



October 24, 2025

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 the transcripts of the call with media and of earnings call with analysts and investors on the financial results for the quarter and six months ended September 30, 2025.

The same has also been uploaded on the website of the Bank and can be accessed at the below links:

| Sr. No | Particulars | Link |
|--------|---|---|
| 1. | Transcript of the Media Conference Call | https://www.icicibank.com/about-us/news-room/2025/interaction-with-media-on-icici-bank-financial-performance-in-the-quarter-ended-september-30-2025 |
| 2. | Transcript of the Earnings Call with Analysts and Investors | https://www.icicibank.com/about-us/qfr |

This is for your records and information.

Yours sincerely,

For ICICI Bank Limited

Vivek Ranjan

Associate Leadership Team

Encl.: as above

Copy to-

- (i) New York Stock Exchange (NYSE)
- (ii) Japan Securities Dealers Association
- (iii) Singapore Stock Exchange
- (iv) SIX Swiss Exchange Ltd.

ICICI Bank Limited

Media conference call for quarter ended September 30, 2025

On October 18, 2025

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, 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 release does not constitute an offer of securities.

Moderator:

We are going to start ICICI Bank's results conference call now with Mr. Sandeep Batra's opening remarks. You can ask questions at the end of his remarks. Should you need assistance during this conference call, you may signal the operator by pressing "*" then '0' on your phone.

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. Thank you all for joining us today.

The Indian economy continues to remain resilient as reflected by high frequency indicators showing positive momentum, supported by the consistent actions and initiatives of the policymakers to promote growth. Our strategy continues to align with India's growth trajectory, while continuously monitoring risks and global volatilities.

At ICICI Bank, our strategic focus continues to be on growing profit before tax excluding treasury through the 360-degree customer centric approach and by serving opportunities across ecosystems and micromarkets. We continue to operate within the framework of our values to strengthen our franchise. Maintaining high standards of governance, deepening coverage and enhancing delivery capabilities with a focus on simplicity and operational resilience, are key drivers for our risk calibrated profitable growth.

Our Board has today approved the financial results of ICICI Bank for the quarter ended September 30, 2025. I would like to highlight some key numbers:

First of all on profit and capital

A. Profit and capital

1. Net interest income increased by 7.4% year-on-year to ₹21,529 crore in Q2-2026
2. Net interest margin was 4.30% in Q2-2026 compared to 4.34% in Q1-2026
3. Fee income grew by 10.1% year-on-year to ₹6,491 crore in Q2-2026
4. Core operating profit grew by 6.5% year-on-year to ₹17,078 crore in Q2-2026
5. Provisions (excluding provision for tax) were ₹914 crore in Q2-2026
6. Profit before tax excluding treasury grew by 9.1% year-on-year to ₹16,164 crore in Q2-2026
7. Profit after tax grew by 5.2% year-on-year to ₹12,359 crore in Q2-2026
8. Standalone RoE was 16.0% in Q2-2026
9. At September 30, 2025, the Bank had a net worth over ₹3.1 lakh crore Including profits for H1-2026, CET-1 ratio was 16.35% and total capital adequacy ratio was 17.00%

Moving on to deposit growth

B. Deposit growth

1. Average deposits increased by 9.1% year-on-year to ₹15,57,449 crore during Q2-2026
2. Average current account deposits increased by 12.6% year-on-year
3. Average savings account deposits increased by 8.5% year-on-year
4. Total period-end deposits increased by 7.7% year-on-year to ₹16,12,825 crore at September 30, 2025
5. The Bank opened 263 branches during H1-2026 and had a network of 7,246 branches and 10,610 ATMs and cash recycling machines at September 30, 2025

Moving to loan growth

C. Loan growth

1. The domestic loan portfolio grew by 10.6% year-on-year at September 30, 2025
2. The retail loan portfolio grew by 6.6% year-on-year. Including non-fund outstanding, the retail loan portfolio was 42.9% of the total portfolio. The mortgage portfolio grew by 9.9% year-on-year. The credit card portfolio grew by 6.4% year-on-year. The business banking portfolio grew by 24.8% year-on-year.

Growth in the domestic corporate portfolio was 3.5% year-on-year at September 30, 2025

3. 73.2% of the corporate loan portfolio was rated 'A- and above' at September 30, 2025

Moving to asset quality

D. Asset Quality

1. Net NPA ratio was 0.39% at September 30, 2025 compared to 0.41% at June 30, 2025
2. During Q2-2026, there were net additions to gross NPAs of ₹1,386 crore
3. Gross NPA additions were ₹5,034 crore in Q2-2026. Recoveries and upgrades of NPAs, excluding write-offs and sale, were ₹3,648 crore in Q2-2026
4. Gross NPAs written off were ₹2,263 crore in Q2-2026
5. There was sale of NPAs of ₹6 crore mainly for cash in the current quarter
6. Provisioning coverage ratio on non-performing loans was 75.0% at September 30, 2025
7. Total fund based outstanding to all borrowers under resolution as per the various extant regulations declined to ₹1,624 crore or 0.1% of total advances at September 30, 2025 from ₹1,788 crore at June 30, 2025
8. Loans and non-fund based outstanding to performing corporate borrowers rated BB and below were ₹3,661 crore at September 30, 2025 compared to ₹2,995 crore at June 30, 2025. The increase during the quarter was due to upgrade of certain borrowers having non-fund outstanding from non-performing to performing status
9. The total provisions during Q2-2026 were ₹914 crore or about 5.4% of core operating profit and about 0.26% of average advances. The Bank continues to hold contingency provisions of ₹13,100 crore at June 30, 2025

Going forward, we will continue to operate within our strategic framework while focusing on micromarkets and ecosystems. The principles of "Fair to Customer, Fair to Bank", "One Bank, One Team" and "Return of Capital" 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. Anyone who wishes to ask a question may press '*' and '1' on the telephone. If you wish to remove yourself from the question queue, you may press '*' and '2'. Today's announcement is on the Bank's financial performance. Hence, we would like to request you to ask questions related to that. Please write to the corporate communications team separately for any other queries. Due to time constraints, I request all of you to ask two

questions at a time. If you have additional queries, you may join the queue again if time permits. Thank you.

We'll take our first question from Vishwanath Nair from NDTV Profit. Please go ahead.

Vishwanath Nair:

Hi, Mr. Batra. Just a quick question as to why the net interest margin number was not there in your press release because I was just wondering. It's 4.32%, right? If I'm not wrong, that's the number you disclosed.

Sandeep Batra:

4.3%, Vishwanath. I think we have disclosed that number.

Vishwanath Nair:

No, it's not in the press release. That is why.

Sandeep Batra:

It should be there, but anyway, I can point out to you separately. If you want to see, it's in the P&L - bullet number three.

Vishwanath Nair:

Okay, understood. I just wanted to get a sense from you about the 10.3% total advances growth that you're seeing. Firstly, is this slow compared to what you want? Is this something that you want to accelerate further? Because in general, there is this understanding that there is a massive rate cut that is flowing through the system right now. You should be able to grow faster on the advances side.

