

Conference call on Q2-2008 results

Mukta – Moderator

Good evening ladies and gentlemen. I am Mukta, the moderator for this conference. Welcome to the conference call of ICICI Bank Limited. Mr. Rakesh Jha, will be your call leader today. For the duration of the presentation all participants' lines will be in the listen-only mode. After the presentation, the question and answer session will be conducted for the participants in the conference. Now I hand over the floor to Mr. Rakesh Jha. Thank you and over to you Mr. Jha.

Rakesh Jha – ICICI Bank

Thank you. I will start on the presentation first. I am accompanied by Rupesh and Pankaj. I am sorry that some of you would not have received the presentation as we have sent it about 20 minutes back. So I will just go through the presentation in detail so you will get all the numbers that are there, but most of the numbers are also there in our press release which you would have received.

The key highlights for the current quarter 33% increase in profit after tax, the profit for the quarter was Rs. 10.03 billion. There was 52% growth in core operating profit to Rs. 17.12 billion. The net interest income increased 34% year-on-year in the second quarter to Rs. 17.86 billion. This is with the changed impact of reducing the amortization of government securities from the net interest income. The fee income growth was 25% during the quarter to Rs. 14.86 billion over the last quarter. The fee income growth was a bit lower than the trend that we have seen in the past quarters. As we have mentioned earlier, there was some immediate impact of the change in the ECB guidelines, which came out in the beginning of the quarter, that impacted some of the transactions, which were underway at that point of time. Going forward we would continue to target to grow our fee income at a pace, which is higher than the balance sheet growth.

Coming to the balance sheet, there was a 33% growth in total advances year-on-year to Rs. 2.07 trillion at September 30, 2007. The retail loan growth moderated to 22% growth year-on-year, while the growth on the corporate & international side continued to be very robust at about 80%, with the loan portfolio of international branches growing by 146% year-on-year. The deposit growth was about 20% year on year to Rs. 2.28 trillion within which the CASA deposits grew by 38% again year-on-year. The savings deposits are now close to Rs. 350 billion at September 30, and the current account deposits are about Rs. 230 billion.

As I mentioned earlier, we have reclassified the amortization on government securities to be reduced from interest income from investments. Earlier it was shown in the non-interest line item. So, if you look at the numbers for amortization on government securities, it was Rs. 2.43 billion in Q2-2007, it was Rs. 2.10 billion in Q2-2008, Rs. 5.09 billion in H1-2007 and Rs. 4.46 billion in H1-2008 and Rs. 9.99 billion in FY2007, so you will find that the past period NII would have reduced to the extent of these numbers. We saw growth a of 34% in NII during the quarter compared to the

last year's second quarter. While the deposit cost on an incremental basis have declined compared to the earlier period, given the fact that we had raised higher cost deposits in the month of February and March, we would expect the cost of deposits to reduce more sharply towards the end of the financial year and in Q1 FY'09. Our net interest margin for the current quarter on a reclassified basis was 2.23% compared to 1.95% in Q1 2008.

Fee income increased to 25.4% to Rs. 14.86 billion from Rs. 11.85 billion. The primary reason for slowdown, being the lower growth on the corporate side. The other non-interest income was about Rs. 4.11 billion, which was Rs. 3.28 billion in the first quarter. This includes the dividend distribution from our subsidiaries including the income distribution from our venture fund company. The total non-interest income was Rs. 18.97 billion. Operating expenses increased 33% to Rs. 15.41 billion from Rs. 11.57 billion. The DMA expenses were about Rs. 3.85 billion with the core operating profit being Rs. 17.12 billion, a growth of 51.6%. The treasury income was Rs. 1.75 billion which was a decline over last year Q2 of Rs. 2.4 billion, a 27% decline that was mainly because of the mark-to-market impact on our credit derivative portfolio which was about Rs. 1.00 billion that we have taken at September 30th. As we have mentioned earlier, we believe this is only a mark-to-market provision and we have not seen any underlying defaults happening or any loss in the underlying economic value of these investments.

The total specific provisions were about Rs. 5.66 billion and the general provisions in addition were about Rs. 0.78 billion. The general provisions were down about 10% compared to Q2 of last year and the specific loan provisions were higher by about 49% compared to Q2 of last year and was higher by about Rs. 350 million compared to Q1 of this year. As a result, the profit before tax increased by about 38% to Rs. 12.43 billion and with the tax increasing by 63% to Rs. 2.40 billion. The profit of the tax increased by 33% to Rs. 10.03 billion.

The total balance sheet size at September 30 was Rs. 3.65 trillion, a 29% growth over last year September with advances increasing to Rs. 2.07 trillion, a 33.3% growth over last year. On the deposits, as I mentioned in the second quarter, the deposit actually declined a bit compared to June 30th, that was mainly because of the capital that the bank had raised, due to which we were able to repay the wholesale deposits to some extent. The net worth subsequent to the capital raising is now at about Rs. 447 billion compared to Rs. 246 billion at June 30th. As a result of the capital raising, the total capital adequacy has increased to 16.76% with tier-I of 13.02% and the total capital still excludes the \$750 million upper tier to issue we have done in January 2007 as we have not yet received RBI's approval, pending the clarification on the terms and conditions.

Coming to the key ratios, the return on average net worth is 11.5% for the quarter, reflecting the increased capital at September 30th, excluding the investments in insurance and including the profit of banking subsidiaries that number would have been about 13.2%. The book value is about Rs. 400, the cost to income ratio is about 40.4% and the fee to income ratio continues to be at the high level of 39%. Gross NPAs at September 30th is Rs. 66.89 billion increasing from Rs. 60.43 billion at June 30th. The net NPL are Rs. 30.36 billion increasing from Rs. 27.42 billion at June 30th.

Within the gross NPL, the retail gross NPL are Rs. 42.44 billion and the retail net NPL are Rs. 19.99 billion. The net restructured loans have declined a bit from the June levels down to Rs. 46.98 billion. During the quarter, we have sold a part of our non-performing mortgage loans to ARCIL. As you know, we are one of the promoters of ARCIL and we had initiated the process of selling our loans to ARCIL, for improved recovery earlier. So as a part of market development, we are looking at the sale of the retail NPL portfolio as well. If you take into account the impact of sell down of the NPL, the gross NPL would have been higher by about 3.6 billion, if the sale was not done and the net NPL would have been higher by about Rs. 2.5 billion. The sale has been done, as required by RBI at a fair valuation done by independent rating agency and the provisioning that the bank was holding, was adequate for the home portfolio so there was no further material provisioning required on the sale of the home portfolio.

