

Notes:

1. The working results for the quarter and six months ended 30th September 2010 have been arrived at after considering necessary provisions for NPAs, Standard Assets, Standard Derivative Exposures, Provision Coverage ratio and Investment Depreciation on the basis of prudential norms issued by RBI and other provisions made on an estimated basis for Employee Benefits, Bonus, Income Tax (after adjustment for deferred tax), Wealth Tax and for other items/assets.
2. Consequent to the notification of the "Acquisition of State Bank of Indore Order, 2010" issued by the Govt. of India, the undertaking of State Bank of Indore stands transferred to and vests in State Bank of India ("the Bank"), with effect from 26th August 2010, the effective date. The results for the quarter and six months ended 30th September 2010 include the results of operations of the erstwhile State Bank of Indore for the period from 26th August 2010 to 30th September 2010 and the results of the Bank are not comparable to that extent.

The amalgamation of State Bank of Indore with the Bank has been accounted for under the pooling of interests method as prescribed in Accounting Standard 14 "Accounting for Amalgamations". Pursuant thereto, all assets and liabilities of State Bank of Indore as on the effective date have been transferred and vested in the Bank and in consideration thereof 1,14,606 fully paid equity shares of Rs. 10 each of the Bank have been issued and allotted and Rs.27,85,099 paid in cash towards fractional entitlements to the non-transferee bank shareholders in the ratio of 34 shares for every 100 shares held. The Bank held 98.05% of the share capital of State Bank of Indore on the effective date which stands cancelled and the difference between the value of net identifiable assets acquired and the consideration amounting to Rs. 33.45 crores is credited to General Reserve.

3. Subsequent to the disbursement of arrears of wages finalized in accordance with the ninth Bipartite Settlement, an amount of Rs.1025.17 crores for the six months ended 30th September 2010 (including Rs.180 crores for the quarter) being excess provisions for wage revision have been written back to the Profit & Loss account.
4. Provision for employee benefits including pension, gratuity, compensated absences, etc. has been made on estimated basis (considering the wage revision except for pension) in accordance with the actuarial projected liability for the year. The pension liability has been projected without considering the ninth bipartite settlement as the Government has not yet approved the revision in salary for pension in case of the Bank. The estimated increase in actuarial projected gratuity liability as on 31 March 2011 pursuant to the increase in limit of the ceiling under the Payment of Gratuity Act, 1972 is Rs. 2200 crores, of which the Bank has provided Rs. 1400 crores as on 30 September 2010 (including Rs. 300 crores for the quarter).
5. Provision Coverage Ratio as on September 30, 2010 works out to 62.78% in accordance with the quarter wise targets permitted by RBI, with the target of achieving 70% by September 2011.
6. The Bank has invested Rs.235.92 crores as equity in Viom Networks Ltd. and Rs.10.00 crores as equity and CCPS in Adhunik Power and Natural Resource Ltd. on 24th August 2010.
7. The Bank has raised 9.25% Series I and 9.5% Series II, Lower Tier II Bonds aggregating Rs. 1000 crores subsequent to the quarter ended 30th September 2010. The Bonds have a maturity period of 10 years and 15 years for the Series I and Series II Bonds respectively, however, the Bank has a call option after 5 years in case of series I Bonds and after 10 years in case of Series II Bonds, subject to prior approval of the Reserve Bank of India.
8. Number of Investors' Complaints received and disposed of during the quarter ended 30th September 2010
 - (i) Pending at the beginning of the quarter – nil. (ii) Received during the quarter – 92
 - (iii) Disposed of during the quarter – 92 (iv) Lying unresolved at the end of the quarter – nil.

9. Previous period figures have been regrouped/reclassified, wherever necessary, to conform to current period classification.

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

O. P. BHATT
Chairman

In terms of our Review Report of even date

Kalyaniwalla & Mistry
Chartered Accountants

Viraf Mehta
Partner : M.No. 32083
Firm Regn. No. 104607 W

Essveeyar
Chartered Accountants

B. Shanmuganathan
Partner : M.No. 027882
Firm Regn. No.000808 S

K.C.Mehta & Co.
Chartered Accountants

Milin Mehta
Partner : M.No. 038665
Firm Regn. No.106237 W

Krishnamoorthy & Krishnamoorthy
Chartered Accountants

R. Venugopal
Partner: M.No. 202632
Firm Regn. No.001488 S
Raj Bordia & Co.,
Chartered Accountants

R. S. Bordia
Partner : M No.081200
Firm Regn. No. 003293 C

B.M.Chatrath & Co.
Chartered Accountants

A. Chatrath
Partner : M.No.052975
Firm Regn. No.301011 E

Venugopal & Chenoy
Chartered Accountants

D.V.Jankinath
Partner : M.No.029505
Firm Regn. No.004671 S

Dagliya & Co.
Chartered Accountants

P. Manohara Gupta
Partner : M.No. 016444
Firm Regn. No.000671 S

Todi Tulsyan & Co.
Chartered Accountants

Sushil Kumar Tulsyan
Partner: M.No. 075899
Firm Regn. No.002180 C
SBA & Company,
Chartered Accountants

Vikas Jain
Partner : M.No. 078245
Firm Regn. No.004651 C

K.K.Soni & Co.,
Chartered Accountants

S. S. Soni
Partner : M.No.0094227
Firm Regn. No. 000947 N

K.G.Somani & Co.
Chartered Accountants

B. Maheshwari
Partner : M.No. 088155
Firm Regn. No.006591 N

M.Verma & Associates
Chartered Accountants

M. Gandhi
Partner : M No.088396
Firm Regn. No. 501433 C

R K J K Khanna & Co.
Chartered Accountants

Vipin Bali
Partner : M No.083436
Firm Regn. No. 000033 N

Place : New Delhi
Date : 08th November, 2010