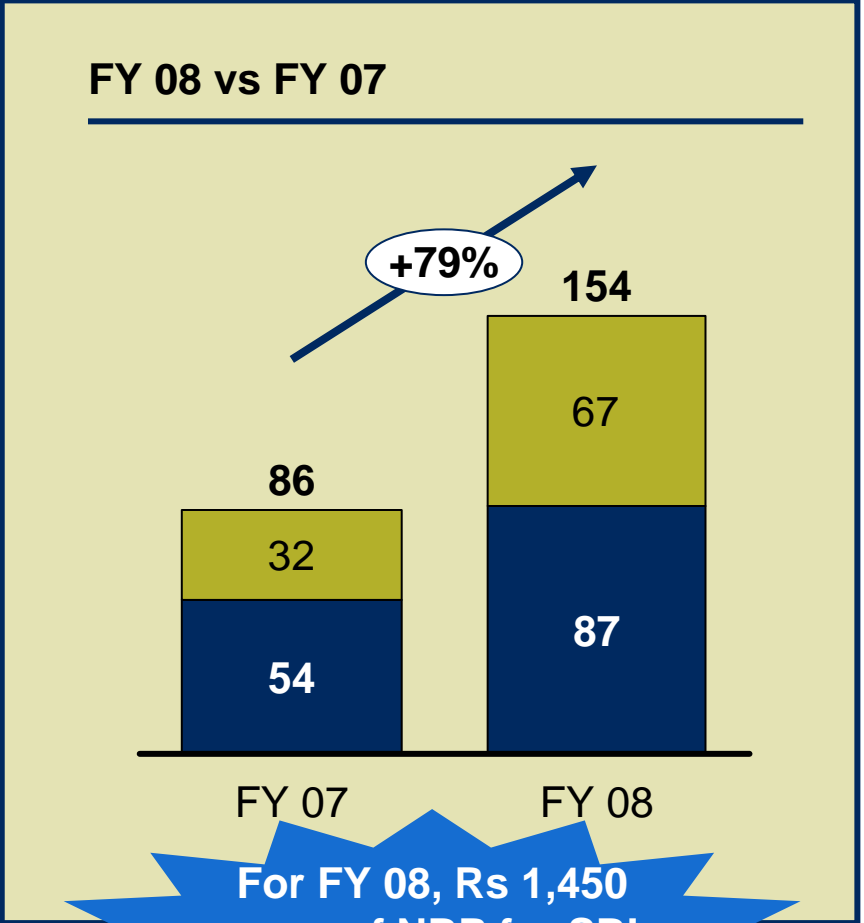
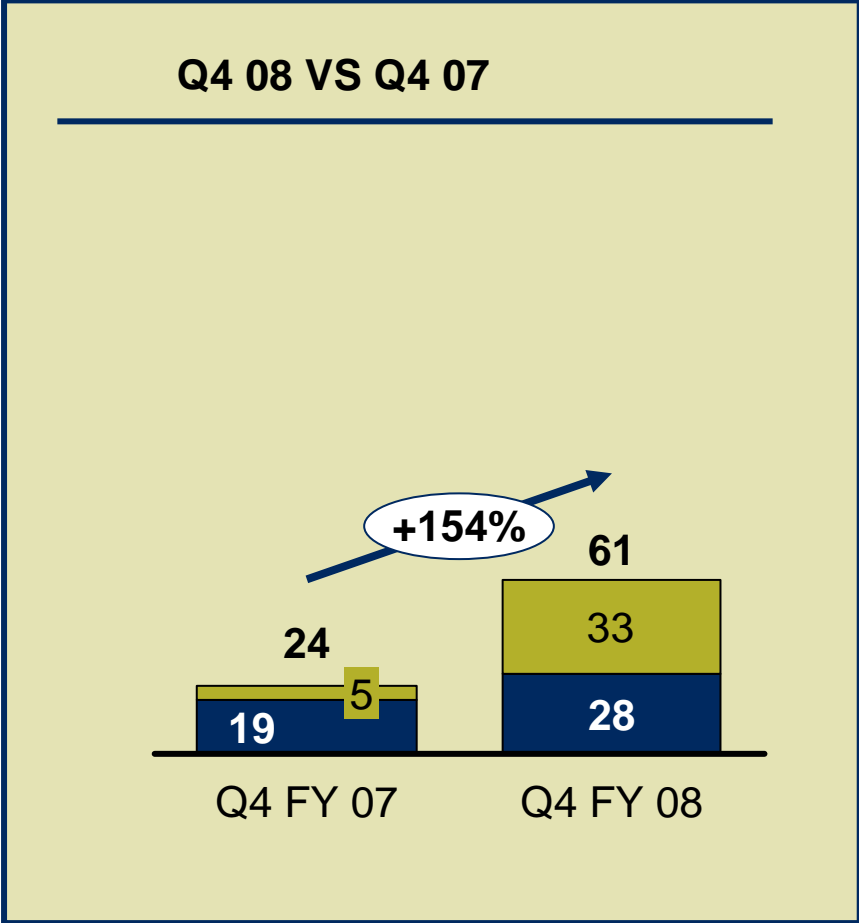