Sandeep Batra:

You are right. We have been very happy with the growth. Growth has to be seen in the context of an economic environment. And we focus on overall profitable growth. Our domestic growth has been about 3.3% sequentially and about 10.6% year-on-year. That's what you really talked about. It has picked up. And within that framework, if you see, the business banking continues to do well. It has grown 24% year-on-year. Our retail portfolio has grown by 6.6%. And it is the corporate portfolio, as I did mention, was growing at a slightly lower rate. As you rightly said, given all the policy measures, both from a fiscal and a monetary perspective, which have happened during the course here, we do expect the second half to be better. There has been a GST rate cut, which all of us are familiar with. And we do hope the second half during the course of the year should reflect a better loan growth. You will see that we have reported the loan growth numbers of other participants as well. And we really remain positive on the overall loan growth going forward.

Vishwanath Nair:

Okay. And one point about the announcement around increasing banks' exposure to large corporates. That's something that the RBI is easing up on as a system, not specific to individual entities, as well as acquisition finance. I wanted to get a sense, because you're the premier corporate project financial lender in the market. Would that be something of interest? Is that something that you're looking to grow into further?

Sandeep Batra:

No, these are important announcements. These are enablers, which the regulator has done, and they should be structurally positive. Of course, we wait the final guidelines to come out on this subject. And as with every credit, we assess the opportunities and the risks and return framework. And if they fall within that, we would be happy to increase our book with right counterparties.

Vishwanath Nair:

Thank you.

Moderator:

Thank you. Next question is from Ankur Mishra from ET Now Swadesh. Please go ahead.

Ankur Mishra:

Thank you so much for the opportunity. I want to understand from you regarding the next levers of the growth. You mentioned that retail is slow this quarter. So, will the mix change in the coming quarters? I want to know from you because right now your corporate is growing better, but retail is at least lesser than the aspiration. So, can we see that mix changing?

Sandeep Batra:

See, Ankur, for us, we really look at the cash flows, what's happening in the economy. And we are sort of a follower in that space and our loan growth has been largely in line with what the system has been growing. And if you see even the various components of it, if business banking is an area where the economic activity is more and it is bankable and falls within our thresholds, it continues to grow. The retail, there was a bit of a slowdown, as you had seen. And as I talked about, given all the policy measures, which both the government of India as well as the Reserve Bank of India has taken over the last couple of quarters, you are seeing some kind of a blip. In fact, the retail book has grown quarter-on-quarter, even during this quarter and a year-on-year growth is about 6.6%. As I did mention, we do expect that in the second half, retail growth should improve. The business banking growth continues to have a good momentum and I do expect that to grow. I think as you are aware, domestic corporates have got enough cash and have got many other venues to access credit. We will look at opportunities wherever we are, which falls within both the risk and the pricing framework. And wherever it makes economic sense, we do it. We follow a fairly disciplined approach in our credit and

look at the overall 360 degree relationships. That's a strategy that we have been pursuing for quite some time and we will continue to focus, remain focused on that.

Ankur Mishra:

Right. On the margins front, you have stood at 4.3%. Do you think this will be sustainable with a scenario where one more rate cut is widely expected?

Sandeep Batra:

We will see how it goes. I think NIM is likely to remain range bound with some benefits expected because of further CRR cuts and repricing of term deposits. And also, there are competitive pressures, there is monetary policy and lots of things do impact NIM trajectory. And so we will see how it goes. From our perspective, we look at the overall profits from a relationship. So, it's not only about the NIMs. We look at fees. We look at expenses and the probable credit cost in terms of a product structure. So, a short answer on NIM is we do expect it to be range bound. And of course, if there is a rate cut, there will be some nominal impact which will happen on the NIM as well.

Moderator:

Thank you. Next question is from Atmadip Ray from Economic Times. Please go ahead.

Atmadip Ray:

Hello. Thank you for this opportunity. I have two questions. So, one is related to the ECL framework. I would like to understand that what is the impact you envisage in terms of provisioning requirements going forward and impact on your capital? And whether you have set aside any provision during this quarter towards this contingency provision you already have? This is number one. Number two is, what is the size of your microfinance book? And whether you expect any improvement or have you seen any improvement in the asset quality in this microfinance sector? Thank you.

Sandeep Batra:

Okay. The second question is an easier one. I think our microfinance exposure is less than 0.5%. It is pretty small in the overall scheme of things. Coming to ECL, RBI has given its draft ECL directives. But with RBI, we have been working for quite some time in preparing our account based on ECL. While we will await for the final guidelines to come, we are quite prepared for this transition whenever it happens. Of course, the way accounting happens will change. I mean, there are various stages from stage one, stage two, stage three, as you are all familiar with, whether as opposed to NPAs being recognised on a DPD basis. We don't think these measures will materially impact our profit or capital at this point of time. So, of course, we will wait. This is all subject to the final guidelines coming from RBI.

Atmadip Ray:

Okay. Thank you. And in terms of your microfinance book, how do you see the asset quality moving?

Sandeep Batra:

So, this microfinance book for us was fairly decent. We never really had any material issue even earlier. We try to be pretty careful about the counterparties that we select. I do believe that the microfinance sector is improving in general, which should have a positive impact.

Atmadip Ray:

Okay. Thank you so much.

Moderator:

Thank you. Next question is from Priyasmita Dutta from The Informist. Please go ahead.

Priyasmita Dutta:

Hi, sir. So, since you mentioned that, you touched upon both the points about net interest margin compression from RBI rate cuts and the impact on ECL norms, I just wanted to quickly follow up that we've seen only four basis points of compression on the margin from the expected 50 bps transmission that was expected in the June-Sept quarter. So, I just wanted an estimate on further how do you see your net interest margin in the next quarter? And on the ECL norms, if you have any ballpark figure on what kind of impact it will have on your capital adequacy ratio and on your PCR, if you could just quantify both? Thank you.

Sandeep Batra:

Priya, on the NIM part of it, as I did mention, we do expect NIM to remain range bound with some benefit expected around the CRR and repricing of term deposits. Of course, it will also get impacted by competitive intensity, monetary policy, if there are further rate cuts that could impact it. But largely, we do expect in the near term to remain range bound. And on your second question around ECL, based on our current estimates, we do not see any material impact either on capital or on profitability. So, of course, as I said, we will wait for the final guidelines of RBI to come out and make a final assessment at that point in time.

Moderator:

Thank you. Next question is from Ashish Agashe from PTI. Please go ahead.

Ashish Agashe:

Sir, good evening. You spoke about the retail credit growth and how the second half promises to be better. But what really sort of restricted the loan growth in the first half

of, particularly in this quarter, sir? Was it sort of deferring of some decisions on, say, vehicle buys or something pending the GST cuts or how was it? And secondly sir, for the 9% mortgage growth, how much of it would be between LAP and housing loans the way we classically know it, sir?

