

ICICI Bank posts sharp 32% net drop as treasury slips

Bank adds Rs 4,380 crore NPAs in Q3, lowest in last nine quarters

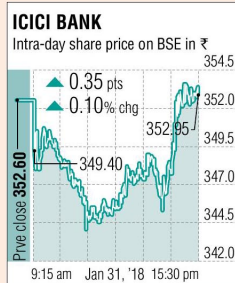
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Mumbai: ICICI Bank, the second-largest private bank by assets, on Wednesday reported a 32.4% drop in net profit at Rs 1,650.24 crore as bad loans continued to haunt, operating profit remained subdued and treasury income fell by Rs 900 crore.

Gross non-performing assets (NPAs) rose 20.88% to Rs 46,038.70 crore over the same time last year.

However, the new additions of Rs 4,380 crore to NPAs is the lowest in the last nine quarters.

A major portion of the fresh slippage came from the Reserve Bank of India (RBI)-mandated National Company Law Tribunal (NCLT) cases at Rs 2,022 crore. In addition, Rs 614 crore came from the watch list, Rs 146 crore from the devolvement of non-fund based guarantee



and Rs 197 crore from re-structured assets.

The bank has a watch list of Rs 19,000 crore, down from a peak of Rs 44,100 crore first drafted up in March 2016.

Chanda Kochhar, managing director and chief executive officer, ICICI Bank, said in a media concall, "The fall in profit was mainly due to the sharp fall in treasury income of Rs 900 crore and exchange rate gain (during the corresponding quarter last

PRESSURE POINTS

- Gross NPAs rose 20.88% to Rs 46,038.70 crore over the same time last year
- A major portion of the fresh slippage came from NCLT cases
- The lender has a loan watch list of Rs 19,000 crore

year), which was not there during this quarter. However, the fresh additions to the gross NPAs are the lowest in nine quarters."

ICICI Bank shares closed Rs 352.95 on the BSE, 0.10% higher than the previous day's close.

The bank expects recoveries from the NCLT cases to begin from the next fiscal.

"It's apparent that there is a good amount of interest for insolvency accounts. We

should see some recovery there," said Kochhar.

Advances of the bank, led by retail loans, grew 10% from a year-ago to Rs 505,387 crore. The retail loans grew 22% to Rs 2,74,000 crore at the end of the third quarter ended December 31, 2017. The SME loans grew 15.2% and the corporate loans grew 4.2% over the previous year.

Ashutosh Kumar Mishra, senior research analyst with Reliance Securities, said, "ICICI Bank continued to surprise negatively on core operating performance and credit cost front during the quarter. Its operating profit dipped by 8.4% over the previous year and by 27.6% over the previous quarter led by lower other income along with muted growth in the net interest income. The bank's net interest income remained subdued at Rs 5,110 crore despite continued revival in loan book."

LOW-COST, LONG-HAUL FLIGHTS TO BOOST LEISURE TRAVEL

The launch of low-cost, long-haul flights by Indian airlines will boost outbound leisure travel and open a multi-billion dollar opportunity for carriers, according to a report by aviation consultant CAPA

0.3% of Indians currently travel abroad for a holiday every year

2 million – annual outbound leisure travellers they could fly annually to places such as New York and Sydney

100 million – could potentially afford to do so

40 wide-bodied aircraft Indian budget carriers will operate by 2025

\$40 billion – Tourism spend could rise to by 2027

\$16.4 billion – spend in 2016

23% – share of budget airlines in the international market in last fiscal

14.5% – their share five years earlier



800 re-engined aircraft Indian carriers have placed order for

The carriers have so far focused on shorter-range destinations such as Sri Lanka and Thailand

SpiceJet would introduce low-cost long haul flights as early as this winter

IndiGo is exploring long-haul operations and seeking rights to routes