Coming to the insurance business we continue to be the market leaders in the private sector on the life insurance side with 26.2% market share and in the total market with a 9.6% market share. The annual premium equivalent growth was 45% in H1 2008. There was significant increase in Q2 where the growth was 76%, as the base effect of last year's Q1 was not there in Q2. The entire growth of 45% in H1 continues to be on high base of 124% growth that we saw last year. We continue to expect to grow at about 60% for the current full year. The total assets held by ICICI Life are now at Rs. 225 billion of which 67% is equity investments. The branch network has increased to about 735 in September 30th from 580 on March 31st. The new business profits for half year was Rs. 4.32 billion, which reflected a margin of about 19.7% for the half year.

On General Insurance, we continue to be market leaders in the private sector with a market share of 31.6%. The overall market share is at about 12.4%. There was 18% growth in the gross written premium in Q2, increasing from 9% that we saw in the first quarter. The non-corporate business is now at about 58% of total gross premium. We saw a strong profit growth in the first half with the profit after tax increasing to Rs. 0.81 billion from Rs. 0.33 billion last year first half. We would be happy to take questions now.

Mukta - Moderator

We will now begin the question and answer interactive session for the conference, participants connected to audio conference service from Airtel. Participants who wish to ask question may please press "*" "1" on the touchtone-enabled telephone keypad. On pressing "*" "1" the participant will get a chance to present their question on a first-in line basis. To ask a question please press "*" "1" now. The first question comes from Mr. Ravikant Bhatt from IDBI Capital, Mumbai. Mr. Bhatt, you may ask your question now.

Ravikant Bhatt - IDBI Capital - Mumbai

Hi, I just want to understand what would your NIMs be in the retail and corporate business; can you give that kind of bifurcation?

Rakesh Jha - ICICI Bank

We have not disclosed you the NIMs broken down into retail and corporate segments.

Ravikant Bhatt - IDBI Capital - Mumbai

In that case either subjective comment possible vis-à-vis the blended NIM whether they were good, not so good, or better?

Rakesh Jha - ICICI Bank

Broadly if you look at the retail lending rates the NIMs on the retail, side is substantially higher than on the corporate side. Retail NIM will be about 3% compared to, about 1% for example on the international business, because the composition of income, between the retail and the corporate segment is quite different. For example, the cost ratios are significantly lower on the corporate side compared to the retail side. In the current quarter, we did reduce the home lending rates by about 50-basis point for the floating rate loans for the specified festive season period. Otherwise, we have continued with broadly at the same level of rates as earlier on the lending side. On deposits, we have reduced our deposit rate by about 50-basis point for the special deposit schemes that we were running, but we in terms of a more medium term indicator we would still look at what RBI comes out within its policy and what is the kind of liquidity scenario, which sustains in the second half of the financial year.

Ravikant Bhatt - IDBI Capital - Mumbai

Secondly, what would be the unutilized branch licenses that you would be holding currently and how much do you expect to grow the branch network by the end of FY'08?

Rakesh Jha - ICICI Bank

We are currently at about 950 branches, we have received licenses from RBI for opening a new set of branches, but unfortunately we have not disclosed the number of licenses that we have received. We did mention that it is in line with our own application to RBI in line with our expectation. So, it is obviously substantially higher than what we have received last year and we would hope to open these branches over the next six months.

Ravikant Bhatt - IDBI Capital - Mumbai

Secondly, I just wanted to understand what would the weighted duration of your liabilities and assets be currently?

Rakesh Jha - ICICI Bank

On the funding side, most of the retail deposit come in one-year maturity bucket. The wholesale deposits are distributed between six months to one-year bucket, so on an average it will be slightly below one year. On the lending side, it will be just slightly above one year that is because 90% of our home loan portfolio is floating rate home loans where the rate is resettable every quarter, it is like a three month duration paper and so that is why the overall duration is lower. On our investment portfolio we continue to be close to about two years.

Ravikant Bhatt - IDBI Capital - Mumbai

Have you pumped any equity into any of your insurance businesses during the year?

Rakesh Jha - ICICI Bank

During the half-year, we have put about Rs. 800 million in ICICI General and about Rs. 4.14 billion in ICICI Life Insurance.

Ravikant Bhatt - IDBI Capital - Mumbai

One final question, just want to understand what would be the size of the international assets that are held as investments and that relate to the Indian corporate exposures, which has been syndicated?

Rakesh Jha - ICICI Bank

We typically syndicate loans, so it will still be in the nature of loans only. May be we will take this question off-line, I am not able to understand it.

Ravikant Bhatt - IDBI Capital - Mumbai

Fine.

Mukta - Moderator

Thank you sir. The next question comes from Mr. Rajagopal Ramanath from FPK, Hong Kong. Mr. Ramanath you may ask your question now.

Rajagopal Ramanath - FPK- Hong Kong

Hi, Rakesh. The first thing I have yet not received the presentation from your end. Could you just ask somebody to forward that across?

Rakesh Jha - ICICI Bank

We have sent it to everyone, it is a common mail that we send.

Rajagopal Ramanath - FPK- Hong Kong

No, I understand that, but sending it just 20 minutes before the earnings call it hardly gives us anytime to go through the release at the first place right?

Rakesh Jha - ICICI Bank

That is why I read out the entire presentation. If there are any number remaining I will read it out again.

Rajagopal Ramanath - FPK- Hong Kong

Two things, essentially, I could not understand the technicality, you said that this time around the fee income growth, which is 25% is lower on account of some RBI technicality. Can you throw some lights on that?

Rakesh Jha - ICICI Bank

Fee income is lower on account of the changes in the ECB guidelines that happened earlier in the quarter where in restrictions have been imposed on ECB borrowing that Indian corporates can do for rupee purposes. As that guideline came out suddenly which was not anticipated by the market. There were some transactions that would not have happened during the quarter, which were planned so to that extent even there is some immediate impact on the fee revenues for the bank.

Rajagopal Ramanath - FPK- Hong Kong

So have they got crystallized as domestic assets or domestic loans?

Rakesh Jha - ICICI Bank

Going forward, a part of that will get crystallized as domestic loans.

Rajagopal Ramanath - FPK- Hong Kong

Which may or may not be syndicated depending on?

Rakesh Jha - ICICI Bank

Depending on an appetite for that risk or the rates.

Rajagopal Ramanath - FPK- Hong Kong

Second thing, you indicated that the treasury income, I guess the profit on sale on investment is close to Rs. 1.75 billion and you also indicated that there is some marked-to-market provision on the credit derivative stoke syndicated book or whatever that you call that, there is a marked to market provision of Rs. 1 billion. Has this already been netted off from this profit on sale of investment?

Rakesh Jha - ICICI Bank

Yes, the Rs. 1.75 billion is the net number, which is there in our P&L.

Rajagopal Ramanath - FPK- Hong Kong

Which means the gross number would I have been Rs. 2.75 billion, right?

Rakesh Jha - ICICI Bank

About 2.75 billion.