Growth of fee income in FY 08
 Large Corporates: 61%
 Mid-Corporates: 43%

MUTUAL FUND AND INSURANCE CROSS SELL INCOME HAS INCREASED BY 79%; SBI IS NOW ONE OF THE LARGEST BANCASSURANCE PLAYERS

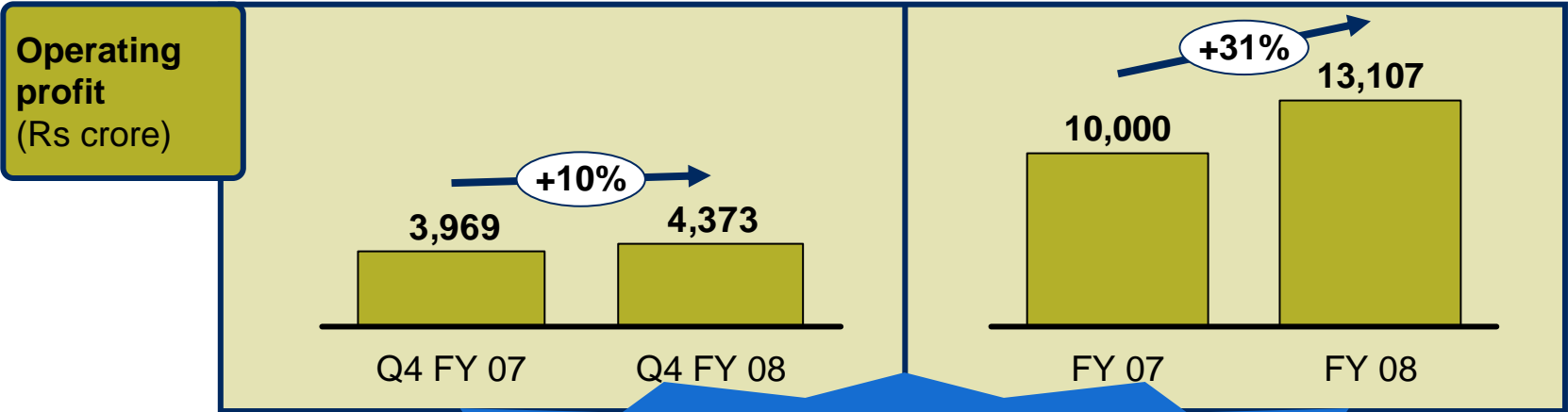
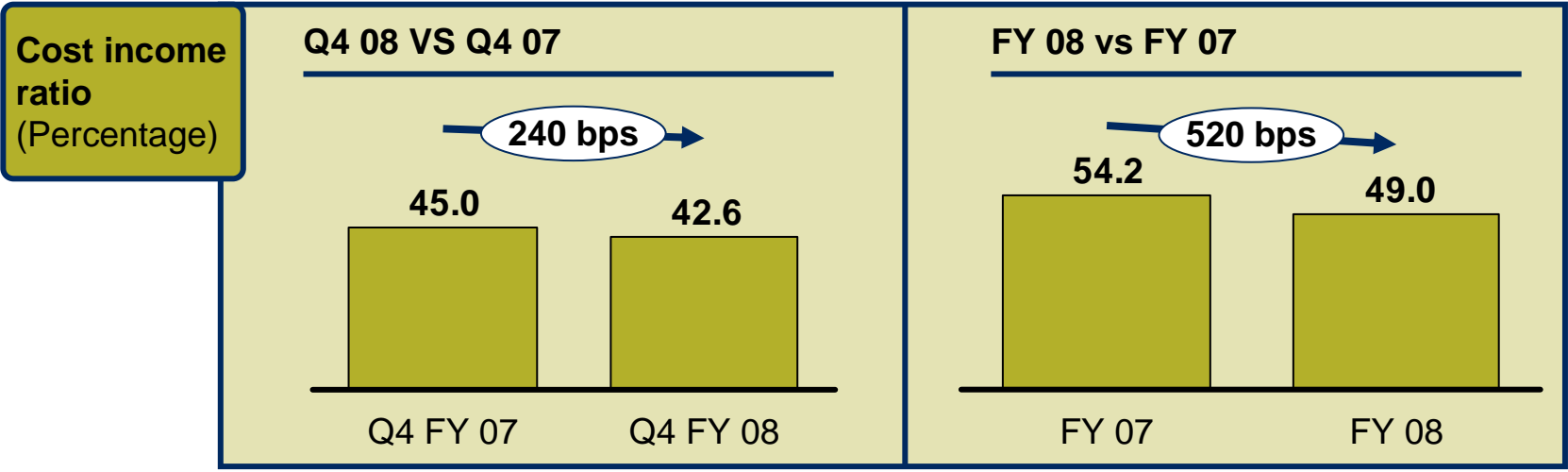
Rs crore