Sandeep Batra:

Well, I think during the current quarter, our overall loan growth has been about 10.6%. And as I did explain to you, our retail book has grown by about 6.6% year-on-year and 2.6% sequentially for the current quarter. Within that, our year-on-year growth has been in mortgages. Vehicle loans grew by about 2% and credit cards grew by about 8.4% and personal loans by 1.4%. So, from our point of view, we look at the customer 360. It is not only about the loan portfolio and wherever we see appropriate risk and reward measures, we try to drive the overall 360 relationships. If you see, the system has been growing probably at a similar kind of a range. We do believe that we are growing slightly better than the system. Our approach has been try to not look at loan in isolation. We have to look at the NIMs, we have to look at the fees and the probable credit loss and try to make a 360 assessment so that we can serve the customer probably in a much better fashion. So, that continues to be our strategy and that is what we have been doing. The reason I talked about the loan growth, of course, there was a bit of a slowdown till the GST revised rate cut, which got implemented from 22nd of September. There has been a very strong momentum, which was probably just reflected in just about a week during the current quarter. We do expect this momentum to continue. And if the economic momentum continues, it will obviously show in our loan growth and overall quality of book that we built.

Ashish Agashe:

And a small question, sir. The business banking segment has grown handsomely at about 25%. For one, do you expect the same to continue going ahead as well? And there have been some sort of voices of concern on the small business exposures, especially in this sort of environment. You are saying that for you, as of now, it is holding up. But what sort of outlook do you have from that perspective as well, specific to small business exposure?

Sandeep Batra:

Small business exposure has been doing well. I think there has been a lot of formalisation, which is happening in the sector, especially with the introduction of GST and bureaus looking at this. That has enabled us to capture that market. So, there has been a lot of movement from an informal sector to a formal sector here. And this sector is increasingly becoming bankable. So, there is a structural shift which has happened in the sector. We expect the momentum to continue. From our perspective, we look at Return of Capital principle and wherever we are able to see that - that is an area we focus on. For us, it is about providing 360 degrees coverage to the sector. Tech enabled, as you are aware, we have an industry leading app called InstaBIZ. We use a lot of data analytics, including the use of GSTs and bureaus, and whatever data that gives us comfort. And if you see in

that sense, in a way it gets reflected in the overall NPA. The numbers in this sector, too, are holding up pretty well. So, as long as we are happy with the quality of the credit that we build, we will continue to grow.

Ashish Agashe:

Thank you so much.

Moderator:

Thank you. Next question is from Hamsini Karthik from Moneycontrol. Please go ahead.

Hamsini Karthik:

Hi. A couple of questions. I would like to understand a couple of things that the Bank has taken as measures on the employee front. There were reports and updates on LinkedIn, etc., where we were made to understand that the Bank has done away with the bell curve manner of sort of appraising employees. And simultaneously, there is quite a lot of stuff we are picking up on unlawful retrenchment of employees at branch levels and at regional levels, etc. We would like to understand what exactly are the measures being taken by the Bank on the employee front and why is this becoming such a noisy thing for us?

Sandeep Batra:

Two separate things. I think the bell curve change has happened more than about almost four or five years back, actually more than six years. So, there is nothing new that is there. Secondly, we never take off anybody unlawfully. In case we are terminating anyone, it will be on the grounds of impropriety and unlawful activity. So, other than that, we do not even terminate employees. And there are the instances that you have talked about, we can talk about it separately. But from our side, we do believe that we have done the right thing. And if you see from an employee perspective, we are probably one of the few organisations which will have the lower attrition amongst the banking system. And few surveys have told us that we are amongst the best employer as well. So, I am not sure where you are getting this piece of information from.

Hamsini Karthik:

Perfect. And now that I-Sec is a part of the Bank itself, it is 100% subsidiary of the Bank, how would the Bank now look at exploiting this particular business unit, considering that RBI is also taking a slightly benign view on allowing banks to participate in acquisition finance and things like that? How material is I-Sec going to add up or complementary is I-Sec going to add up to the Bank going forward?

Sandeep Batra:

Sorry, I didn't get the second part of your question. RBI allowing what?

Hamsini Karthik:

Permitting acquisition finance or the guidelines are still expected?

Sandeep Batra:

No, there are two separate questions. I think the reason why we delisted I-Sec was to increase synergies. I think three-in-one accounts are an integral part of banking. And the reason why it (I-Sec) is kept in a separate entity is because the regulations require that brokerage should be in a separate entity. So, it continues to legally remain a separate entity. But from a synergy angle, you look at the construct of a three-in-one account, the brokerage account is with I-Sec, the Bank account is with the Bank and so is the Demat. So, if you see the overall focus, three-in-one strategy across the group is an important part of banking propositions. And in fact, the way we see it, a good number of customers who open account with us do have a three-in-one account. It ties in within our 360 degrees approach to all our customers. The customer only doesn't come for one product. The customers come for multiple products. We are working on decongesting processes, making the onboarding journeys across... And you can see a fair bit of improvement in the customer journeys which have happened over a period of time. I-Sec is an important part of our overall banking proposition, if I may say so. And we will continue to remain focused on it. M&A is a slightly different thing. Of course, we will wait for the final guidelines to come on the subject. And for us, if there are opportunities with good counterparties, we will look at it. Primarily, irrespective of what it is, we have a principle of Return of Capital and working with good counterparties. If opportunities come within that segment, we will certainly pursue it.

Hamsini Karthik:

Thank you.

Moderator:

Thank you. Next question is from Ira Dugal from Reuters. Please go ahead.

Ira Dugal:

Good afternoon, sir. I joined a little late. Sorry if this question was already answered. But can you tell me why the provisions are down? And also our treasury, it was a tough quarter just because of the way the market moved in?

Sandeep Batra:

Well, you are right. Treasury was a tough quarter, which had a consequential impact on the lower treasury gains that we talked about. On the credit cost that you mentioned, the total provisions in Q2 were about ₹914 crore compared to provision of about ₹1,800 crore in the previous quarter. As you are aware, KCC provisions happens on a 6-monthly basis. And that happened in the first quarter and there is no corresponding provision in the current quarter, which has been probably the primary driver of a much lower

provision during the quarter. So, that is primarily what it is. And over the medium term, we do expect the credit cost to move up, to normalise upwards.

Ira Dugal:

Normalise upwards?

Sandeep Batra:

Yes. This quarter has been an exceptional quarter. If you look at it, we have had got a provision to core operating profit of just about 5.4% or look at it from an advanced percent, it is just 0.26%. Previous quarter, it was 0.53%. So, it probably would normalise upwards.

Ira Dugal:

So, this was an outlier for mostly KCC reason. Other reasons as well?

Sandeep Batra:

Well, I think the credit quality has been holding up, if you see, per se. We have to per se, the credit quality, even at 0.53% (Provisions/average advances in Q1- 2026) was good. If I look at on an H1 basis, which is about 0.4%, it is a pretty decent number. All that we are saying is, this 0.26% is largely because there was no KCC cases here. It will move up marginally.

Ira Dugal:

A quick one on the, I know you said that the medium sized businesses are holding up nicely for you. More specifically to exporters, what are you hearing from your export focused clients given everything that is going on?

