



July 27, 2022

BSE Limited
Listing Department
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, 5th floor
Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai 400 051

Dear Sir/Madam,

Please find attached transcript of the call with media on financial results for the quarter ended June 30, 2022. The same can be accessed on the link:

<https://www.icicibank.com/aboutus/news.page>

This is for your records and information.

Yours sincerely,
For ICICI Bank Limited

Vivek Ranjan
Chief Manager

Encl.: As above

ICICI Bank Limited
ICICI Bank Towers
Bandra-Kurla Complex
Mumbai 400 051, India.

Tel.: (91-22) 2653 1414
Fax: (91-22) 2653 1122
Website www.icicibank.com
CIN.: L65190GJ1994PLC021012

Regd. Office: ICICI Bank Tower,
Near Chakli Circle,
Old Padra Road
Vadodara 390007. India

ICICI Bank Limited
Media conference call for quarter ended June 30, 2022
on July 23, 2022

Certain statements in this release relating to a future period of time (including inter alia concerning our future business plans or growth prospects) are forward-looking statements intended to qualify for the 'safe harbor' under applicable securities laws including the US Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. These risks and uncertainties include, but are not limited to statutory and regulatory changes, international economic and business conditions, political or economic instability in the jurisdictions where we have operations, increase in non-performing loans, unanticipated changes in interest rates, foreign exchange rates, equity prices or other rates or prices, our growth and expansion in business, the adequacy of our allowance for credit losses, the actual growth in demand for banking products and services, investment income, cash flow projections, our exposure to market risks, changes in India's sovereign rating, and the impact of the Covid-19 pandemic which could result in fewer business opportunities, lower revenues, and an increase in the levels of non-performing assets and provisions, depending inter alia upon the period of time for which the pandemic extends, the remedial measures adopted by governments and central banks, and the time taken for economic activity to resume at normal levels after the pandemic, as well as other risks detailed in the reports filed by us with the United States Securities and Exchange Commission. Any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of the date of this release. ICICI Bank undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof. Additional risks that could affect our future operating results are more fully described in our filings with the United States Securities and Exchange Commission. These filings are available at www.sec.gov.

This content does not constitute an offer of securities.

Moderator:

Ladies and gentlemen, we welcome you all to ICICI Bank's results conference call with Mr. Sandeep Batra – Executive Director, ICICI Bank and Mr. Anindya Banerjee – Group Chief Financial Officer, ICICI Bank. Mr. Batra will now give you an overview of the results, which will be followed by a Q&A session. Thank you, and over to you, sir.

Sandeep Batra:

Good evening everyone. Joining me today for this call is our Group Chief Financial Officer- Anindya Banerjee. Thank you all for joining us today. We hope that you are safe and in good health.

At ICICI Bank, we aim to grow the core operating profit in a risk-calibrated manner through a 360-degree customer-centric approach and by focusing on ecosystems and micro-markets. We continue to operate within our strategic framework and strengthen our franchise, enhance our delivery and servicing capabilities and expand our technology and digital offerings.

Our Board has today approved the financial results of ICICI Bank for the quarter ended June 30, 2022. I would like to highlight some key numbers:

A. Profit and capital

1. Core operating profit that is profit before provisions and tax, excluding treasury income grew by 19% year-on-year to ₹ 10,273 crore in Q1-2023. Excluding dividend income from subsidiaries and associates, core operating profit grew by 21% year-on-year in Q1-2023.
2. Net interest income increased by 21% year-on-year to ₹ 13,210 crore in Q1-2023.
3. The net interest margin was 4.01% in Q1-2023 compared to 3.89% in Q1-2022 and 4.00% in Q4-2022.
4. Fee income grew by 32% year-on-year to ₹ 4,243 crore in Q1-2023 from ₹ 3,219 crore in Q1-2022.
5. The profit after tax grew by 50% year-on-year to ₹ 6,905 crore in Q1-2023.
6. The consolidated profit after tax grew by 55% year-on-year to ₹ 7,385 crore in Q1-2023 from ₹ 4,763 crore in Q1-2022.
7. The standalone RoE was 15.9% in Q1-2023.
8. At June 30, 2022, the Bank had a net worth of about ₹ 1.8 lakh crore. Including profits for Q1-2023, CET-1 ratio was 17.23%, Tier 1 ratio was 17.95% and total capital adequacy ratio was 18.74%.