Mutual Funds
Life Insurance



For FY 08, Rs 1,450 crore of NBP for SBI Life was generated by SBI Branches

THE COST/INCOME RATIO HAS DECLINED BY 520 BPS, LEADING TO AN OPERATING PROFIT INCREASE OF RS 3,107 CRORE

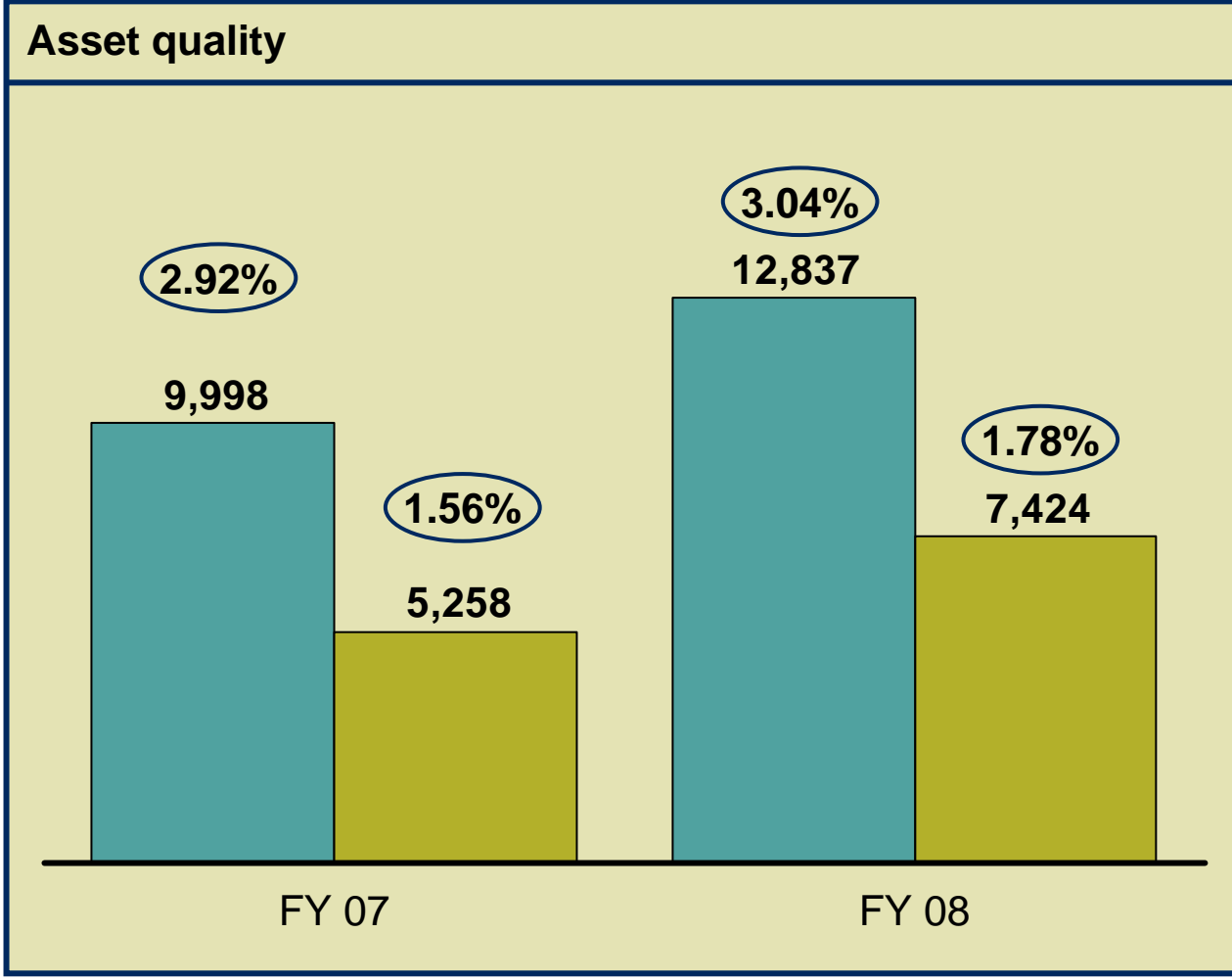


FY 08 C/I is lower because of additional costs of redesign of 2,000 branches and setting up of ~1,000 new branches; bulk of this increase has occurred in Q4

NPAs REMAIN UNDER CONTROL

Rs crore

Gross NPA
Net NPA



KEY STRATEGIC INITIATIVES UNDERTAKEN (1/3)

BPR

- **Centralized operating architecture for all metro and urban branches nearing completion**
 - Over 400 Centralized Processing Centers established
 - Over 2,000 branches redesigned during the year, and are now focusing on sales and service; Total branches redesigned at the end of FY 08 is over 2,200
 - Over 2,000-strong owned salesforce outside branches
 - Call Center established; Full set of services being rolled out
 - Active plan to migrate customers to alternative channels – ATM / Internet / Mobile
- **Significant business benefits have already begun flowing in**
 - Better in-branch customer service (e.g. account opening in 10 minutes)
 - Standardized and best-in-class TAT for key processes (e.g. Home Loan TAT of 3 days for high value loans)
 - Increased employee productivity; Business per employee increased by over 2.5x in 5 years

SME

- **SME operating architecture firmly established**
 - Ramping up in-branch / out-of-branch salesforces exclusively focused on SME; Over 250 on the ground already
 - Focus on profitable growth, fee income and new business models such as SCF