Sandeep Batra:

There is nothing specific to call out. While exporters are having their own strategy of looking at other markets or selling domestically, from the book that we have written, we are quite happy with the quality of the book that we have written.

Ira, I just wanted to clarify, KCC provisions get added in Q1 and Q3 that is what I was really meaning. So, then we go back up. Not in general.

Ira Dugal:

But even here, the provision numbers are much lower. So, even if you exclude the KCC seasonality, even year-on-year provisions are lower. So, I was just wondering if something had materially changed.

Sandeep Batra:

So, I think that you are seeing in general, I think the discipline across the Indian banking systems seems to have improved substantially and there is economic growth. And we

also remain focused on a return of capital principle. It is a combination of all of these. And from our point of view, we look at credit cost, fairly minute, fairly in detail to ensure that we are dealing with good counterparties. Overall trajectory depends on the economic momentum and the overall economic environment. So, at this point of time, we seem to be pretty comfortable with the quality of the book that we have built.

Ira Dugal:

Thank you.

Moderator:

Thank you. Next question is from Ramkumar from Hindu Business Line. Please go ahead.

Ramkumar:

Yes. So, given that there has been a steep fall in the treasury income, so just as one thing, is the Bank doing something to offset this kind of fall in treasury income by unlocking some other revenue streams, actually?

Sandeep Batra:

No, Ram, internally we are focused on PBT excluding treasury. Treasury is cyclical and it is a function of interest rate movements which are not necessarily within the control of the Bank. We look at overall economic growth and try to maximise opportunities which come from there. This has been sort of an exceptional quarter given the rate movement. The rest of it will depend on the rate movement, our assessment thereof.

Ramkumar:

And what is your outlook for deposit and credit growth for the second quarter, actually? How do you see the second quarter? Second half of the Financial Year?

Sandeep Batra:

As I did mention, as the economic momentum picks up, we do expect the second half to be slightly better than the first half. As you are aware, both the Government of India and Reserve Bank of India have taken significant measures to grow the economy. I think given all the positive steps that have been taken, we do expect the second half to be better than the first.

Ram Kumar:

Thank you.

Moderator:

Thank you. Next question is from Anshika Kayastha from Mint. Please go ahead.

Anshika Kayastha:

Hi, good evening. Sir, two questions. First, you touched upon the lower corporate growth. Is that still largely being led by weak demand from corporates for credit or are you also seeing some amount of impact due to the tariff measures being taken? Any fact of that that is playing out? And the second question is that you mentioned margins would be range bound. Other banks have been saying margins are expected to bottom out in Q3. Do you believe that given the expected pickup in credit in the second half and we are also seeing liquidity tighten a little more again, that you have limited room for transmission on the liability side and deposit rates could be very minimal, if any?

Sandeep Batra:

Corporate, as I did mention, I don't think so it is about the corporates not doing well. I had mentioned that the corporates have got...

Anshika Kayastha:

Weak demand for credit, are they not doing well?

Sandeep Batra:

No, coming from a corporate per se, they are cash rich. They have got high internal accruals. They have access to equity markets, which are buoyant and you can see a lot of corporates having the ability to raise markets from the markets. There is also a pretty healthy bond market domestically and they have access to ECBs. So, corporates have multiple sources of funding. Of course, the banks play an important role in providing working capital loans as well as term loans. So, I think you have to dissociate corporate growth and don't look at corporate credit as the sole marker of corporate growth. That is the limited point that I am trying to make. Indian corporates are healthy, and they will continue to grow. Sorry, your second question was on?

Anshika Kayastha:

Margin.

Sandeep Batra:

I think I will just reiterate what I said. We do expect NIMs to range bound. There are multiple levers there. Of course, there is some amount of CRR benefit which will happen in this quarter. And on the other side, there could be a rate cut. If there is a rate cut, it has consequential impact and then there is competitive intensity. Of course, RBI at this point of time, there is ample liquidity. If the circumstances were to change, there could be an impact. But given our current assessment, we do expect NIMs to remain range bound.

Anshika Kayastha:

And on the tariff impact, if any, that you are seeing on the corporate side or the small business side as well?

Sandeep Batra:

I think we are seeing a good set of numbers. Our business banking book continues to grow in a pretty healthy fashion. The credit cost is in control. And that is true for corporates as well. I think the Indian corporate seems to be pretty resilient and they are looking at alternative ways to cushion the impact that can come from tariffs.

Anshika Kayastha:

Sure. Thank you.

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. Thank you, again.

Sandeep Batra:

Thank you. I just want to say, I wish you all a very Happy Diwali and thank you for being with us today afternoon. Happy Diwali once again.

Moderator:

Thank you, sir. You may now disconnect the lines. Thank you.

ICICI Bank Limited
Earnings conference call - Quarter ended September 30, 2025 (Q2-2026)
October 18, 2025

Certain definitions 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 or which affect global or Indian economic conditions, increase in nonperforming 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, 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 release does not constitute an offer of securities.

Moderator:

Ladies and gentlemen, good day and welcome to ICICI Bank Limited Q2-FY2026 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sandeep Bakhshi – Managing Director and Chief Executive Officer of ICICI Bank. Thank you, and over to you, sir.

Mr. Bakhshi's opening remarks

Thank you. Good evening to all of you and welcome to the ICICI Bank Earnings Call to discuss the results for Q2 of FY2026. Joining us today on this call are Sandeep Batra, Rakesh, Ajay, Anindya and Abhinek.

At ICICI Bank, our strategic focus continues to be on growing profit before tax excluding treasury through the 360-degree customer centric approach and by serving opportunities across ecosystems and micromarkets. We continue to operate within the framework of our values to strengthen our franchise. Maintaining high standards of governance, deepening coverage and enhancing delivery capabilities with a focus on simplicity and operational resilience, are key drivers for our risk calibrated profitable growth.

The profit before tax excluding treasury grew by 9.1% year-on-year to 161.64 billion Rupees in this quarter. The core operating profit increased by 6.5% year-on-year to 170.78 billion Rupees in this quarter. The profit after tax grew by 5.2% year-on-year to 123.59 billion Rupees in this quarter.

Average deposits grew by 9.1% year-on-year and 1.6% sequentially and average current and savings account deposits grew by 9.7% year-on-year and 2.7% sequentially in this quarter. Total deposits grew by 7.7% year-on-year and 0.3% sequentially at September 30, 2025. The Bank's average liquidity coverage ratio for the quarter was about 127%.

The domestic loan portfolio grew by 10.6% year-on-year. The quarter-on-quarter growth in domestic loan portfolio was 3.3% at September 30, 2025 compared to 1.5% at June 30, 2025. The retail loan portfolio grew by 6.6% year-on-year and 2.6% sequentially. Including non-fund based outstanding, the retail portfolio was 42.9% of the total portfolio. The rural portfolio declined by 1.3% year-on-year and grew by 0.8% sequentially. The business banking portfolio grew by 24.8% year-on-year and 6.5% sequentially. The domestic corporate portfolio grew by 3.5% year-on-year and 1.0% sequentially. The overall loan portfolio including the international branches portfolio grew by 10.3% year-on-year and 3.2% sequentially at September 30, 2025. The overseas loan portfolio was 2.3% of the overall loan book at September 30, 2025.

