

No problem with ICICI Bank, says Finance Ministry

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NEW DELHI: The government on Friday said there is no problem with the leading private sector lender ICICI Bank, shares of which tumbled more than 20 per cent in the early trade, while the bank asserted it had adequate rupee liquidity.

"We do not see any problem with the ICICI Bank," said a senior Finance Ministry official, adding, all Indian banks are well-capitalised and well-regulated.

He added the Capital Adequacy Ratio of each bank is above 10 per cent, well above the regulatory requirement of nine per cent.

ICICI Bank Joint Managing Director and CFO Chanda Kochhar said the bank is facing no liquidity crisis and has as much as Rs 12,000 crore liquidity even in international markets and the bank does not use rupee liquidity to fund the growth of its international operations.

Stepping in to clarify rumours that have led to a near 26 per cent dip in the ICICI Bank stocks on Friday, Kochhar said: "We have no sizable international investments and the ones that are present are in the form of international loans to Indian companies to fund their international operations. As far as the UK subsidiary is concerned, yes we have investments but the exposure is very small for a company with a networth of Rs 47,000 crore."

Commenting on rumours that ICICI Bank's exposure is large as it has given easy loans with inadequate collaterals in form of shares, and with the shares taking a beating, the Bank's loss may be more than is made obvious, Kochhar said: "All the loans are secure and we have enough cash against them that will help us tide over any uncertainty in their share values. Our NPAs are zero even in the UK subsidiary and we have a cash collateral of \$45 million from Bumi on a loan amount of \$100 million, which is being cited as a risky case for ICICI Bank in UK," she added.