

RBS to sell retail, SME assets worth Rs 7k crore

Bank Puts Three-Fourths Of Its Branches On The Block

Our Bureau
MUMBAI

ROYAL Bank of Scotland is looking at selling around three fourths of its branches along with its £982 million (Rs 7,000 crore) retail and SME portfolio in India. The move, which is subject to regulatory approval, would enthrone foreign banks that have been eyeing RBS' retail business.

In his first visit to India and Asia, the newly-appointed chairman of RBS group, Phillip Hampton met with RBI officials to appraise them of its plans. "The deal can occur in broadly two ways — it could be an asset and liability sale, or it could be a sale — with the blessing of RBI, of potentially the licenses. We will retain licenses, commensurate with the business that we are looking to do."

RBS plans to retain its global banking and

markets (GBM), global transaction services (GTS) and also private banking in India. The GBM business includes corporate, investment bank and treasury while the GTS business includes cash management, trade finance and other transaction services. RBS, which currently has 31 branches in 21 cities in the country, is likely to retain around eight branches in key cities. RBS ramped up its Asian business with the takeover of ABN Amro's operations in 2007, which also gave the bank an entry into India.

A host of banks, which are said to be interested in this sale, includes ANZ, StanChart, HSBC and DBS. Among the Indian private sector banks, Kotak Mahindra Bank and IndusInd Bank could be possible contenders. If RBI allows RBS to sell some of its branches, it could raise around \$500 mil-

lion while without these branches, it would be much lower at around \$100 million.

RBS last month declared that the retail and commercial business outside the UK, Ireland and North America will be its non-core business. Mr Hampton spelt out a range of permutations for the deal which he said could take a few months. The retail business could be sold to an international bank, which is already in India and is already having a retail and SME business. It could also be sold to a foreign bank looking to expand

into new areas. Other potential buyers could be private banks, a re-entrant into the Indian market, or an international bank, which is not present in India or Asia-Pacific.

There are six core markets in Asia for RBS including India — China, HongKong, Singapore, Japan and Australia.