The net NPA ratio was 0.39% at September 30, 2025 compared to 0.41% at June 30, 2025 and 0.42% at September 30, 2024. During the quarter, there were net additions of 13.86 billion Rupees to gross NPAs, excluding write-offs and sale. The total provisions during the quarter were 9.14 billion Rupees or 5.4% of core operating profit and 0.26% of average advances. The provisioning coverage ratio on non-performing loans was 75.0% at September 30, 2025. In addition, the Bank continues to hold contingency provisions of 131.00 billion Rupees or about 0.9% of total advances at September 30, 2025.

The capital position of the Bank continued to be strong with a CET-1 ratio of 16.35% and total capital adequacy ratio of 17.00% at September 30, 2025, including profits for H1-2026.

Looking ahead, we see many opportunities to drive risk calibrated profitable growth and grow market share across key segments. We remain focused on maintaining a strong balance sheet, prudent provisioning and healthy levels of capital while delivering sustainable and predictable returns to our shareholders.

I now hand the call over to Anindya.

Anindya's opening remarks

Thank you, Sandeep. I will talk about loan growth, credit quality, P&L details and the performance of subsidiaries.

A. Loan growth

Sandeep covered the loan growth across various segments. Coming to the growth across retail products, the mortgage portfolio grew by 9.9% year-on-year and 2.8% sequentially. Auto loans grew by 1.4% year-on-year and remained flat sequentially. The commercial vehicles and equipment portfolio grew by 6.4% year-on-year and 0.5% sequentially. Personal loans declined by 0.7% year-on-year and grew by 1.4% sequentially. The credit card portfolio grew by 6.4% year-on-year and 8.4% sequentially.

Within the corporate portfolio:

- The total outstanding to NBFCs and HFCs was 794.33 billion Rupees at September 30, 2025 compared to 874.17 billion Rupees at June 30, 2025. The total outstanding loans to NBFCs and HFCs were about 4.4% of our advances at September 30, 2025.

- The builder portfolio including construction finance, lease rental discounting, term loans and working capital was 635.83 billion Rupees at September 30, 2025 compared to 628.33 billion Rupees at June 30, 2025. The builder loan portfolio was 4.1% of our total loan portfolio. Our portfolio largely comprises well-established builders and this is also reflected in the sequential increase in the portfolio. About 1.3% of the builder portfolio at September 30, 2025 was either rated BB and below internally or was classified as non-performing.

B. Credit quality

The gross NPA additions were 50.34 billion Rupees in the current quarter compared to 62.45 billion Rupees in the previous quarter and 50.73 billion Rupees in Q2 of last year. Recoveries and upgrades from gross NPAs, excluding write-offs and sale, were 36.48 billion Rupees in the current quarter compared to 32.11 billion Rupees in the previous quarter and 33.19 billion Rupees in Q2 of last year. The net additions to gross NPAs were 13.86 billion Rupees in the current quarter compared to 30.34 billion Rupees in the previous quarter and 17.54 billion Rupees in Q2 of last year.

The gross NPA additions from the retail and rural portfolios were 40.49 billion Rupees in the current quarter compared to 51.93 billion Rupees in the previous quarter and 43.41 billion Rupees in Q2 of last year. We typically see higher NPA additions from the kisan credit card portfolio in the first and third quarter of a fiscal year. Recoveries and upgrades from the retail and rural portfolios were 26.10 billion Rupees in the current quarter compared to 25.25 billion Rupees in the previous quarter and 25.92 billion Rupees in Q2 of last year. The net additions to gross NPAs in the retail and rural portfolios were 14.39 billion Rupees in the current quarter compared to 26.68 billion Rupees in the previous quarter and 17.49 billion Rupees in Q2 of last year.

The gross NPA additions from the corporate and business banking portfolios were 9.85 billion Rupees in the current quarter compared to 10.52 billion Rupees in the previous quarter and 7.32 billion Rupees in Q2 of last year. Recoveries and upgrades from the corporate and business banking portfolios were 10.38 billion Rupees in the current quarter compared to 6.86 Rupees in the previous quarter and 7.27 billion Rupees in Q2 of last year. There were net deletions of gross NPAs of 0.53 billion Rupees in the current quarter in the corporate and business banking portfolios compared to net additions of 3.66 billion Rupees in the previous quarter and 0.05 billion Rupees in Q2 of last year.

The gross NPAs written-off during the quarter were 22.63 billion Rupees. Further, there was sale of NPAs of 0.06 billion Rupees mainly for cash in the current quarter.

The non-fund based outstanding to borrowers classified as non-performing declined to 23.22 billion Rupees as of September 30, 2025 from 32.98 billion Rupees as of June 30, 2025 and 33.82 billion Rupees as of September 30, 2024.

The loans and non-fund based outstanding to performing corporate borrowers rated BB and below increased to 36.61 billion Rupees at September 30, 2025 from 29.95 billion Rupees at June 30, 2025 and 33.86 billion Rupees at September 30, 2024. This portfolio was about 0.3% of our advances at September 30, 2025. The increase during the quarter was due to upgrade of certain borrowers having non-fund outstanding from non-performing to performing status.

The total fund based outstanding to all standard borrowers under resolution as per various guidelines declined to 16.24 billion Rupees or about 0.1% of the total loan portfolio at September 30, 2025 from 17.88 billion Rupees at June 30, 2025 and 25.46 billion Rupees at September 30, 2024. Of the total fund based

outstanding under resolution at September 30, 2025, 14.84 billion Rupees was from the retail and rural portfolios and 1.40 billion Rupees was from the corporate and business banking portfolios.

At the end of September, the total provisions, other than specific provisions on fund-based outstanding to borrowers classified as non-performing, were 226.20 billion Rupees or 1.6% of loans. This includes the contingency provisions of 131.00 billion Rupees as well as general provision on standard assets, provisions held for non fund based outstanding to borrowers classified as non performing, fund and non-fund based outstanding to standard borrowers under resolution and the BB and below portfolio.

Moving on to the P&L details:

C. P&L details

Net interest income increased by 7.4% year-on-year to 215.29 billion Rupees in this quarter. The net interest income was 216.35 billion Rupees in the previous quarter which included interest on tax refund of 3.61 billion Rupees. The net interest margin was 4.30% in this quarter compared to 4.34% in the previous quarter and 4.27% in Q2 of last year. The benefit of interest on tax refund was nil in the current quarter compared to 7 basis points in the previous quarter and nil in Q2 of last year. The margins for the quarter reflect the benefit from the reduction in deposit rates and cost of borrowings as well as the impact of repricing of external benchmark linked loans and investments.

Of the total domestic loans, interest rates on about 55% of the loans are linked to the repo rate and other external benchmarks, 14% to MCLR and other older benchmarks and the remaining 31% of loans have fixed interest rates.