Rajagopal Ramanath - FPK- Hong Kong

Could you broadly indicate the nature of this income because I am definitely sure that at least from the fixed income book, you would not have made so much of profit; so if it is any value unlocking, could you just elaborate on that?

Rakesh Jha - ICICI Bank

As I said it basically will include the prop-trading book on the fixed income and equity side and secondly our private equities sales, which would include sales of some of our non-core investments. These investments are basically in companies like NCDEX, NSE. We also hold investments in 3I Infotech and First Source.

Rajagopal Ramanath - FPK- Hong Kong

Could you provide us numbers on these three heads prop-trading, private equality and...?

Rakesh Jha - ICICI Bank

We have not disclosed specific transaction on that side.

Rajagopal Ramanath - FPK- Hong Kong

At least broad numbers?

Rakesh Jha - ICICI Bank

The total number as I said about Rs. 2.75 billion. About a third of that would have come from proprietary trading and the balance would be private equity sales.

Rajagopal Ramanath - FPK- Hong Kong

Fine. Now if I notice it rightly, you indicated that you have sold, what is the amount that you indicated to ARCIL?

Rakesh Jha - ICICI Bank

Impact on the gross NPL of the sale would be about Rs. 3.6 billion.

Rajagopal Ramanath - FPK- Hong Kong

You indicated that the gross value of that pool of assets could be closed to Rs. 3.6 billion. Right?

Rakesh Jha - ICICI Bank

Right and the net value about Rs. 2.5 billion and we sold it at a pretty much close to the net book value and the valuation is basically as required by the RBI needs to be done by the independent rating agency.

Rajagopal Ramanath - FPK- Hong Kong

Could you indicate what sort of prompted this particular piece of action because of course it has been commonly known that corporate NPLs have been sold off to asset reconstruction companies, but from a retail perspective has it been on account of ICICI Bank having trouble recovering or there are other reasons?

Rakesh Jha - ICICI Bank

It is not at all because of any challenges on the recovery side. We have been in dialogue with ARCIL for quite sometime in terms of selling down a part of our retail portfolio because in the longer run as retail portfolio increases for all the banks, ARCIL clearly sees an opportunity in this market and so it is more in the nature of market development and we will see how it actually pans out in terms of the collections. It is not anything to do with the challenges of collection.

Rajagopal Ramanath - FPK- Hong Kong

If you look at the way that ARCIL has constituted, do you really think they have the necessary machinery to recover these assets because...?

Rakesh Jha - ICICI Bank

They are in process of building it and setting up processes for that kind of a network, because as I said it is more a thing they are looking for three to five year timeframe in which they would be looking at this.

Rajagopal Ramanath - FPK- Hong Kong

Going forward, you indicated that the gross NPLs, aside of this transaction is around Rs. 66 billion and in terms of the split you indicated the Rs. 42 billion would be gross retail and close to Rs. 20 billion is the net retail NPL. Now of course last time around you did indicate that you are not providing a split in terms of how much would be the NPL numbers on the secured book and the unsecured on so and so forth, could you broadly indicate what are numbers like in terms of at least net NPL positions?

Rakesh Jha - ICICI Bank

On the overall basis, I think we have said that about overall retail the gross NPL was about 3% at June and net NPL was about 1.5%, but the net NPL right now is about 1.5% and the gross is about 3.2%.

Rajagopal Ramanath - FPK- Hong Kong

3.2% on the retail book?

Rakesh Jha - ICICI Bank

On the retail book.

Rajagopal Ramanath - FPK- Hong Kong

You also had a bifurcation, which was called as the collateralized and non-collateralized, could you provide number on that?

Rakesh Jha - ICICI Bank

45% of the gross retail NPL, roughly it is coming from the collateralized product and 55% is coming from the non-collateralized product, which is roughly in line with what we would have seen in the previous quarter after adjusting for ARCIL sale.

Rajagopal Ramanath - FPK- Hong Kong

First quarter there were no sales to ARCIL?

Rakesh Jha - ICICI Bank

No.

Rajagopal Ramanath - FPK- Hong Kong

Further in fact I just happened to listen to Ms. Mulye's comments on CNBC. There was a question which was raised in terms of ICICI Bank considering getting out of the urban micro finance business given some views on recovery related tactics, what is the official position on this.

Rakesh Jha - ICICI Bank

We have adopted all regulations and guidelines as prescribed by the RBI and prescribed the code of conduct for our agents and there has been quite a bit of reporting in the media in the recent past not just for our bank, but even for some other banks. If you look at the reported incidents these are very few in comparison to the large number of costumers that we have. We deeply regret the unfortunate incidents that would have been read about in the media, even though there may not be any direct causality from ICICI Bank point of view. We are being extremely conscious of this issue and we are reviewing our plans for urban micro banking loans, given the intensive collections efforts required. So I would say that we are in

the process of evaluating what should our strategy be in this particular segment going forward. As you are aware it is not really that large a portfolio for us, it is less than 1% of our total loan book so it is not something, which is significant for us currently. So as I said we are reviewing right now in terms of what should be our strategy for this particular segment going forward.

Rajagopal Ramanath - FPK- Hong Kong

There was another comment which Ms. Mulye made on the agricultural advances, I could not quite understand what she meant by that because she indicated a part of the loan book, as sort of pitted down in the first half because a bit of the agricultural advances go off books. I could not quite understand what she was trying to indicate?

Rakesh Jha - ICICI Bank

I have not heard her comment. If you ask me any question independent of her comment, I would be able to answer that.

Rajagopal Ramanath - FPK- Hong Kong

Fair enough. If that is the case, then if you look at year-on-year loan growth, so how do you explain the significant reduction in the loan growth? Again if you give me a broad systemic answer, yes, it is very clear, but if you look at quarter-on-quarter trend as well, if you look at ICICI Bank historically you have never had a situation wherein QoQ loan growth comes down to may be low double-digit levels. How do you explain that?

Rakesh Jha - ICICI Bank

We are seeing a much slower growth on the retail side and on the rural side as you are aware that typically in the first half of the financial year all banks see a decline in their rural portfolio. As we have mentioned earlier pursuant to certain fraudulent transactions that we had seen last December we have been in the process of reviewing all our processes for the rural loans and relaunching the business and I would say that in the first half typically rural loan growth is slower. Our rural book would have declined in the first half last year.

Rajagopal Ramanath - FPK- Hong Kong

What is the size of the rural book as on March of 2007 and September?

Rakesh Jha - ICICI Bank

On March of 2007 is about Rs. 200 billion and September is about Rs. 100 billion.

Rajagopal Ramanath - FPK- Hong Kong

Just one more on the financial sector holding companies, where does it currently stand in terms of the value unlocking on the insurance and the other businesses?