B. Deposit growth

1. Total period-end deposits increased by 13% year-on-year to ₹ 10,50,349 crore at June 30, 2022.
2. Average current account deposits increased by 23% year-on-year and 3% sequentially in Q1-2023.
3. Average savings account deposits increased by 19% year-on-year and 4% sequentially in Q1-2023.
4. Period-end term deposits increased by 11% year-on-year to ₹ 5,58,235 crore at June 30, 2022.

C. Loan growth

1. The overall loan portfolio grew by 21% year-on-year and 4% sequentially at June 30, 2022. The domestic loan portfolio grew by 22% year-on-year and 4% sequentially at June 30, 2022.

2. The retail loan portfolio, excluding rural loans, grew by 24% year-on-year at June 30, 2022. Including non-fund outstanding, the retail loan portfolio was 44.0% of the total portfolio at June 30, 2022. The rural portfolio grew by 8% year-on-year. The business banking portfolio grew by 45% year-on-year. The SME business, comprising borrowers with a turnover of less than ₹ 250 crore grew by 32% year-on-year. Growth in the domestic wholesale banking portfolio was 14% year-on-year at June 30, 2022.
3. 72.9% of the total loan portfolio, excluding, retail and rural, was rated A- and above at June 30, 2022

D. Digital initiatives

1. There have been 73 lakh activations from non-ICICI Bank account holders on our mobile banking app, iMobile Pay as of end-June 2022. The value of transactions by non-ICICI Bank account holders on iMobile Pay grew by 35% sequentially in Q1-2023.
2. The value of credit card spends in the current quarter grew by 13% sequentially and was two times the value of spends in Q1-2022 driven by improvement in discretionary spending, higher activation rate through digital onboarding of customers, including Amazon Pay credit cards, and diversification through commercial cards. The Bank has issued more than 3.2 million Amazon Pay credit cards since its launch.
3. During the quarter, we launched Campus Power, an online platform providing various banking solutions such as loans, bank accounts, foreign exchange remittances and value added services to the student ecosystem for higher education in India and abroad.
4. The value of the Bank's merchant acquiring transactions through UPI in Q1-2023 grew by 27% sequentially and was 2.3 times the value of transactions in Q1-2022. The Bank is the market leader in electronic toll collections through FASTag. The Bank had a market share of about 32% by value in electronic toll collections through FASTag in Q1-2023, with a 53% year-on-year growth in collections.
5. The business banking and SME franchise continues to grow on the back of digital offerings and platforms like InstaBIZ. The value of financial transactions on InstaBIZ grew by 57% year-on-year in Q1-2023. Recently, we have further enhanced the open architecture based features of InstaBIZ. Various features of the app are now available to all merchants including those who do not have a current account with the Bank. Through 'InstaOD Plus', customers of any bank can avail an overdraft up to ₹ 25 lakhs instantly. Customers of ICICI Bank can activate the OD into their current account

instantly, while customers of other banks can do so after opening of a current account with the Bank digitally by using Video KYC. There have been about 1.2 lakh registrations from non-ICICI Bank account holders on InstaBIZ till June 30, 2022.

6. The Bank's supply chain solutions, DigitalLite and CorpConnect, enable corporates to seamlessly manage their supply chain financing and payments, collection and reconciliation requirements of their dealers and vendors in a convenient and paperless manner. The value of transactions through these supply chain solutions in Q1-2023 was 2.4 times the value of transactions in Q1-2022.
7. Recently, the Bank launched a revamped OneSCF, an integrated supply chain platform providing corporate customers, their vendors and dealers with a one-stop solution to efficiently manage their working capital requirements.
8. The Bank has created more than 20 industry specific STACKs which provide bespoke and purpose-based digital solutions to corporate clients and their ecosystems. The volume of payment and collection transactions through API based solutions in Q1-2023 was 3.7 times the volume of transactions in Q1-2022.