Retail

- **Major push on retail assets, especially housing loans leading to portfolio growth of 20%**
 - Reverse Mortgage and SBI Home Plus schemes launched
- **Over 1,200 financial advisors in place for wealth management and cross-sell of mutual funds and insurance products**

KEY STRATEGIC INITIATIVES UNDERTAKEN (2/3)

Rural

- **New Rural strategy being rolled out aggressively**
 - Largest owned agri/rural salesforce in the country with over 3,000 people and 3,000 more being recruited in addition to staff in branches
 - Created third party channel (BC/BF) – 2,769 already enrolled; Plan to reach 20,000 customer service point outlets by 2009
 - Industry shaping alliance with India Post active in 6 states; Will be extended to all other states
 - Opening new branches to cover high potential semi-urban locations; 576 already opened in FY 08, with plans in place to open a further 1,000 in FY 2009
 - New operations backbone being rolled out in semi-urban/rural India
 - Rapidly implementing new technology for financial inclusion and covering unbanked villages
- **Early results visible through increase in market share**
- **SBI Talent award scheme launched; Awards given to rank holders of schools in higher secondary examination**

Wholesale

- **New thrust on wholesale banking and top corporates**
- **Focus on fee income generation by providing value added services (61% and 43% growth in fee income for large and mid-corporates respectively in FY 08)**
- **Further thrust on increasing dominance in mid-corp space (gold, wholesalers, broking, etc)**

KEY STRATEGIC INITIATIVES UNDERTAKEN (3/3)

Inter-national

- **Aggressively supporting Indian companies' overseas expansion; Total international advances grew by over 50% in FY 08**
- **New international strategy in place**
 - Preparing to launch full-fledged banking services in Singapore; Only Indian bank to get full fledged QFB licence
 - Initiatives underway to strengthen business in countries with strong India linkage (e.g. USA, UK, UAE)
 - Restructuring international organization to enable new business model
 - Plans in place to be the dominant foreign bank in select countries

OPERATING PROFITS HAVE INCREASED BY 31.1% Y-o-Y

Rs crore

	Q4-2007	Q4-2008	Q-o-Q Growth	FY07	FY08	Y-o-Y Growth	Comment
Int.- advances	7,057	9,603	36.09%	24,839	35,228	41.82%	<ul style="list-style-type: none"> Advances growth of 23% coupled with increase in yields by 123 bps
Other Interest Income	3,461	3,974	14.79%	12,403	13,722	10.63%	<ul style="list-style-type: none"> FY 07 included a one time write back of Rs 1,372 crore on government security premium amortization No interest on CRR from April 1, 2008
Int. Income	10,518	13,577	29.08%	37,242	48,950	31.44%	
Total Interest Expense	5,971	8,776	46.98%	22,184	31,929	43.92%	<ul style="list-style-type: none"> Increase in deposits by 23% Increase in Tier II bond interest by Rs. 850 crore over previous year
NII	4,547	4,801	5.58%	15,058	17,021	13.04%	
Non-Interest Income	2668	2817	5.60%	6,765	8,695	28.53%	<ul style="list-style-type: none"> Rs 1,109 crore fee income increase Lower dividend income of Rs 400 crore in FY 08
Total Income	7,215	7,618	5.59%	21,823	25,716	17.84%	
Operating Expenses	3,246	3,245	-0.03%	11,823	12,609	6.65%	<ul style="list-style-type: none"> Higher Employee productivity due to new operating architecture helping keep costs under control Write-backs of gratuity and pension provisions of Rs 475 crore offset by wage hike provisions of Rs 200 crore Increased costs on branch redesign, branch + ATM network expansion and CBS roll-out, including depreciation (Rs 208 crore in Q4 FY08 vs Rs 62 crore in Q4 FY07)
Oper. Profit	3,969	4,373	10.18%	10,000	13,107	31.07%	