Rakesh Jha - ICICI Bank

There is no change in status from the last update that we would have given following the RBI draft paper that had come, I think everyone has submitted their comments to RBI. Now it is for RBI to come out with the final guidelines. As far as we stand the transaction that we had done winds down by the end of November. So if the transaction does not get completed by then, we would renegotiate with the investors in the event that RBI gives an approval for this company to be setup. In the event that RBI does not give its approval for this strategy to be setup, we would look at an alternative plan, which as we have said earlier, could potentially include a listing of the individual insurance company.

Rajagopal Ramanath - FPK- Hong Kong

Okay, fair enough, I just want to know that. Thanks, Rakesh.

Mukta - Moderator

Thank you sir. The next question comes from Mr. Dipankar Choudhury from Deutsche Bank, Mumbai. Mr. Choudhury you may ask your question now.

Dipankar Choudhury - Deutsche Bank - Mumbai

Hi, Rakesh. Can you just give an idea of the NPL formation in the first quarter and the second one stands of course the ARCIL sale to make it like-to-like?

Rakesh Jha - ICICI Bank

See in the first quarter, if you recall we had added close to about Rs. 12 billion of NPL. In the second quarter that number if on a like-to-like basis would be about slightly below Rs. 10 billion.

Dipankar Choudhury - Deutsche Bank - Mumbai

I just missed one part you said the NPL at the end of the first quarter was 3.5% gross and now it is 3.18 is that correct?

Rakesh Jha - ICICI Bank

No, it was 3% at the end of first quarter. Gross NPL was 3%.

Dipankar Choudhury - Deutsche Bank - Mumbai

Just qualitative couple of questions, firstly what is happening on the non-collateralized retail NPL front, if you could just throw some light on the loss rates incurred.

Rakesh Jha - ICICI Bank

We have not really seen any change in terms of underlying NPL formation or credit losses, as I was mentioning earlier, there have been these issues on the collection side because of media highlight has put on the urban micro banking loans, so we are looking at evaluating our strategy for this particular business segment going forward, which is only in 1% of our total loan book and even out of our retail book it is below 2%. On credit cards and personal loans, we continue to see quite a strong growth and in terms of credit losses, there is no change from what we have seen earlier.

Dipankar Choudhury - Deutsche Bank – Mumbai

One last question from my side, how is the Sangli integration shaping up and when do you think it will be scaled up to your desired levels of efficiency at least on the liability side?

Rakesh Jha - ICICI Bank

In terms of integration, about 75% of their business is done through about 50 branches is what we were targeting to do in the first phase, which we had said it would take about six to nine months, which is in progress. I think we would have done by now close to 40 branches which would account for a significant proportion of their business. In terms of contribution to the deposit side, as we have said for us it is more like getting a new branch license, it would take a period of 12 to 18 months for them to contribute effectively.

Dipankar Choudhury - Deutsche Bank – Mumbai

Thanks.

Mukta - Moderator

Thank you, sir. The next question comes from Ms. Madhuchanda De from Kotak Securities. Ms. De, you may ask your question now.

Madhuchanda De - Kotak Securities – Mumbai

In the absence of the press release, I have got some housekeeping questions, if you could share with me what is the like-to-like NIM of Q2'07?

Rakesh Jha - ICICI Bank

Q2'07 is 2.13%, Q1'08 was 1.95% and Q2'08 is 2.23%.

Madhuchanda De - Kotak Securities – Mumbai

What is your cost of deposits for the quarter and loan fund?

Rakesh Jha - ICICI Bank

The total cost of fund has come down to about 7.7% from 7.8% in the first quarter and the yield on interest earning assets is about 9.4%.

Madhuchanda De - Kotak Securities – Mumbai

What is the cost of deposit for the quarter?

Rakesh Jha - ICICI Bank

Cost of deposit is about 7.6%.

Madhuchanda De - Kotak Securities – Mumbai

If you could throw some color on Rs. 10 billion incremental gross NPL in terms of sectors and last composition?

Rakesh Jha - ICICI Bank

It would be, roughly be about, I will just give you the breakup, it is about Rs. 7.4 billion retail NPL and the balance would be across SME, rural and corporate.

Madhuchanda De - Kotak Securities – Mumbai

Just one small question, as you mentioned that it is degrowth in the total outstanding rural book size, is there a strategic change in terms of your rural focus?

Rakesh Jha - ICICI Bank

There is no strategic change in terms of rural focus at all. As we have said earlier, it is driven by the fact that consequent to the fraudulent transactions that we had last December we were in the process of reviewing all our processes for the rural business and relaunching in each of those segments. Strategy continues to look at growth on the rural side especially on the retail side, through micro finance institutions, commodity based financing, farmer equipment financing, all that continues to be in place. In terms of growth you are right that the growth has been lower than what one would have anticipated, maybe 12 or 18 months back, but again, we look at it as a longer-term strategy, so over the next three to five years, we would look at the rural book increasing to closer to 15% of overall book.

Madhuchanda De - Kotak Securities – Mumbai

Thank you.

Mukta – Moderator

Thank you ma'am. The next question comes from Mr. Aashish Agarwal from CLSA, Mumbai. Mr. Agarwal you may ask your question now.

Aashish Agarwal – CLSA - Mumbai

Hi Rakesh. Can you just give me some numbers on what was the disbursement for this quarter and how does it compare for the first quarter and second quarter of last year?

Rakesh Jha - ICICI Bank

The total disbursement in this quarter was Rs. 147 billion, the retail disbursement, which was up about 12% compared to Q1'08 that is June quarter which was about Rs. 132 billion, it was a down about 16% compared to Q2 of last year, which was Rs. 176 billion.

Aashish Agarwal – CLSA - Mumbai

How much was the mortgage disbursement out of this out of 147 just for the second quarter?

Rakesh Jha - ICICI Bank

Rs. 54 billion.

Aashish Agarwal – CLSA - Mumbai

You mentioned somewhere the gross NPL are 66 and I believe the press release has 59 so that balance 7 is write-off right?

Rakesh Jha - ICICI Bank

This was the stock exchange format which requires gross NPL ratio only for our advances book. The number that we typically talk about and release normally is including the credit substitutes like the debentures and other investments.

Ashish Agarwal – CLSA - Mumbai

Okay. Have you written off anything in the second quarter?

Rakesh Jha - ICICI Bank

There has been no change in the write off policy between June and September.

Aashish Agarwal – CLSA - Mumbai

Just one last question. Can you just give me a rough breakup of the fee income; has it changed significantly from first quarter or not really?

Rakesh Jha - ICICI Bank

Broadly similar kind of a breakup with about 56% coming from the retail segment and about 3% - 4% coming from the rural segment and the balance coming from corporate & international.