The domestic NIM was 4.37% in this quarter compared to 4.40% in the previous quarter and 4.34% in Q2 of last year. The cost of deposits was 4.64% in this quarter compared to 4.85% in the previous quarter and 4.88% in Q2 of last year.

Non-interest income, excluding treasury, grew by 13.2% year-on-year and 1.3% sequentially to 73.56 billion Rupees in Q2 of FY2026.

- Fee income increased by 10.1% year-on-year and 10.0% sequentially to 64.91 billion Rupees in this quarter. Fees from retail, rural and business banking customers constituted about 78% of the total fees in this quarter.
- Dividend income from subsidiaries was 8.10 billion Rupees in this quarter compared to 13.36 billion Rupees in the previous quarter and 5.41 billion Rupees in Q2 of last year. The timing of receipt of final dividend depends on Annual General Meeting of the respective subsidiaries which are generally held in first quarter of a fiscal year. The year-on-year increase in dividend income was primarily due to receipt of interim dividend from ICICI Securities and ICICI Venture.

On Costs: The Bank's operating expenses increased by 12.4% year-on-year and 3.6% sequentially in this quarter. Employee expenses increased by 5.0% year-on-year and declined by 8.5% sequentially in this quarter mainly due to lower provisioning requirements for retiral benefits. Non-employee expenses increased by 17.3% year-on-year and 12.2% sequentially in this quarter. The year-on-year and sequential increase in non-employee expenses reflects retail business-related expenses and festive season related marketing spends. Our branch count has increased by 263 in H1 of the current year. We had 7,246 branches as of September 30, 2025. The technology expenses were about 11% of our operating expenses in H1 of the current year.

The total provisions during the quarter were 9.14 billion Rupees or 5.4% of core operating profit and 0.26% of average advances compared to the provisions of 18.15 billion Rupees in Q1 of 2026 and 12.33 billion Rupees in Q2 of last year. The sequential decline in provisions reflects the impact of KCC seasonality and healthy asset quality across segments. The annualised credit cost was about 40 basis points in H1 of the current year similar to that in H1 of last year.

The profit before tax excluding treasury grew by 9.1% year-on-year and 3.0% sequentially to 161.64 billion Rupees in this quarter.

Treasury income were 2.20 billion Rupees in Q2 of current year as compared to 12.41 billion Rupees in Q1 of current year and 6.80 billion Rupees in Q2 of the previous year. The lower treasury income during this quarter primarily reflects the increase in yields on fixed income securities.

The tax expense was 40.25 billion Rupees in this quarter compared to 37.44 billion Rupees in the corresponding quarter last year. The profit after tax grew by 5.2% year-on-year to 123.59 billion Rupees in this quarter.

D. Consolidated results

The consolidated profit after tax grew by 3.2% year-on-year to 133.57 billion Rupees in this quarter.

The details of the financial performance of key subsidiaries are covered in slides 33 to 34 and 53 to 58 in the investor presentation.

The annualised premium equivalent of ICICI Life was 42.86 billion Rupees in H1 of this year compared to 44.67 billion Rupees in H1 of last year. The value of new

business was 10.49 billion Rupees in H1 of this year compared to 10.58 billion Rupees in H1 of last year. The value of new business margin was 24.5% in H1 of this year compared to 22.8% in FY2025 and 23.7% in H1 of last year. The profit after tax of ICICI Life was 6.01 billion Rupees in H1 of this year compared to 4.77 billion Rupees in H1 of last year and 2.99 billion Rupees in this quarter compared to 2.52 billion Rupees in Q2 of last year.

Gross Direct Premium Income of ICICI General was 65.96 billion Rupees in this quarter compared to 67.21 billion Rupees in Q2 of last year. The combined ratio stood at 105.1% in this quarter compared to 104.5% in Q2 of last year. Excluding the impact of CAT losses of 0.73 billion Rupees in this quarter and 0.94 billion Rupees in Q2 of last year, the Combined ratio was 103.8% and 102.6% respectively. The profit after tax increased to 8.20 billion Rupees in this quarter compared to 6.94 billion Rupees in Q2 of last year. With effect from October 1, 2024, long-term products are accounted on 1/n basis, as mandated by IRDAI, hence Q2 numbers are not fully comparable with prior periods.

The profit after tax of ICICI AMC, as per Ind AS, was 8.35 billion Rupees in this quarter.

The profit after tax of ICICI Securities, as per Ind AS on a consolidated basis, was 4.25 billion Rupees in this quarter compared to 5.29 billion Rupees in Q2 of last year.

ICICI Bank Canada had a profit after tax of 6.3 million Canadian dollars in this quarter compared to 19.1 million Canadian dollars in Q2 of last year.

ICICI Bank UK had a profit after tax of 6.4 million US dollars in this quarter compared to 8.0 million US dollars in Q2 of last year.

As per Ind AS, ICICI Home Finance had a profit after tax of 2.03 billion Rupees in the current quarter compared to 1.83 billion Rupees in Q2 of last year.

With this, we conclude our opening remarks and we will now be happy to take your questions.

Moderator:

Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Mahrukh Adajania from Nuvama. Please go ahead.

Mahrukh Adajania:

Hi, congratulations. My first question was on growth. Do you already see green shoots on growth? Do you see growth accelerating after so many measures taken by the government? And, will we reach like close to mid-teens by the end of the year? Is that an assessment we can make right now? That's my first question.

Anindya Banerjee:

So, I think whatever we have seen in the quarter, certainly, growth has picked up. So, if you see the sequential growth in Q2 across all the retail portfolios certainly has picked up, business banking growth continues to be strong, and we hope that these trends will sustain.

We are positive on the growth outlook. We would not really be giving a specific year-end loan growth number. But certainly, both in terms of what is happening in the market and our own continuing investment in distribution and allocating capacity to the higher growth opportunities, that continues, and we continue to focus on that.

Mahrukh Adajania:

And would you see corporate picking up? Any comments on the corporate loan growth environment?

Anindya Banerjee:

I think corporate India is well funded. They have strong balance sheets, and have access to many forms of funding. So, banks are just one of the areas that they look at. And we will take it as it comes. We are focused on the overall risk-calibrated PPOP journey, and that is how we will look at it.

We are very active in the corporate space, but that may reflect more in our transaction banking income or the flows through current accounts, etc., and not necessarily in terms of loan growth per se.

Mahrukh Adajania:

Got it. And my next question is on margins that they have held up pretty well compared to expectations. So, this is the bottom, right? And from here on, do they stay stable without rate cuts or they can actually improve?

Anindya Banerjee:

So, I would say that you are right. Margins have done better than expectations, of course, quarter-on-quarter. But I think broadly through the cycle where we are now after the large part of the rate cuts have played out, they have done well, which has been aided by the systemic liquidity and the continued healthy funding profile as well as, I would say, the discipline on pricing that we have had consistently over several years.

From here on, our expectation is that margins should be more or less range-bound. We don't expect any major movements either way.

Mahrukh Adajania:

Got it. But there would still be deposit repricing left, right?