E. Asset Quality

1. The net NPA ratio declined to 0.70% at June 30, 2022 from 0.76% at March 31, 2022 and 1.16% at June 30, 2021
2. During Q1-2023, there were net additions to gross NPAs of ₹ 382 crore compared to net deletions of ₹ 489 crore in Q4-2022. Recoveries and upgrades of NPAs, excluding write-offs and sale, were ₹ 5,443 crore in Q1-2023.
3. The gross NPAs written off were ₹ 1,126 crore in Q1-2023.
4. The Bank sold gross NPAs amounting to ₹ 13 crore in Q1-2023 on a cash basis.
5. The provisioning coverage ratio on NPAs was 79.6% at June 30, 2022.
6. The total fund based outstanding to all borrowers under resolution as per the various extant regulations declined to ₹ 7,376 crore or 0.8% of total advances at June 30, 2022 from ₹ 8,267 crore at March 31, 2022. The Bank holds provisions amounting to ₹ 2,290 crore against these borrowers under resolution, as of June 30, 2022.
7. The loan and non-fund based outstanding to performing borrowers rated BB and below reduced to ₹ 8,209 crore at June 30, 2022 from ₹ 10,808 crore at March 31, 2022.
8. The total provisions during the quarter were ₹ 1,144 crore or about 11.1% of core operating profit and about 0.53% of average advances. This includes contingency

provisions of ₹ 1,050 crore made on a prudent basis. The Bank held contingency provisions of ₹ 8,500 crore at June 30, 2022.

Looking ahead, we see many opportunities to grow the core operating profit in a risk-calibrated manner. In order to leverage these opportunities, we have reorganized our business teams. Cities with large concentrated market opportunities have been organised under 'city business heads' covering the full spectrum of ecosystems. We have also focused on strengthening the workforce by skilling and providing cross-functional opportunities. We will continue to make investments in technology, people, distribution and building our brand.

Going forward, we will continue to operate within our strategic framework while focusing on micro markets and ecosystems. The principles of "Fair to Customer, Fair to Bank" and "One Bank, One RoE" will guide our operations. We focus on building a culture where every employee in the Bank serves customers with humility and upholds the values of brand ICICI. We aim to be the trusted financial services provider of choice for our customers and deliver sustainable returns to our shareholders.

With this, I conclude my opening remarks. I will be happy to take your questions.

Moderator:

Thank you very much, sir. We will now begin the Q&A session with Mr. Batra and Mr. Banerjee. Since today's announcement is on the Bank's Q1 Results, we would like to request you to ask questions which are only related to the Bank's financial performance. If you have any other query, please write to the corporate communications team separately. Due to time constraints, I request all of you not to ask more than two questions at a time. If you have additional queries, you may join the queue again. Thank you.

We will take the first question from the line of Vishwanath Nair from Bloomberg Quint. Please go ahead.

Vishwanath Nair:

Sorry, the Company's name is BQ Prime. Just clarifying, sir, this quarter has seen elevated slippages at least on a sequential basis. I mean, this quarter, you saw net additions versus compared to net additions last quarter. I saw the presentation, most of this is coming from

your retail business banking SME book. Can you throw a little bit more color, what is happening there? How are these numbers going up?

Sandeep Batra:

No, I think you are right. But I think we have been mentioning this for some time now that for retail portfolio, it is the net additions that you should be looking at rather than gross numbers because in addition to the gross additions, there is an equivalent amount of a gross addition, which has also happened. So, if you see our numbers for the quarter, we added about Rs. 5,800 crore and we also removed Rs. 5,400 crore. And a lot of it, if you see both additions and the deletions are in the retail segment. So, overall, I think the numbers are looking pretty healthy. The net additions is only Rs. 382 crore, Vishwanath.

Vishwanath Nair:

But I am just curious to understand what is happening on the retail portfolio that you are seeing fresh additions at this rate?