Ashish Agarwal – CLSA - Mumbai

So international & corporate still accounts for like 40%?

Rakesh Jha - ICICI Bank

Yes.

Ashish Agarwal – CLSA - Mumbai

Fine. Thanks a lot.

Mukta - Moderator

Thank you sir. The next question comes from Mr. Srikanth Vadlamani from Lehman Brothers, Mumbai. Mr. Srikanth you may ask your question now.

Srikanth Vadlamani – Lehman Brothers – Mumbai

Hi Rakesh, two questions, one is on the NPAs, in this quarter has there been any new slippage on the agri portfolio?

Rakesh Jha - ICICI Bank

There would have been some slippage on the agri portfolio.

Srikanth Vadlamani – Lehman Brothers – Mumbai

In the line of the Rs. 300 crores that came up in Q1.

Rakesh Jha - ICICI Bank

There would be slippage on the agri portfolio and it would be lower than what we saw in the first quarter.

Srikanth Vadlamani – Lehman Brothers – Mumbai

Now the international book in terms of the growth how do you see the ECB book growing because of the new guidelines?

Rakesh Jha - ICICI Bank

ECB guidelines impacted fee revenue because there were five or six transactions, which were lined up when we were not aware of the guidelines coming out and finally did not go through because these were not allowed as per the revised

guidelines. In the medium term we do not think it will have material impact in terms of the overall business for ECBs or the corporate international business mainly because the proportion of such borrowing for rupee purpose is not a high proportion, while the exact data is not available, it is estimated that it is in the region of 30% to 35%. So overall, it is not a very large number, and currently ECBs are continued to be allowed for import purposes and on the international side the M&A business is also growing quite strongly, so we see quite a robust pipeline in terms of such transactions both in the ECB side as well as M&A side in the next few quarters.

Srikanth Vadlamani – Lehman Brothers – Mumbai

Okay fine. Thanks. That is it from my side.

Mukta - Moderator

Thank you sir. The next question comes from Mr. Kashyap Zaveri from Emkay shares. Mr. Zaveri you may ask your question now.

Kashyap Zaveri - Emkay shares – Mumbai

Hi, Rakesh. This is a repetition, you mentioned that gross NPA in the press release that you send out to exchange and that in presentation is different. What is the reason, I missed out on that part.

Rakesh Jha - ICICI Bank

See what is there in the stock exchange format is as per our annual report which is pertaining only to the advance portfolio. We typically always have been reporting in our investor presentation as well as in our press releases the numbers based on customer assets that will include the credit substitutes like debentures and bonds and other credit substitutes. So the number that we have put out in our presentation and the main release are exactly consistent with what we have been doing earlier. The stock exchange format is exactly consistent with what you will find in our notes to accounts in the financial statement.

Kashyap Zaveri - Emkay shares – Mumbai

This Rs. 600 crores, which is the differential, would primarily arise from which part of the credit substitute?

Rakesh Jha - ICICI Bank

That difference has been at a similar kind of level earlier also and it will basically be in the debenture and the bond portfolio and the number is net of the technical write-off that we would have done on our corporate portfolio.

Kashyap Zaveri - Emkay shares – Mumbai

Has there been any regrouping from fee income and treasury income?

Rakesh Jha - ICICI Bank

There is no change between Q1 and Q2.

Kashyap Zaveri - Emkay shares – Mumbai

No Q2 this year and Q2 last year, I mean. There has been no regrouping?

Rakesh Jha - ICICI Bank

No. The only regrouping, which I have mentioned earlier was amortization of government security, which got reclassified from treasury income to NII.

Kashyap Zaveri - Emkay shares – Mumbai

In terms of retail portfolio on YoY basis, what are the segments, which have seen maximum contraction?

Rakesh Jha - ICICI Bank

On the loan side?

Kashyap Zaveri - Emkay shares – Mumbai

Yeah. Is there any portfolio, which has seen contraction in terms of disbursement, which are the major contributors?

Rakesh Jha - ICICI Bank

On disbursement the trend continues to be what we saw in the first quarter, it is across the secured lending products. For example on home loans, disbursements are down about 24% compared to last year and on car loans and two wheelers disbursements are down about 17% to 18% compared to last year. In terms of the loan book, the year-on-year home loans has seen about 20% growth and the non-collateralized book has grown by 48%.

Kashyap Zaveri - Emkay shares – Mumbai

Just a housekeeping question, can you give us the breakup of the retail loan book?

Rakesh Jha - ICICI Bank

The retail loan book, yes, sure. I will just give you the percentage of the total loan book.

Kashyap Zaveri - Emkay shares – Mumbai

Sure.

Rakesh Jha - ICICI Bank

The retail loan book was about Rs. 1.31 trillion, of which home loans was about 50.1%, car loans is about 15%, commercial business is about 13%, two wheelers is about 2.2%, and then there are other things like professional equipment, dealer funding loan against securities that will add to about 4.2%. So, total collateralized is about 84.6% and the non-collateralized is about 15.4% in total, credit cards is about 5.2%.

Mukta - Moderator

Thank you sir. The next question comes from Mr. Sanjay Jain from Credit Suisse, Singapore. Mr. Jain you may ask your question now.

Sanjay Jain - Credit Suisse - Singapore

Hi Rakesh.

Rakesh Jha - ICICI Bank

Hi Sanjay.

Sanjay Jain - Credit Suisse - Singapore

Hi. Just wanted to quickly understand the mortgage loans, which we have sold to ARCIL. You seemed to have sold at 70% of book value, so 30% loss seems to be a bit high. Why did you sell and is this the loss you actually expect on this portion and what was the profile of borrowers why did they default and what was the reason for such a big loss. To my knowledge prices in India are not yet coming down are they?

Rakesh Jha - ICICI Bank

It is not to be looked at as if we have sold because of any collection challenges or that we are yet to recover a large amount. You should look at it from an ARCIL perspective as well, this is the first time they are entering into this transaction and as you are aware that the way these transactions are structured in case of higher recoveries, the money will flow back to ICICI Bank, so to that extent the valuation is not too critical. If you look at on an overall basis with an NPL ratio in the region of 1%, the loss ratio being at about 25-basis point to 30-basis point, this is the kind of loss that you would typically see ultimately on a home loan portfolio. I am saying it is not out of line with the kind of recovery that you will see on the mortgage portfolio.

Sanjay Jain - Credit Suisse - Singapore

But still if it they have defaulted and the original loan was given, lets say two or three or four years ago and at that time the price was \$100 and now the property price should be \$200 or \$300 and original loan to value may have been \$80. It is covering more than the loan value so why have those borrowers defaulted there.