NET PROFIT HAS INCREASED BY 48.2% Y-o-Y

Rs crore

	Q4-2007	Q4-2008	Q4-0-Q4 Growth	FY07	FY08	Y-o-Y Growth	Comment
Operating Profit	3,969	4,373	10.18%	10,000	13107	31.07%	
Provisions	1,413	1,620	14.58%	2,410	2,668	10.71%	<ul style="list-style-type: none"> • Loan loss provisions in line with increase in business • Includes Rs 168 crore MTM loss on securities issued to Govt. of India in connection with the rights issue
Profit before tax	2,556	2,753	7.75%	7,590	10,439	37.54%	
Tax	1,063	870	-18.16%	3,049	3,710	21.68%	
Profit after Tax	1,493	1,883	26.12%	4,541	6,729	48.18%	

SBI STAND-ALONE BALANCE SHEET HAS GROWN BY 27%

Rs crore

	Mar 31, 2007	Mar 31, 2008	Y-o-Y Growth
Cash and balances with RBI	29,076	51,534	77.2%
Balances with banks and money at call and short notice	22,892	15,932	-30.4%
Investments	149,149	189,501	27.1%
Advances	337,337	416,768	23.5%
Fixed assets	2,819	3,374	19.7%
Other assets	25,292	44,417	75.6%
Total Assets	566,565	721,526	27.4%
Capital	526	631	20.0%
Reserves and Surplus	30,772	48,401	57.3%
Deposits	435,521	537,404	23.4%
Borrowings	39,704	51,728	30.3%
Other liabilities and provisions	60,042	83,362	38.8%
Total Liabilities	566,565	721,526	27.4%

Previous years figures have been regrouped where necessary

KEY RATIOS

	FY2007	FY2008
Return on Assets	0.84%	1.01%
Return on Equity ¹	14.24%	17.82%
Capital Adequacy Ratio	12.34%	13.47%
NIM	3.09% ²	3.07%
Cost to Income	54.2%	49.0%
Fee to Operating Income	22.0%	23.0%

¹ Before taking into account Rights issue

² excluding onetime items

ASSOCIATE BANK PERFORMANCE HAS ALSO BEEN ROBUST

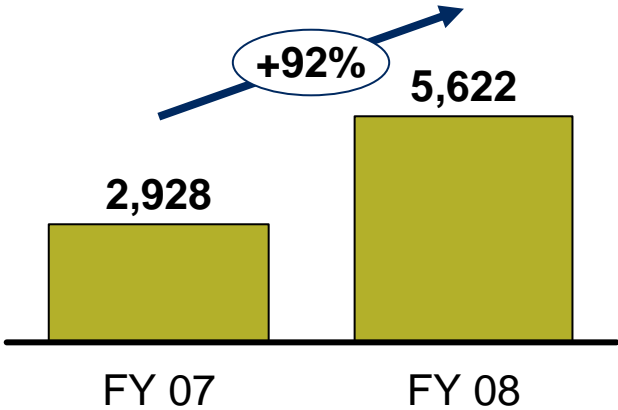
Rs crore

	Net Profit FY2008	Net Profit FY2007	Y-o-Y Growth
State Bank of Mysore	319	249	27.94%
State Bank of Bikaner and Jaipur	315	306	3.01%
State Bank of Hyderabad	557	506	10.19%
State Bank of Indore	234	190	23.19%
State Bank of Travancore	386	326	18.34%
State Bank of Saurashtra	52	87	-40.54%
State Bank of Patiala	414	367	12.88%
Total	2,277	2,031	12.11%