Sandeep Batra:

No, there is nothing abnormal about it. It is just the technical things in retail portfolio. Sometimes there is an out of order thing because of a technical reason and we have to classify them as gross additions, and then they are removed in the next quarter. So, there is nothing very specific to call out on this.

I also just want to add one more thing; KCC does not get recognized every quarter. There is a large amount of initiatives which have happened on account of KCC, during this quarter.

Anindya Banerjee:

So, typically, in India here, in the first and third quarter of every financial year, if you look back over the last few years, the NPL additions are a little bit higher because that is when the KCC, the Kisan Credit Card NPLs get recognized based on the sort of billing and repayment cycle of that card.

Vishwanath Nair:

The other question I had was with regard to the loan growth portfolio. Now, there again the growth is largely coming from business banking, and I mean, the credit card portfolio has also grown. What is the strategy there? Are you looking to maintain this 21% sort of a

number going ahead at least on the overall advances? This 21% number is quite high compared to the rest of the industry.

Sandeep Batra:

Vishwanath, as we have been saying, we are focused on the risk-calibrated model and whatever mix meets our threshold requirement we really do not have a growth target per se. If you see, we have grown all across and you are right, our overall advances have grown by 21%. The wholesale business itself has grown now 14%, retail at about 24%. And you are right, business banking and SME, we have shown a growth of about 45% and 33%. So, it's been fairly uniform. As we have been mentioning it consistently, we really do not have a target for growth of advances or composition thereof. Whatever meets our filters, well, we will be happy to grow that business.

Vishwanath Nair:

What I am asking is, is this an outlier sort of a number or is this a sustainable figure?

Sandeep Batra:

I do not know about that. All I said was we do not have a target. We have a disciplined approach to credit. Whatever meets our filters, we are happy to grow. This number can go higher or lower depending on how the economy pans out and how the customers which are approaching us or we are approaching them and their creditworthiness.

Moderator:

Our next question is from the line of Alekh Angre from the Informist. Please go ahead.

Alekh Angre:

This refers to the Slide 36 on rating. Within the AA and above, there has been sharp changes. For instance, AA and above has sharply risen whereas A+, A and A- have come down. Could you explain what has exactly happened there?

Sandeep Batra:

We really do not look at it in any meaningful fashion. I think you have to look at the total number. A- and above, if you see have been consistently moving across. There could well have been a very large corporate which would have repaid something, so this is okay.

Anindya Banerjee:

You would have seen some upgrades from the A family into the AA and above family.

Alekh Angre:

But is there an internal target in terms of AA and above?

Anindya Banerjee:

No, we have certain internal limits related to origination. After that, it is really how the portfolio moves and based on how the risk team on a periodic basis updates their rating. That is how the mix develops.

Alekh Angre:

And sir, also could you tell us how NIMs are expected to move going ahead, given that we're still in the interest rate tightening cycle and deposit rate sort of was expected to go up now?

Sandeep Batra:

As you are aware, the Reserve Bank of India has been increasing interest rates and as interest rates do increase, we do pass on the corresponding increase to our customers. A large portion of our book is linked to the repo rate and they are passed on contractually as per whatever cycle that comes into play. Similarly, there are increases in deposits, which have also happened, as you are aware over the last quarter or so. And this phenomena, I guess will continue. We will see how this plays out. I mean this will be largely a function of how the Reserve Bank of India increases the repo rate, which is again dependent on the inflationary expectations in the economy.

Moderator:

Our next question is from the line of Saloni Shukla from Economic Times. Please go ahead.

Saloni Shukla:

Sir just wanted to understand- your overall restructuring pool has gone down. So, can you indicate, sir, whether it slipped or it was upgraded, and if you could give some guidance or go forward on whatever, how the remaining pool is behaving, and the restructured pool?

Sandeep Batra:

Saloni, it is a mix of both. And I mean, as far as future guidance is concerned, I think we have talked about the overall quality of a portfolio that we have built. Secondly, we have got a significantly high provision for this category of portfolio in specific. And in general, we are holding a contingency provision of about Rs. 8,500 crore. So, we are very comfortable with the portfolio that we have built.