Anindya Banerjee:

It will move from quarter to quarter. So, if we look at Q3, there will be some deposit repricing. There will also be the full CRR reduction, which will take effect. At the same time, it will be a KCC quarter, as we call it. So, the level of non-accruals will also go up. And of course, there are continuing competitive dynamics in the market. So, all taken together, I would say that over the next couple of quarters, we see it being range-bound.

Mahrukh Adajania:

Thanks a lot. Thank you.

Moderator:

Thank you. Next question is from the line of Harsh Modi from JPMorgan. Please go ahead.

Harsh Modi:

Hi. Thanks for this and fantastic set of numbers, congratulations. The question is on CASA. Your CASA market share has been improving, if I look at on the average balance basis. Could you talk a bit about how much of visibility do you have in this continued market share gains on CASA? And what are the 2 or 3 areas where you expect relative advantage to sustain over, let's say, next 12, 18 months?

Anindya Banerjee:

I think where the CASA growth has improved from over the last few years because these things really take root over a period of time, I would say 3 things: One is the steady expansion in distribution over a period of time. Second, I think our digital platforms do help. Certainly, they are something that attracts

customers to the bank and offers convenience to the customers and encourages flows through the bank. And third, there are specific segments that we have been focusing on over a period of time. I think business banking is a great example, where while the loan growth is visible, the CASA growth also in business banking has been a contributor.

Going forward, I think we certainly see the whole transaction banking space as something where we can do more given our distribution and our platforms. In the corporate space, where we have corporate relationships, we can further deepen the synergy of what we are doing on the retail side across both the deposit side and the loan side in the corporate ecosystem.

And the synergy with the ICICI Direct through the 3-in-1 platform is another area where we could do a lot more. So, these are some of the levers that we have, which we believe will sustain the CASA growth going forward, which would be our objective.

Harsh Modi:

Yes, makes sense, especially for SME liability. The second bit is on your capital adequacy, 16.1%, CET1 where if you include the profits. How do we think about the payout ratios with such a solid stock and flow of CET1? Thank you.

Anindya Banerjee:

So, including profits at September, it was 16.35%. I think this is kind of currently the level at which most of the large private sector banks, some of them are there, some may be a little higher. So, no specific plan on payouts. Our view would be to maintain a strong balance sheet at all times and to leverage the capital for growth. That is what we will try to do.

Harsh Modi:

Thank you.

Moderator:

Thank you. Next question is from the line of Anand Swaminathan from Bank of America. Please go ahead.

Anand Swaminathan:

Hello, thank you. Sir, a couple of questions. Sandeep, first question to you, are you in a position to kind of give us any colour on your intention to continue for another term? I think investors kind of have been looking for some clarity around that. Any colour on that would be great.

Number two, in terms of the trade-off between growth and profitability, we have now kind of sustainably developed the 30-40 bps ROA difference versus even the next best peer. Are we kind of giving up some growth as part of it? Is there a scenario where we could accept a 10-20 bps lower ROAs and go for higher growth? And where are we in that thought process now? Any colour would be great.

Anindya Banerjee:

So, I will take both the questions, Anand. As far as the position of CEO is concerned, you are aware that there is still a year to go and the Board will take a view and decide and disclosure will be made at the appropriate time.

On the growth trade-off point, we don't really look at it as a trade-off between growth and profitability. Our aim is and what we operate to is the risk-adjusted PPOP and that has to be done in a framework which is sustainable, and we have to have an appropriate framework for pricing and then we can always tactically do trade-offs, keeping the overall opportunity in mind.

But by and large, we don't think about it in terms of a trade-off between growth and profitability. We think about it in terms of a sustainable sort of accretion to the PPOP over a period of time. And the ROA is more of an outcome. We have never targeted that we will have a 2.3% ROA or something like that. It's basically been an outcome of the way the business has evolved.

Anand Swaminathan:

Sure. It makes sense. So, in your kind of mind, you are not leaving any growth on the table to achieve these ROAs. That's the point you are making.

Anindya Banerjee:

I am saying I don't think we are leaving any long-term PPOP growth on the table. We could always do a little bit more. Obviously, we certainly believe that we are not doing that as much as the franchise can deliver and it should deliver more over a period of time. But we would rather think of it in terms of the risk-adjusted PPOP opportunity, rather than loan growth per se.

Anand Swaminathan:

Sure. Makes sense. Thanks, sir. Thanks a lot.

Moderator:

Thank you. We will take our next question from the line of Kunal Shah from Citigroup. Please go ahead.

Kunal Shah:

Hi. again say, on the growth side, but particularly looking at the various segments of retail like, say, vehicle, obviously, the industry-wide volumes were down, but with the GST cuts, we have seen the momentum. So, should we expect any uptick out there on the vehicle loans, how has been the initial maybe 15, 20 days of feedback?

Plus personal loans, are we comfortable on the overall credit cost? When should we start to see the growth out there? It's been just flat on both year-on-year and a quarter-on-quarter basis. And even on the mortgages, obviously, it's competitive and not PPOP-accretive to an extent, but how should we look at the overall mortgage growth going forward?

Anindya Banerjee:

So, as I said, overall, if you see the loan growth has picked up from 1% sequentially in the previous quarter to 3% in this quarter. And we are positive on growth, both in terms of the market opportunity and the way we are continuing to gear up our distribution and allocate resources to growth segments and growth markets. So, we would hope to see a growth in these segments.

As far as the question on personal loans is concerned, if you look at the overall retail NPL, the additions have declined, both year-on-year and sequentially despite the growth in the balance sheet. And we do see, I think, healthy asset quality across all the segments. As we have said in the past, we had taken a number of corrective actions on personal loans in 2022-2023 and the cohorts of origination post that, we are quite happy with the performance.

So, we are increasing our disbursements there. It may take a little while to show up in book growth because obviously, there's a runoff as well. But in terms of doing more, we are quite happy to do, and we are moving on that front.

Kunal Shah:

And then on the deposit side, so like LDRs have been expanding past couple of quarters, almost like 400-odd basis points kind of an expansion in the LDR. The pace on loan growth still seems to be higher than the deposit growth. It has helped to manage margins as well.

How would we look at it from here on, maybe the pressure on the repricing on the margins would be relatively low now at almost 87-plus LDR. How should we see this ratio settling? So, maybe on the term deposit side, would we garner more of the term deposits, just to make sure that it is in line with the loan growth from here on?

Anindya Banerjee:

So, I don't think that it's really right to compare the September LDR with the June LDR. First of all, LDR is just a quarter-end measure, whereas what happens on the balance sheet depends on what happens on an average basis.

I think for most of the large banks, to the extent I have seen, LDRs would have gone up in Q2 because most of the large banks would have seen relatively lower growth and good deposit inflows and been carrying higher liquidity at the end of Q1. So, I think LDRs have expanded across the system and at overall system level as well. In fact, I would think that as the CRR cuts take effect in Q3, LDRs, the natural corollary would be that LDRs will go up further, because that is what would happen when liquidity gets released.