Rakesh Jha - ICICI Bank

See in lending business, Sanjay, as you are very well aware there will always be default, and mortgage NPLs at a gross basis are currently about 1.2% so clearly 1% of customers do default and they are various reasons for defaulting starting from the fact that may be for some of the customers it was a second house purchase or it could have been a high level EMI that they could not sustain or there could have been a job loss because large part of our customer are salaried employees. There is no specific reason behind or a common factor that one can identify across all these customers and these are pretty much in line with the 1% kind of a gross NPL number that we are looking at the mortgage portfolio.

Sanjay Jain - Credit Suisse - Singapore

That is fair enough. You cannot identify any pattern in terms of either the profile of people or the geographical concentration.

Rakesh Jha - ICICI Bank

Yes right.

Sanjay Jain - Credit Suisse - Singapore

Just to clarify finally the 30% loss ratio, you are saying that would be the normal loss given default?

Rakesh Jha - ICICI Bank

As I said earlier, it may not be the normal loss given default our mortgage portfolio we provide over a three-year period. So, to look at a loss given default number, we will need some more time to actually have that data because the portfolio is not really seasoned in terms of on the recovery side.

Sanjay Jain - Credit Suisse - Mumbai

Thank you very much.

Mukta - Moderator

Thank you sir. The next question comes from Ms. Lakshmi Manohar from Capital Market, Chennai. Ms. Manohar you may ask your question now.

Lakshmi Manohar - Capital Market - Chennai

Hello. I would like to know how much Yen exposure do you have in your total borrowing book?

Rakesh Jha - ICICI Bank

We would not be carrying any material Yen position in our balance sheet. For all banks in India, there is restriction on the net open position that the banks can carry, so while you may have seen us borrowing in Yen in some of our transactions, those transactions are pretty much swapped into LIBOR linked floating rate or dollar loans.

Lakshmi Manohar - Capital Market - Chennai

Can I have the corresponding numbers for your cost of deposits and yield on assets?

Rakesh Jha - ICICI Bank

For last year, Q2 the cost of deposit was about 6.1% and the yield was about 8.4%.

Lakshmi Manohar - Capital Market - Chennai

Thank you.

Mukta - Moderator

Thank you ma'am. The next question comes from Ms. Tabussam Inamdar from Kotak Securities. Ms. Inamdar you may ask your question now.

Tabussam Inamdar - Kotak Securities - Mumbai

Thanks. Rakesh, just one clarification, the yield on interest earning assets you said the last time you gave us was 9.4 right?

Rakesh Jha - ICICI Bank

Yeah.

Tabussam Inamdar - Kotak Securities - Mumbai

In the first quarter this was 10%?

Rakesh Jha - ICICI Bank

In the first quarter it was about 9.6%.

Tabussam Inamdar - Kotak Securities - Mumbai

So it has come down compared to the first quarter, is that because of government securities or is it because the rates are falling.

Rakesh Jha - ICICI Bank

Two things, Tabussam, one is that due to some extent the international book had increased, to that extent the yield would have been lower and to that extent the borrowing cost also would have been lower and secondly because we did a very large capital raising, for a large part of the quarter those money would have been deployed in a shorter term investments with a lower yield.

Tabussam Inamdar - Kotak Securities - Mumbai

Just one more thing, special deposit schemes where you reduced the rates recently, what kind of overall deposits outstanding you would be having in that category rather, what was the deposit you are attracting in that category?

Rakesh Jha - ICICI Bank

I do not have that number off hand Tabussam, but what I would say is that rate for the special deposit scheme basically also becomes a benchmark for the corporate deposits. It is more that we have basically been able to reduce all the deposits that we are raising to closer to 9%. Again we will see how that sustains on the corporate side. The intention is to basically look at reducing the cost for the entire term deposit we have made.

Tabussam Inamdar - Kotak Securities - Mumbai

Within the term deposit, has the wholesale retail component changed?

Rakesh Jha - ICICI Bank

It would have changed, but within a quarter, it cannot change materially. Wholesale would have declined and retail would have increased, but it would not be a material change, Tabussam, in a quarter.

Tabussam Inamdar - Kotak Securities - Mumbai

Thanks.

Mukta - Moderator

Thank you mam. The next question comes from Mr. Manish Karwa from Motilal Oswal, Mumbai. Mr. Karwa, you may ask your question now.

Manish Karwa - Motilal Oswal - Mumbai

Hi Rakesh. Rakesh, can I have disbursement number again for autos as well as mortgages?

Rakesh Jha - ICICI Bank

The total disbursement was Rs. 147 billion in the second quarter.

Manish Karwa – Motilal Oswal – Mumbai

Yes.

Rakesh Jha - ICICI Bank

Home loan was about Rs. 54 billion and auto was about Rs. 32 billion.

Manish Karwa – Motilal Oswal – Mumbai

Do you have the number for CVs and other categories?

Rakesh Jha - ICICI Bank

CVs was roughly about Rs. 18 billion.

Manish Karwa – Motilal Oswal – Mumbai

Okay.

Rakesh Jha - ICICI Bank

Two wheelers are about Rs. 8 billion.

Manish Karwa – Motilal Oswal – Mumbai

Okay.

Rakesh Jha - ICICI Bank

Personal loan is about Rs. 33 billion.

Manish Karwa – Motilal Oswal – Mumbai

Okay. Secondly in your current accounts, where there any significant IPO floats because that number has gone up very sharply in a quarter?

Manish Karwa – Motilal Oswal – Mumbai

Gone up from Rs. 200 billion to Rs. 230 billion.

Rakesh Jha - ICICI Bank

In September that was about, if you technically classify about maybe Rs. 20 billion of IPO floats, but a part of that would have been there in June as well.

Manish Karwa – Motilal Oswal – Mumbai

Right. Lastly, on the term deposit front, clearly as you mentioned that you have been reducing wholesale deposits, is there a quantum which you can specify which has been reduced in this quarter and is there a quantum over the next two quarters, which can technically be paid back?

Rakesh Jha - ICICI Bank

Manish we have not disclosed those specific repayment numbers, but as I mentioned that again a large part of these wholesale deposits will come for renewal, only in early March and April.

Manish Karwa – Motilal Oswal – Mumbai

Okay, Rakesh. Thanks.

Mukta - Moderator

Thank you, sir. The next question comes from Mr. Jatinder Agarwal from ABN Amro, Mumbai. Mr. Agarwal you may ask your question now.

Jatinder Agarwal – ABN Amro – Mumbai

Hi. Thank you. I just wanted to know in terms of capital that you have risen, what was the time when you actually had all the money at your disposal?

Rakesh Jha - ICICI Bank

Sometime, I think in July first week or second week.

Jatinder Agarwal – ABN Amro – Mumbai

This I believe there is some partly paid shares still for the retail segment. Is that a very large part of that money that will come through and when do we expect that to conclude?

Rakesh Jha - ICICI Bank

Today the board approved that we can do the call so we will be issuing that notice.

