

August 26, 2010

**CARE REAFFIRMS RATING OF ASSIGNED TO VARIOUS DEBT INSTRUMENTS OF
ERSTWHILE STATE BANK OF INDORE PURSUANT TO ITS MERGER WITH
STATE BANK OF INDIA**

Pursuant to the Reserve Bank of India's approval to the merger of State Bank of Indore (SB In) with State bank of India (SBI) effective August 26, 2010, CARE has reaffirmed the 'CARE AAA' rating assigned to various Debt Instruments of erstwhile SB In.

Instrument	Amount outstanding (Rs crore)	Ratings
Upper Tier II Bonds	100	CARE AAA
Upper Tier II Bonds	200	CARE AAA
Perpetual Bonds	165	CARE AAA
Upper Tier II Bonds	250	CARE AAA

Rating Rationale

The rating factors in, SBI's long standing track record of operations, its dominance in the Indian Banking system with its large asset size and extensive branch network, majority ownership by GoI (Government of India), access to stable low cost deposit base, stable asset quality, adequate capitalisation level and overall good profitability. SBI's ability to maintain asset quality, sustain a healthy low cost deposits ratio and improve spreads are the key rating sensitivities.

As per CARE's assessment, the merger is unlikely to have any impact on the credit profile of SBI since SB In is the smallest of SBI associates in terms of total assets size. As on March 31, 2010, SB In's asset size was roughly 3% of SBI's total assets. The merger of SB In would help SBI optimise its footprint, manpower and resource allocation leading to improvement in economies of scale.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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