Saloni Shukla:

Sir, my next question was on that. You already have a significant number on your contingency provisions. You took another Rs. 1000 crore odd this quarter. Is there a specific reason behind that?

Sandeep Batra:

No, this is a general provision. I mean, you are seeing a volatility in the market, as you are aware. So, it's good to keep a contingency provision. That is about the only thing I can say.

Saloni Shukla:

Sir, one final question before I let you go. You have had stellar profits this quarter. Also, I mean, you have beat industry as far as credit growth is concerned. Can you give some hints on what are the levers for growth this quarter for ICICI?

Sandeep Batra:

I am sorry, I didn't get the question. Saloni, are you saying, what are the levers of growth going forward?

Saloni Shukla:

Yes, for the segments there you see that.

Sandeep Batra:

Saloni, as we have been saying for sometime now, we have got our own standards of risk filters based on which we grow our own portfolio. So, at this point of time, we seem to be comfortable with maintaining those standards. Whatever the numbers are, we will see. At the end of it, we don't really target a segment only. We target an overall ecosystem growth and not necessarily a particular segment. So, that strategy sort of will continue to play out

for us, Saloni. I don't see any change in that approach. And then the numbers are, what they are when they come at the end of the quarter.

Moderator:

We will take our next question from the line of Mayur Shetty from Times of India. Please go ahead.

Mayur Shetty:

Sandeep, my question was on open banking, you all have been doing a lot of that lately, acquiring customers on iMobile and the other business apps. So, to what extent are you able to convert them into paying customers?

Sandeep Batra:

Significant percentages of the piece. I think, once a person starts experiencing both iMobile as well as InstaBIZ, he realizes the power of the apps and the convenience that we are able to offer. I mean, both the apps are phenomenal and a pretty large number of customers do convert. And iMobile Pay, in fact, the non-ICICI Bank account holders grew by about 35%. So, a very large numbers do in fact convert.

Mayur Shetty:

Are you able to convert them into borrowers?

Sandeep Batra:

For me, see, you have to come as a customer. So, borrowing is just one part of the overall relationship. So, if you see the comprehensiveness of both the apps, I do hope you are using iMobile Pay yourself. So, it is phenomenal, I mean, from the liabilities, for managing investments or doing transactions, as well as once you have some kind of a track record with us, the number of pre-approved offers that we are able to give including for personal loans and credit card is pretty large. We are also able to give offers around secured products as well. So, I mean, the range is entirely there. And I don't think so we should -- I mean we are focused on one aspect of a product because as you are aware, a customer is looking at multiple needs at various points of time, and we are happy to serve all those needs. This is true for retail as well as from the SME segment where we offer InstaBIZ.

Moderator:

We will take our next question from the line of Ankur Mishra from ET Now Swadesh. Please go ahead.

Ankur Mishra:

Sir, just taking where Mayur was asking about the InstaBIZ and the iMobile app, you also mentioned that 35% of non-bank customers have logged in. Can you tell me that how much of those customers have been involved in overdraft or fee income if you would be earning that, how much of that is contributing in the business, sir?

Sandeep Batra:

Ankur, we don't give that level of this thing, but fair to say that once a customer starts experiencing us, their experience ensures that they stick with us for a long period of time. If I just look at the increase in transactions, I will give you iMobile Pay. I mean, we have 7.3 million activations around there. And if I look at the features that are there around it, and some of them you can access on our this presentation, I will draw your attention to Slide 19. The transaction has increased by about 35%. The scan to pay has increased by 25%. The pay to contact which is one of the unique features that we offer has increased by about 58%. Now if I just go all around and if there is enough and more activities, transaction intensity which has sort of significantly increased over there. Similarly, on InstaBIZ, we have got over 1 million active users around there. I mean, overall, these two apps are our flagship apps, and we are very happy with the way we are able to serve our customers through these applications.