Jatinder Agarwal – ABN Amro – Mumbai

Okay.

Rakesh Jha - ICICI Bank

After then, that money should then come by the end of this calendar year.

Jatinder Agarwal – ABN Amro – Mumbai

What will be that amount approximately?

Rakesh Jha - ICICI Bank

We had about 17 million partly paid shares, so Rs. 390 on 17 million shares.

Jatinder Agarwal – ABN Amro – Mumbai

Perfect. Thank you sir.

Mukta - Moderator

Thank you sir. The next question comes from Ms. Devika Mehndirat from Aviva Life Insurance, Mumbai. Ms. Mehndirat you may ask your question now.

Devika Mehndirat – Aviva Life Insurance – Mumbai

Hello. I had two questions; first one is that what would your SLR investments to deposit ratio would be in September ending and for March 2007?

Rakesh Jha - ICICI Bank

We typically keep it about 26% or 27%.

Devika Mehndirat – Aviva Life Insurance – Mumbai

What would the trend be?

Rakesh Jha - ICICI Bank

Always been at about 26 to 27.

Devika Mehndirat – Aviva Life Insurance – Mumbai

Okay. Also this number of your advances growth of about 33%-34%. This includes both international and domestic rate?

Rakesh Jha - ICICI Bank

Yes.

Devika Mehndirat – Aviva Life Insurance – Mumbai

So what would the breakup be, the growth in the international segment and in the domestic segment?

Rakesh Jha - ICICI Bank

On the international branches, the growth was 146%.

Devika Mehndirat – Aviva Life Insurance – Mumbai

Okay.

Rakesh Jha - ICICI Bank

On the retail, was about 22%.

Devika Mehndirat – Aviva Life Insurance – Mumbai

What percentage is international branches of outstanding total advances?

Rakesh Jha - ICICI Bank

18%.

Devika Mehndirat – Aviva Life Insurance – Mumbai

Thanks. That is it.

Mukta – Moderator

Thank you ma'am. The next question comes from Mr. Ian Smith from Nevsky Capital. Mr. Smith, you may ask your question now.

Ian Smith - Nevsky Capital – London

Hello. Is there any if you could give a sense of like-to-like interest margin when you exclude the benefit of the capital increase?

Rakesh Jha - ICICI Bank

It is very difficult to exactly estimate what was the impact of the capital, but broadly between Q1 and Q2 we would expect our margins to be at a similar level or go up marginally excluding the capital. I think it has gone up marginally maybe about 5 basis points excluding the impact of capital, but that is still an estimate.

Ian Smith - Nevsky Capital – London

Alternatively, can you give us the sense of where the capital was deployed on the deposit versus spending of wholesale-term deposits?

Rakesh Jha - ICICI Bank

Again, it is completely fungible once you raise the capital suggested, in terms of margin excluding the capital it would have gone up by about 5 basis point.

Ian Smith - Nevsky Capital – London

Exactly. Thanks a lot.

Mukta – Moderator

Thank you sir. The next question comes from Mr. Subramanian from UTI Security, Mumbai. Mr. Subramanian you may ask you question now.

Subramanian - UTI Security – Mumbai

Good evening, sir. One question on your international loan book, do this international loans, are they categorized on the ECBs when a borrower borrows on the international, which is there on your book currently?

Rakesh Jha - ICICI Bank

If it is lent into India, it will be in the nature of ECB.

Subramanian - UTI Security – Mumbai

Okay.

Rakesh Jha - ICICI Bank

If it is lent outside India, it would not be classified as ECB.

Subramanian - UTI Security – Mumbai

Where is the growth that you see, that is in which category of international lending are you doing currently, is that an ECB kind of lending?

Rakesh Jha - ICICI Bank

Both are growing quite strongly. The only thing as I mentioned earlier in the current quarter because of change in ECB guideline, there was some impact on the ECB side.

Subramanian - UTI Security – Mumbai

One more question, could I get the amount of amortization that you have decreased from your income on investment for the last four quarters if possible?

Rakesh Jha - ICICI Bank

Q1 of 2007 2.67 billion, Q2 2.43 billion, Q3 2.24 billion, Q4 2.66 billion, Q1 2.35 billion and Q2 2.10 billion.

Subramanian - UTI Security – Mumbai

Thanks a lot.

Mukta – Moderator

Thank you sir. The next question comes from Mr. Kashyap Zaveri from Emkay Shares. Mr. Zaveri, you may ask your question now.

Kashyap Zaveri – Emkay Share – Mumbai

Hi Rakesh. Just a question on your NIMs, as I can see from the calculations the yield on advances has already started coming down probably this quarter it was lower by about six or ten basis points and we have reduced our interest rates on the incremental loans, so would our cost of deposits be able to compensate further decreases. How do we see NIMs going from here to be precise?

Rakesh Jha - ICICI Bank

It depends on a lot of things. As we have said earlier in the first quarter, we would expect NIM to just marginally increase if you take aside the benefit of capital in Q2 and Q3. Towards the end of Q4 when a large part of the higher cost wholesale deposits come for repricing, we see the benefit on the deposit cost coming through and which will actually fully reflect only in Q1 of FY'09. In terms of incremental, the lending rates as I have said while we have reduced the lending rates for our home loans, we have also reduced the deposit rates on the liability side. So going forward, we would definitely not be touching our lending rates unless we see impact on the deposit.

Kashyap Zaveri – Emkay Share – Mumbai

I think that is okay. Another thing in terms of disbursement number that you have given for auto, CV and two wheelers, should we assume that there has been a decline in disbursements of those asset classes also over YoY basis?

Rakesh Jha - ICICI Bank

As I mentioned, about 18% decline.

Kashyap Zaveri – Emkay Share – Mumbai

Okay. Sure. Thank you.

Mukta – Moderator

Thank you, sir. The next question comes from Mr. Prashant Poddar from ICICI Prudential. Mr. Poddar, you may ask your question now.

Prashant Poddar - ICICI Prudential – Mumbai

Hi, I am sorry, I was late in the conference, may be my questions are being repeated. Can I get the breakup of NPAs between the retail and among the retail also, the collateralized portion and noncollateralized portion?

Rakesh Jha - ICICI Bank

I will ask Rupesh to give you a call, because we have just covered that.

Prashant Poddar - ICICI Prudential – Mumbai

Okay.

Prashant Poddar - ICICI Prudential – Mumbai

Okay. Was there any write back of provision in this quarter?

Rakesh Jha - ICICI Bank

No

Prashant Poddar - ICICI Prudential – Mumbai

Because, I mean the gross NPAs have although increased, have fallen quarter-on-quarter wise, net NPAs have increased?

