THE HINDU BusinessLine

Merger to add $120 b to asset base: SBI

PTI

Mumbai, Aug 20:

State Bank of India today said the ongoing merger of five of its associate banks and Bharatiya Mahila Bank will add ₹ 8 trillion or $ 120 billion to its assets and will create a banking behemoth with global scale.

The bank also said the merger of State Banks of Bikaner & Jaipur (SBBJ), Travancore (SBT), Patiala (SBP), Hyderabad (SBH) and Mysore (SBM), and also of Bhartiya Mahila Bank, a bank for women set up in November 2013, will lead to a 36 per cent increase in the SBI’s total assets at ₹ 30 trillion or about $ 447 billion.

The mergers will dwarf ICICI Bank assets to just one-fourth of SBI and will also catapult the bank into the top 50 banks globally, the bank said.

The combined entity will have network of over 24,000 branches with 2,70,000 employees and 58,000 ATMs serving serving over 50 crore customers.

This Thursday, the board of SBI had cleared the merge plan and had finalised the share swap agreement under which an SBBJ shareholder will get 28 shares of SBI (₹ 1 each) for every 10 shares (₹10 each).

Stated differently, the ratio is 1:2:8. Similarly, SBM and SBT shareholders will get 22 shares each of SBI for every 10 shares they hold.

In the case of Bharatiya Mahila Bank, 4,42,31,510 shares of SBI will be swapped for every 100 crore of the BMB share having a face value of ₹ 10. The other two unlisted subsidiaries are fully owned by SBI.

Abizer Diwanji, partner and national leader for financial services at EY which advised the share swap deal for SBI, said, “the ratio will be acceptable to all shareholders.”

Last month, the Cabinet had cleared the merger plan.

SBI has close to 16,500 branches, including 191 foreign offices spread across 36 countries, while the five subsidiaries have around 6,800 branches.

The mergers will allow the SBI to leverage its operational synergies, reach out to new clients and improve market share by ensuring a better reach through enlarged presence, the bank said in a statement.

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