SBI LIFE HAS OUTPERFORMED THE MARKET

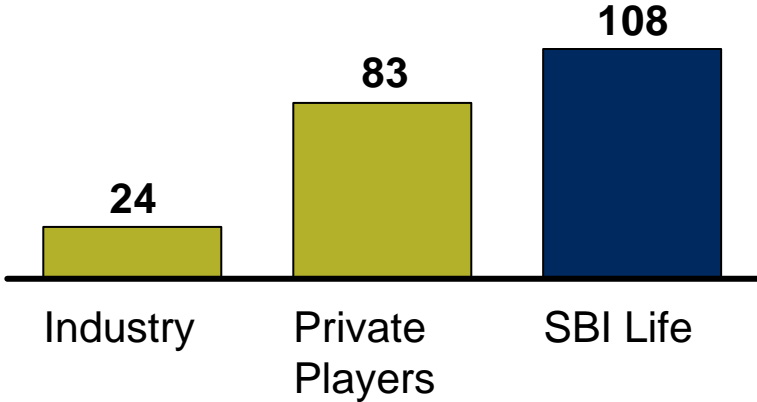
Total Premium collected

Rs crore



New Business Growth*

Percentage



Other highlights

- Opened 52 new branches
- AuM stands at Rs 10,500 crore at the end of FY 08
- Added around 1.9 Mn new lives during the year.
- Launched Micro-Insurance product "Grameen Shakti".
- Ranked 5th across the world in terms of number of Million Dollar Round Table members for 2007

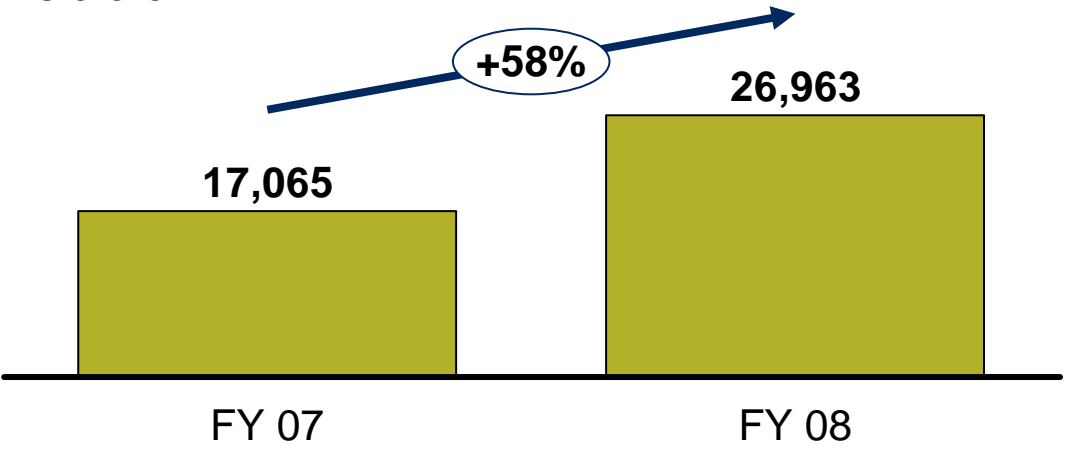
**SBI Life FY 08 profit at
Rs. 34.3 crore, a growth of
nearly 800% y-o-y**

* Data as of Feb 2008

SBI MUTUAL FUND GAINS MARKET POSITION

Assets under Management

Rs crore



Other highlights

- Ranked 6th in terms of AuM
- 5.17% Market share in terms of AuM
- The company has won 8 awards, including 5 awards from CNBC TV-18 CRISIL and 3 from Lipper India Fund.
- The company also won the prestigious CNBC TV-18 CRISIL Mutual Fund of the year award 2007.