Ankur Mishra:

So, while you have mentioned that you are not going to give the target overall as your policy, but since this time, it would see specifically that retail has grown by 23%, and overall, the credit growth is coming in the market. I want to get a sense, will this kind of double-digit growth and even in 20s if I recall so, is it sustainable, sir, at this level or do you think this is because of the base effect of last year?

Sandeep Batra:

I did mention that we find it very difficult to give long term targets. But I think you have to see from even despite a bit of slowdown, most of the stuff is coming from the overall slowdown that you think is being talked about. But even in this period, India still remains

one of the fastest growing large economies in the world, we are still growing. So, let us not look at Western benchmarks at this point of time. Within that, I think we have been doing reasonably well. We will continue to focus on the approach of risk calibrated growth, and whatever number happen happens, I mean, as we've been saying. So, we do hope things become better than what they are right now. And that's where we are, and we are not going to be changing our filter. I think good business; especially financial business is about maintaining discipline of credit, we will continue to maintain that. We will continue to invest in technology and digitization because our customers deserve the best experiences which they can get anywhere in the world. So, those are areas that we will continue to focus on. So, with that, hopefully, we will have whatever appropriate growth that needs to come to this.

Moderator:

Our next question is from the line of Ritu Singh from CNBC TV 18. Please go ahead.

Ritu Singh:

This restructured, the book is getting heavier, the BB and below has come down, the restructured book has come down still at about Rs. 7,300 crore odd. Given this trend we have been seeing with some of the slippages coming in from the retail portfolio, I was wondering from this restructured book, is there any sort of concern especially now with the moratorium ending, what is your sense on what further stress you could see from this book?

Sandeep Batra:

Ritu, you answered it yourself. That book itself is sort of coming down. And as I mentioned about the slippages and you specifically mentioned about retail, we added about Rs. 5,000 crore to it, and there was another Rs. 4,000 crore of upgrade, which also happened at the same time. And this includes rural by the way so which was phenomenal as we had explained given the billing cycle, there is a little bit of an elevated level which is therein during this current quarter. But if you see from an overall angle, the amount that we are talking about is very small and we are holding adequate provisions against that. Worst come worst, we still have a contingency provision of Rs. 8,000 crore. So, that doesn't really worry us at all, Ritu.

Ritu Singh:

And in terms of what credit growth you see from here on? What are the sectors that are looking good? Where is demand coming from?

Sandeep Batra:

Ritu, I think India is on a relative basis in the global economy seems to be well positioned. While the expectations of a GDP growth have slowed down, we do expect India to grow at a healthy rate. Given that overall macro environment, we keep continuously looking at our own credit filters and we will grow in a disciplined fashion whatever falls within through our risk filters, we will be happy to grow. So, we are not having any targets, Ritu, at all.

Moderator:

Our next question is from the line of Hamsini Karthik from Hindu Business Line. Please go ahead.

Hamsini Karthik:

Sir, when I look at your deposit numbers and cost to income ratio, the cost to income ratio seems to have gone up a little bit, about 200 bps, and there is a sequential fall in deposits. So, is the fall in deposits on a Q-o-Q basis is more to do with the JFM effect? And what it explains the increase in cash-to-income sir?

Sandeep Batra:

On the deposit let me answer that first while you are right there is a bit of marginal in sequential decline from our perspective. We look at average deposit we could see deposit has got limited meaning. I think I did mention that the current account deposits increased 23% year-on-year and even sequentially at about 2.9% for current accounts. For savings account, year-on-year increase is about 19% and the sequential quarter is 4.4%. So, even on a sequential basis, on an average we have sort of increase. On expenses, I really do not have anything specific to call out as a business strategy. We focus on the risk calibrated operating profit and as long as we are incurring good expenses for growth within the economy yes, we are sort of happy with that kind of a growth. Those numbers can move in up and down which is okay because of some changes have to happen. Yes, there has been a little bit of hiring which has happened over the last one year. We would have added some employees.

Hamsini Karthik:

What would then be your comfort then sir or your tolerance?

