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# SBI directs five associate banks to clean up books before proposed merger

By [Sangita Mehta](#), ET Bureau | Updated: Aug 09, 2016, 01:43 AM IST

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MUMBAI: [State Bank of India](#) has directed five associate banks to clean up their books as a prelude to the proposed merger — the move that has led to Rs 2,018 crore combined losses of associate banks in the first quarter ending June this year.

Senior officials from the State Bank group told ET that the associate banks were told to align the classification of loans with the parent bank, even if it requires them to take a hit on bottomline.

"Post-merger, an account can't be classified as standard in the books of one associate bank and sub-standard for another associate bank or parent bank," said a bank official.

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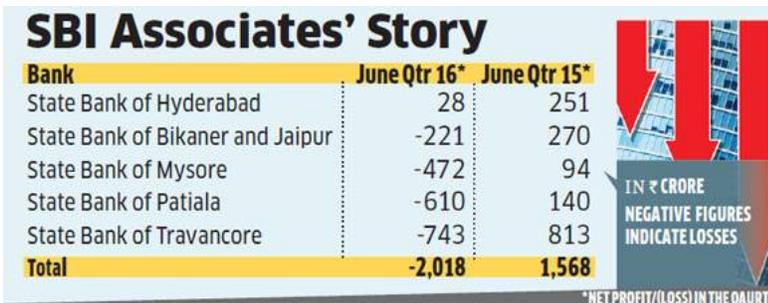
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"There is a need that all associate banks align their accounts prior to merger." Mid-May, SBI announced merger of State Bank of Patiala, [State Bank of Mysore](#), [State Bank of Travancore](#), [State bank of Bikaner and Jaipur](#) and State Bank of Hyderabad and Bharatiya Mahila Bank with itself.

This is the first time six banks would be merged with SBI at one shot. Speaking to ET, on July 19, SBI chairman [Arundhati Bhattacharya](#) said, "There is nothing as first bank or last bank or unlisted or listed bank, it would be one bank after another. All banks would be merged by March 2017.

We are working on it." State Bank of Mysore said when it declared its first quarter results that it has made additional provision of Rs 579.7 crore towards specific standard assets to align with the State Bank group. The bank posted a loss of Rs 472 crore and made total provision of Rs 1,039 crore in June 2016 quarter against Rs 263 crore in the corresponding quarter.

State Bank of Bikaner and Jaipur said it made an additional provision as prudence and keeping in view the provision of the leader in the consortium and multiple banking arrangements of some borrowers.

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