

**ICICI books fine, RBI inspection shows**  
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The Reserve Bank of India (RBI) has said its inspection of ICICI Bank and its UK subsidiary has not revealed anything to cause alarm.

“During our inspection we did not find much difference between what we would have assessed and what they have said... We inspected ICICI Bank’s UK subsidiary as well and there is nothing to worry about,” RBI Deputy Governor V Leeladhar told Business Standard.

He said the bank has been maintaining sufficient liquidity, estimated at around Rs 5,000 crore. In addition, over the last year or so, the country’s second-largest bank has been more involved in the lending side of the business in the call money market. That shows that there is no liquidity problem and that it is comfortable.

In recent months, the bank has gone slow on lending, especially to retail clients, because interest rates went up and delinquency levels rose. ICICI Bank’s net non-performing assets were estimated at 1.83 per cent of advances at the end of the quarter ended June 2008.

Leeladhar said ICICI Bank has a net worth of around Rs 47,000 crore, its statutory liquidity ratio (SLR) is 26 per cent. The capital adequacy ratio is 13.42 per cent. “So, 50 per cent of their deposits are covered through SLR, cash reserve ratio and capital.

“Because there were fears in certain centres, they went beyond the practice of issuing demand drafts when people shut accounts and instead gave cash. The amount that they have paid to depositors is very, very small compared to the size of their operations. So, there is nothing to worry on that count as well,” he added.

Leeladhar also said the bank has no direct sub-prime exposure overseas. Though the bank has exposure to collateralised debt obligation (CDO) and credit default swaps (CDS), the CDS exposure is only on Indian companies. The CDS exposure to overseas companies has been unwound. “But it is nothing compared to the size of their balance sheet and the capital that they have,” he said.