Sandeep Batra:

We look at risk calibrated operating profit as a growth so that is the matrix and it has to meet. It means the businesses will be maximizing the absolute PPOP growth and of course, they have to maintain certain risk centers. So, as long as those two are maintained the rest of the numbers will follow, there can be some movement up and down.

Hamsini Karthik:

Sir, when I look at how your NPAs have really panned out at a gross and net level percentage for the book, somewhere there seems to be a bit of if I can use the word plateauing of numbers in the sense that the kind of sharp reduction that we saw in the numbers all the way down from 7 to 5 and from 5 to 3 to 3.5 that sort of somewhere plateauing, so if you could give a little bit of colour and guidance on that sir?

Sandeep Batra:

I would request you to start looking at the net NPA numbers which is important. Our net NPA ratio is about 0.7% and which is down from 0.76%. So, I mean it is pretty comfortable if you look at that number as a percentage of core operating profit, it is still about 10%, 11% odd. So, I do not think we should start comparing number of the gross numbers that you talked about. So, we are quite happy with the way the NPA ratios are moving and the way credit cost are.

Hamsini Karthik:

So, at the net level can I presume somewhere stabilize at 0.7 the current level that Bank is at right now?

Sandeep Batra:

I am not making that kind of a statement. We have said, over a longer-term period our credit cost will be about 20%, 25% of the core operating profit. I mean, for the last two quarters, of course, it has been significantly lower. It will depend on the product mix and cycles. So, we will continue to be focused on this as a number. We are also gaining a benefit of fair bit of right back at this point of time. We will see how it goes. I mean, we will be focused on the credit quality that we have written and we are quite happy with the book that we have built up till now.

Moderator:

Thank you. Our next question is from the line of Ashish Agashe from PTI. Please go ahead.

Ashish Agashe:

This was in follow up to Saloni's question on the contingency provisions actually sir. You said that you have set aside Rs.1,000 crore this quarter because you see little in the market. In your opening comments you also said that you see a lot of growth opportunities and we organize the business to tap into this. So how should we actually take it significant? Elaborate on this volatility, which you see both can co-exist?

Sandeep Batra:

One is to prepare for any eventuality. That is one thing, but so to that extent, that is why we are switching contingency provisions. With this we have got a contingency provisions about Rs. 8,500 crore as you are aware. But in terms of overall growth, if you see, there are large segments of India which is growing. We just need to be selective in picking up of our profile of customers that we would be wanting. As long as we are able to grow that opportunities in India still continues to be large. India still is growing at a pretty healthy rate, no doubt about it. I think as our economist says India is the only clean shirt in a dirty laundry, which is very good. So, our overall phenomenon for us we need to continue to identify segments which we will grow. So, the idea is to look at micro markets. India is a large and diverse country. We tried to empower people at a local level and try to take the whole ecosystem to the customer. So, to that extent I think both are not conflicting with each other. In fact, it is important to be ready, to be prepared for any contingency at the same time put your best foot forward given the opportunities that are there in the country.

Ashish Agashe:

Just a small follow up on that, you said that you will be selective about customers that is probably the secrets for growing. So the selection basically comes in a geographical perspective when you speak about micro markets?

Sandeep Batra:

I think, given the diversity of the country, you are finding good customers across the length and breadth of the country. Digitization and the infrastructure, which is getting built across length and breadth, give us the confidence that their growth will happen across the length and breadth then you will find good customers even in far places. So, it is not about the

particular geography or a particular segment or a particular industry. That is why the micro market strategy is important. That is why empowering people at a city level is important so that you are really able to identify. But at the same time we will not compromise on our credit filters.

Ashish Agashe:

My second question actually was on the entire incentives now built in to attract foreign deposits. NRE deposits are back because of pressure on the currencies. So quite a lot of your peers are gearing up for that in their commentaries at least we have heard, but in the last whatever few quarters we have seen quite a lot of focus from ICICI Bank on the domestic operations largely. So are we also like how are we just running from the NRE play actually, would you be chasing that like which way?