Rakesh Jha - ICICI Bank

I think you would have missed that, we said that we have sold a part of our mortgage non-performing loans to ARCIL where there was an impact of about Rs. 3.6 billion on our gross mortgage NPAs.

Prashant Poddar - ICICI Prudential – Mumbai

The realization out of that would have been recorded in which part of the P&L?

Rakesh Jha - ICICI Bank

The gross number was about 3.6 and the net would have been about Rs. 2.5 billion. It was sold more or less at the book cost, so there is no material P&L impact of the same.

Prashant Poddar - ICICI Prudential – Mumbai

The last question is on yields, are yield on advances, I mean on an upward trend or are they on a declining trend now, I mean as a whole, the book will show increase in expansion in yield on advances going forward or will it show contraction.

Rakesh Jha - ICICI Bank

Because of the higher growth on the international side, the yields may not increase at an overall level. It will more be as I mentioned just now that on the funding side, we would expect repricing to happen for the higher cost deposit towards the end of the financial year.

Prashant Poddar - ICICI Prudential – Mumbai

So margins could expand by the year-end or may be first quarter next year?

Rakesh Jha - ICICI Bank

It would be first quarter next year when we will see the full impact of the liability repricing and to the extent for example, that will get offset by the higher growth on the international business as well.

Prashant Poddar - ICICI Prudential – Mumbai

Thank you, very much sir.

Mukta - Moderator

Thank you sir. The next question comes from Mr. Mohit Aneja from Pipal Research, Delhi. Mr. Aneja you may ask your question now.

Mohit Aneja – Pipal Research - Delhi

Hi, Rakesh, this is Mohit.

Rakesh Jha - ICICI Bank

Hi.

Mohit Aneja – Pipal Research - Delhi

Can you briefly give me an outlook on your debt, I mean how much borrowings will you be making this year and what is the expected rate at which you will be making these borrowings?

Rakesh Jha - ICICI Bank

On the foreign currency side?

Mohit Aneja – Pipal Research - Delhi

Yes on the foreign currency, we have witnessed that you have recently borrowed \$2 billion, then another 500 million of commercial paper, then another Yen loan, then one more loan is just coming and we would like to know what is your outlook on the overall borrowings this year?

Rakesh Jha - ICICI Bank

I will try to give you an estimate obviously that will depend on how we see the actual growth happening in the balance sheet, so to that extent, it is estimated. So our international balance sheet, which was about \$17 billion in March 2007, growing from about \$8 billion at March 2006, if we look at that trend, we will be able to see that we would expect the \$17 billion balance sheet to grow to closer to \$30 billion by March 2008 and of that incremental \$13 billion growth that will happen, we have already raised about \$6 billion through combination of bonds and syndicated loans, that you mentioned. Again part of the growth will also come from the retail deposits in UK and Canada, which again on a run rate basis should contribute about \$2 to 3 billion towards the funding and the balance amount will be raised, through, trade finance sources like bankers acceptance, USCP syndicated loans in that capital markets and we have already diversified our funding from only (indiscernible) to 144A and Euro and Sterling markets and we are also looking actively at other markets to diversify our funding base. But as I said given that these are forward looking numbers, it will depend on the actual growth that we see in our balance sheet, the market, condition and the opportunity that we see in terms of raising these funds.

Mohit Aneja – Pipal Research - Delhi

So you mean to say that you will be approximately borrowing this year some \$4-\$5 billion more.

Rakesh Jha - ICICI Bank

Broadly, based on the current position and the current growth that we are seeing that would again come from, as I said from across the various sources that I mentioned not just the bond market.

Mohit Aneja – Pipal Research - Delhi

Rakesh, where do you see your NPL going forward, right now an NPL ratio is somewhere around 1.4%. Will you be provisioning more on the NPLs?

Rakesh Jha - ICICI Bank

On the NPLs, we are provisioning as per what our policy is and we know we would continue to do as per that policy because we believe that reflects the economic value of the NPLs. So if you look on the retail side, we fully provide for a loan over a one-year period other than mortgage loans, which we provide over a three-year period. So we are quite comfortable with that kind of a provisioning level and in addition to this specific provisioning, we also do general provisioning in line with the requirement of RBI, if you look at the current quarter, the total provisioning that we have done about Rs. 780 million is the general provisioning that we have done.

Mohit Aneja – Pipal Research - Delhi

How much that was?

Rakesh Jha - ICICI Bank

Rs. 0.78 billion. In terms of overall NPLs, if you look at the trend that we have seen in additions in the current quarter is what we would expect to see going forward as well and given the fact that the loan growth has slowed down on the retail segment, to that extent in terms of ratio, the number would increase going forward reflecting the lower growth as well as the change in the portfolio mix towards the unsecured loans.

Mohit Aneja – Pipal Research - Delhi

Going forward, you will lend more based on your uncollateralized loan portfolios because of the lower rate growth?

Rakesh Jha - ICICI Bank

Not really, we have been seeing the growth, what has happened is that on the non-collateral side, the growth was always at this kind of a pace but because there has been a slow down on the secured lending side, it appears that our proportion of unsecured lending is growing. It is not that because we are seeing a lower growth of the secured lending, we are trying to do more of unsecured lending. Unsecured lending was also always growing at 35% to 40% kind of a pace and because of change in interest rate home loan or a car loan had got impacted more. The unsecured loans where the rates are much higher on an average of about 20% plus has not got impacted as much, so that growth has continued at the earlier level. In terms of market share, I would say that we are still at whatever we were in terms of the unsecured lending.

Mohit Aneja – Pipal Research - Delhi

Now that when you reduced your loan rates on floating loan mortgages and other retail loans, do you see anymore reduction in the rates going forward lets say RBI reduces at October 31?

Rakesh Jha - ICICI Bank

If RBI reduces, then obviously I think I am sure all banks will look at reducing their deposit rates and the lending rates. Our own expectation is that RBI will not be reducing rates in the current policy but if RBI does that, we would obviously look at what they do in terms of rate reduction, but as of now our own expectation is that RBI would not be indicating a rate cut during this policy and we would continue with our current lending rates. We will see how the market pans out in terms of the deposit rates. We have reduced our incremental deposit rates, so we will see over the next six to eight weeks, what is the kind of money that are coming in at those rates and then decide going forward.

Mohit Aneja – Pipal Research - Delhi

All right. Thanks Rakesh.

Mukta - Moderator

Thank you sir. At this moment there are no further questions from participants. I now hand over the floor back to Mr. Rakesh Jha for final remarks.

Rakesh Jha - ICICI Bank

Thanks on my behalf and Rupesh and Pankaj. You could call up Rupesh or Pankaj or myself for any other investor queries.

Mukta - Moderator

Ladies and gentlemen, this concludes the conference call. You may now disconnect your lines. Thank you for connecting to audio conference service from Airtel and have a pleasant evening.