

# ICICI net drops 32% on weak treasury income

## At ₹1,650Cr, Q3 Profit Lowest In 7 Quarters

TIMES NEWS NETWORK

**Mumbai:** The country's largest private lender ICICI Bank reported a net profit of Rs 1,650 crore for the quarter ended December 2017 — a decline of 32% from Rs 2,442 crore reported in the corresponding quarter of the previous year. The profit is the lowest in seven quarters.

Announcing the results on Wednesday, ICICI Bank MD & CEO Chanda Kochhar attributed the plunge in earnings to a 92% drop in treasury income to a low of Rs 66 crore on hardening of yields (which are inversely proportional to bond prices). On the non-performing asset (NPA) front, the bank made considerable gains with fresh addition to gross NPAs coming down to a nine-quarter low of Rs 4,380 crore.

Another positive was the domestic credit growth of 16% — the highest year-on-year (Y-

### BOND SHOCK

Category	Q3FY18 (In ₹ cr)	% change
Deposits	5.17L	11.2
Advances	5.05L	10.5
Net interest income	5,705	6.4
Treasury Income	66	-92.6
Net profit	1,650	-32.4
Gross NPAs (% - FY18 vs FY17)	7.82	7.2

o-Y) growth in five quarters. Outstanding advances stood at Rs 5.05 lakh crore, which was 10% higher than the previous year. The bank has been shrinking its global loan book. Current and savings account (CASA) deposits grew 12% Y-o-Y to Rs 2.6 lakh crore, while total deposits grew 11% Y-o-Y to Rs 5.17 lakh crore.

“The credit growth is due to increase in working capital

requirements on back of higher capacity utilisation in some of the companies. It is also on account of refinancing of debt by high-rated companies. Of our disbursements, 88% is to companies that are rated A and above,” said Kochhar. “We have not done any increase in interest rates. We believe that for some time the Reserve Bank of India will maintain its neutral stance, but gradually there may be an increase in interest rates. While inflation has gone up, it is still within RBI's range.”

Reliance Securities senior research analyst Asutosh Kumar Mishra said, “ICICI Bank continued to surprise negatively on core operating performance and credit-cost front in the third quarter of FY18. Its operating profit dipped by 8.4% Y-o-Y and 27.6% quarter-on-quarter. To Rs 5,060 crore led by lower other income along with muted growth in net interest income.”