Sandeep Batra:

I think we have to be clear when we are saying when we are talking of domestic. Our international strategy continues to be there. Only we have recalibrated our international strategy. You may not see corporate advances in international strategy. That is why you saw a significant reduction, which happened, over there. But as a bank, focus on NRIs and FCNR and NRE deposits etcetera was there, continues to be there and it is an important part of our deposit mobilization. We have also recalibrated our interest rates on FCNR. Once the rate changes happens and we would like to offer the best possible services that we can do for our NRI customers. In fact, all our branches and overseas subsidiaries are geared to serve the NRI segment. It is core to our overall strategy.

Moderator:

Thank you. Our next question is from the line of Joel Rebello from Economic Times. Please go ahead.

Joel Rebello:

First, the clarification, did you all have any repatriation of dividend from any of your subsidiaries from abroad?

Sandeep Batra:

Not this quarter Joel.

Joel Rebello:

Second question we have seen a sequential drop in the SME loans versus March. What is the reason for that? Are you seeing any stress building up? Anything you can tell us on SME loans.

Sandeep Batra:

This is actually more technical in nature. Some of the SMEs grew- if you see the SME criteria, once their turnover exceeds Rs. 250 crore, we classify them as part of corporate.

Joel Rebello:

So, you mean these guys graduated to become larger account?

Sandeep Batra:

That is right.

Moderator:

Thank you. Our next question is from the line of Bhaskar Dutta from Business Standards. Please go ahead.

Bhaskar Dutta:

Sir, to what extent treasury operations effected by the sharp rise in bond yields in previous quarters in terms of our AFS book? Under what points would you consider the use of the investment fluctuation reserve?

Sandeep Batra:

I do not think, sir, we have got any intentions of using the investment fluctuation reserve as this point of time. Coming to the treasury profit, I think we have reported that number separately. As you are aware, given the sharp interest rate movements, which happened during the quarter, there were some amount of mark-to-market losses in AFS and HFT portfolio that we have held. But nothing significant. I think our treasury seems to have managed the overall position pretty well.

Moderator:

Thank you. We will take our next question from Anto Anthony from Bloomberg. Please go ahead.

Anto Anthony:

Just one question can you declare the number of ATMs over the last two years. What is the rationale behind it and what are the other channels, which your customers are using instead of ATMs?

Sandeep Batra:

We keep on recalibrating our overall strategy at a micro level. There is a marginal drop you are right, but I mean at the end of it most of the customers are strategically active in any case. So, to that extent our overall regional teams keep looking at the strategy, the need for the ATM and some of them are excess in our region and we tried to rationalize some of them. But largely we are happy with the overall number of ATMs. As you are seeing that most of the transactions are anyway moving towards a mobile app or internet. So, to that extent I mean out of the 15,000 odd a couple of 100 is just a transition.

Anto Anthony:

Throughout the last two years, I think we have seen close to 2,000 ATMs being dropped, so is this where we are now as of now around 13,000 odd ATMs where to stabilize?

Sandeep Batra:

15,626 is the exact number of ATMs that we have, sorry 13,600.

Anto Anthony:

So, there is a drop of 2%.

Sandeep Batra:

That is an overall calibration of the overall strategy part, but the branch numbers have gone up so it is okay and some places you will be having two ATMs together and then if we need to rationalize it.

Moderator:

Thank you. We will be taking one last question now from the line of Anurag Shah from Zee Business. Please go ahead.

Anurag Shah:

In your address, you said that 3.2 million Amazon Pay Card being issued. Is that the highest under any kind of tie up?

Sandeep Batra:

I do not know, but clearly, from an Amazon perspective it is the most successful cards they have had.

Kausik Datta:

Anurag I will get back to you on this

Anurag Shah:

But in your portfolio no other tie-up has crossed this benchmark more than 3.2 million, right sir?

Kausik Datta:

Yes, that is right. I thought you were asking whether any other co-branded card in the industry has done this milestone. But as far as we are concerned, yes, this is the one.

Moderator:

Thank you. This brings the conference call to an end. On behalf of ICICI Bank, we thank you all for joining us you may now disconnect your lines.