SBI MF FY 08 profit at Rs. 69.7 crore, a growth of 76% y-o-y

OTHER SUBSIDIARIES ARE ALSO PERFORMING WELL (1/2)

SBI CAPS

- **Net profit has grown by nearly 100% in FY 08 to Rs 142.2 crore, up from Rs 71.2 crore in FY 07**
- Fee Based income has increased by 41.2% and fund based income by 114.5%.
- The group has successfully positioned itself as full service investment banking outfit offering a complete bouquet of advisory services including Cross Border M&A transactions, Private Equity, Open Offers, Delisting as well as Rights Issues.
- Mandated Lead Arranger – Project Finance – 9th Globally and 1st in Asia Pacific and India for the 3rd consecutive year.
- Ranked 1st in India for debt syndication mandates (both project finance and corporate finance) by Bloomberg
- Ranked 1st for project advisory mandates closed in the Asia Pacific region (4th in 2006) and 5th globally for during 2007.
- Company's League table ranking for IPOs improved from 9th position in FY 07 to 3rd position in FY 08
- The company has declared dividend of 100% this year. The dividend income received by SBI is Rs 50 crore

SBI Cards

- **One of the top 3 Card issuers in India.**
- Over 530,000 cards issued during the year
- Total Cards in use 3.2 Mn .
- Share Capital increased to Rs 450 crore from Rs 250 crore

OTHER SUBSIDIARIES ARE ALSO PERFORMING WELL (2/2)

SBI DFHI

- **Net profit has grown by 60% in FY 08 to Rs 95.9 crore**
- ROE increased y-o-y from 6.1% to 9.3%
- Market share up y-o-y from 8.3% to 10.5%
- The company maintained and reinforced its leadership position in the Primary Dealer segment of the domestic G Sec market
- The company has declared dividend of 10% this year. The dividend income received by SBI is Rs 16.57 crore

SBI Factors

- **Net profit has grown by 115% in FY 08 to Rs 28.4 crore, up from Rs 13.2 crore in FY 07**
- Total Income up by 53% in FY 08 to Rs 148.5 crore, up from Rs 95.6 crore in FY 07
- Outstanding has grown by 56% from Rs 1,220 crore in FY 07 to Rs 1,908 crore in FY 08
- Dividend declared 16%. The dividend income received by SBI is Rs.3.89 crore

Global Trade Finance

- **Net profit up by 155% to Rs 73.6 crore in FY 08**
- SBI acquired 92.03% stake in GTFL in Q42008
- Net NPA maintained at zero levels
- Total turnover stands at Rs.11,124 Core up by 79%; International turnover grows to Rs.1,923 crore, up by 82%
- Factored Assets Outstanding is Rs 3,196 Core, up by 83%
- Commands a market share of more than 85% in Export factoring business.
- Declared a dividend of 12%. The dividend income received by SBI is Rs.9.62 crore

SBI GROUP PROFIT NEARS RS 9,000 CRORE

Rs crore

	FY07	FY08	Y-o-Y Growth
Interest earned	54,363	71,495	31.5%
Other income	12,761	18,722	46.7%
Total income	67,124	90,218	34.4%
Interest expended	32,730	47,994	46.6%
Operating expenses	20,002	23,943	19.7%
Provisions and contingencies	7,772	9,119	17.3%
Total Expenditure	60,504	81,006	33.9%
Net Profit for the year	6,620	9,213	39.2%
Less: Minority Interests	255	253	-1.2%
Group Profit	6,364	8,960	40.8%

SBI GROUP BALANCE SHEET EXCEEDS RS 10 LAKH CRORE (USD 250 BN)

Rs. in crore

	Mar 31, 2007	Mar 31, 2008	Y-o-Y Growth
Cash and balances with RBI	45,066	74,817	20.0%
Balances with banks and money at call and short notice	27,411	14,211	44.3%
Investments	216,521	273,842	20.0%
Advances	487,286	603,222	22.0%
Fixed assets	3,999	4,663	35.7%
Other assets	34,891	56,515	41.3%
Total Assets	815,174	1,027,270	26.0%
Capital	526	631	66.0%
Reserves and Surplus	42,009	60,605	-48.2%
Minority Interest	1,690	2,028	26.5%
Deposits	636,273	776,417	23.8%
Borrowings	48,662	66,023	16.6%
Other liabilities and provisions	86,014	121,565	62.0%
Total Liabilities	815,174	1,027,270	26.0%



Thank You