From our perspective, we are quite comfortable where we are. I think our retail deposit growth in term of CASA is pretty good. We are quite comfortable with the current levels, and we have ability to grow further.

On the wholesale side, we do optimize between various types of funding and that's the way we look at it. I think the current levels of LDR, may be even slightly higher with a lower CRR requirement, are quite sustainable.

Kunal Shah:

And lastly, in terms of the RBI directions, any initial commentary in terms of the impact which we could see on account of ECL or maybe the risk weight benefit

which would come in, say, in the various rating of the corporates plus the home loans and the MSME?

Anindya Banerjee:

On the capital side these segments will give a benefit. There are other segments where risk weights are being proposed to be increased where that would take away some of that benefit. But net-net, I guess, for most banks, it would be a positive.

The guideline is still open for comments. So, we will have to wait to see what is the final guideline that RBI issues after whatever submissions they receive. Similar is the case with ECL. It's again open for comment, and we will have to see what final guidelines come out.

On ECL as far as the transition point is concerned, I think given the level of provisioning that we hold on the balance sheet, we should be okay. On what credit costs will look like under an ECL regime on an ongoing basis is something we have to still work out and assess.

Kunal Shah:

Got it. So, contingency would be utilized at that point in time?

Anindya Banerjee:

I think we have to just say that given the overall, because we also provide, for example, on a pretty accelerated basis against NPLs. We have other provisions as well, and there is the contingency provisions. So, all of it we will have to reassess at that point in time, given the totality of the provisioning on the balance sheet, and what the base ECL plus prudential floor suggest under the draft guidelines, we don't expect any impact as such.

Kunal Shah:

Sure. Got it. Got it. Thanks and all the best.

Moderator:

Next question is from the line of Rikin Shah from IIFL Capital. Please go ahead.

Rikin Shah:

Thanks for the opportunity. Few ones. First on opex, with festival-related non-salary expenses coming in 2Q this year, should one expect a sequential decline in opex in the 3rd Quarter given that these expenses could have been front-ended?

Anindya Banerjee:

So, I guess in that line item, you see a decline. I am not sure I want to say that there will be a decline in overall opex, because we continue to invest, and we are quite focused on the growth of the business. I don't expect sequential increases of the kind that we have seen in this quarter.

Rikin Shah:

Got it. Second is on retail asset quality. Until now, you have been saying that it has been stable for us. But if we look at the slippages, in absolute terms, they are down almost 7% Y-o-Y when your rural plus retail book has grown 6%. So, clearly, a huge delta. So, are we in a position to now say that the retail slippage or the slippages or the overall asset quality environment has started to improve and not only just stabilize?

Anindya Banerjee:

So, I guess, as a starting point is that we don't think it was particularly bad at any point of time. I mean, for the last several years, banks have been reporting pretty

good asset quality. If I look at the secured retail, I think it has been pretty stable, maybe getting marginally better for the last, I would say, 8 or 9 quarters.

We did have some spike in the unsecured in the personal loans and cards. And there the regulator took several actions, and I think individual banks like us would also have taken action, where I think that the benefit of those actions is starting to show up, which is why we are now growing those portfolios again.

Rikin Shah:

Got it. And lastly, for one of the peer banks, we saw some PSL classification problem on the crop loans. Just wanted to understand how do you track the end use of the crop loans that you give out? And has there been any discussion around this on your portfolio as well with the regulator?

Anindya Banerjee:

We have our processes for the PSL classification and those get reviewed, regulator can always examine and have a view, but nothing specific to call out at this point in time.

Rikin Shah:

All right. Perfect. Thanks. And again, wishing you and the broader team, Happy Diwali.

Anindya Banerjee:

Thank you so much.

Moderator:

Next question is from the line of Piran Engineer from CLSA. Please go ahead.

Piran Engineer:

Congrats on a good set of numbers. And Happy Diwali. So, firstly, just on NIM. Anindya, why do you say they will be largely range-bound for the next 2 quarters? I understand next quarter, you are talking about the interest reversals in kisan credit card, but why shouldn't the NIMs improve consistently for the next 4 to 6 quarters?

Anindya Banerjee:

I think I would say, we have navigated the cycle reasonably well and the NIMs have come in at this level. Over the next few quarters, we will see, there are too many moving parts in terms of monetary policy, the competitive dynamic, loan mix and so on. So, we will see it as it comes. We have not really taken a view on next year. For the next couple of quarters, it should be range-bound.

Piran Engineer:

Let me harp on this in another way. Out of your INR 9.5 lakh crore term deposit book, how much was acquired in the last 6 months?

Anindya Banerjee:

We don't really give data of that kind. On the NIM question, we have given our perspective.

Piran Engineer:

Fair enough. Secondly, just moving on to this provision for retiral benefits. This was because of higher G-Sec yields or what caused this sudden drop?

Anindya Banerjee:

So, if you look at it every year, there is some decline from Q1 to Q2 because in Q1, when the increments etc. are given, the gratuity-related provisions and so on, we true them up. And we also have certain employees who are on pensions, mainly

retired colleagues who were earlier working with some of the acquired entities. And there, they are entitled to dearness allowance. And this year, there has been no increase in the dearness allowance. So, those would be the 2 main factors.

Piran Engineer:

So, then if I have to think of modeling this going forward, clearly, 2Q should not be the current base to model growth.

Moderator:

Piran, I am sorry, your voice was breaking.

Anindya Banerjee:

But we don't have a sense of what kind of increments etc. will happen. We can't really model it for you. But as I said, over the next couple of quarters, I don't expect overall opex to increase at the pace at which it has in the current quarter.

Piran Engineer:

Got it. Fair enough. And just lastly, getting back to Rikin's question on slippages. Now slippages are down meaningfully even if you adjust for the KCC portfolio, is all of that improvement attributable to PLCC or are we seeing improvement in other retail segments also?

Anindya Banerjee:

So, we have given, first of all, the breakup between retail and rural and corporate and business banking. So, there is a small net dilution in corporate and business banking. But I would say you are right across most of the other retail segments.

Piran Engineer:

No, I am referring only to retail and rural, Anindya. So, it's about INR 1,200 crore improvement...

Anindya Banerjee:

In most of the other retail portfolios also there has been some improvement sequentially.

Piran Engineer:

Got it. that answers all my questions. Thank you. Wish you Happy Diwali. And also, just one request and I have made this in the past, if you could please do something about the Saturday results. It just gets too much for all of us. And I understand you all want to keep your data secret and no leakage and all of that. Maybe if you could release results on Friday night and then 9 a.m. on Saturday keep a con-call, that just helps us a lot. But please, just try to look into it.

Moderator:

Thank you. Next question is from the line of Chintan Joshi in Autonomous. Please go ahead.

Chintan Joshi:

Can I come back on the capital points? Just the credit risk reduction seems substantial, you highlighted it's a net positive. Your CET1 ratios are also very high. I understand that's where the larger banks operate. But isn't there an opportunity here to grow at the pace you want to grow or take the opportunity that is on the table and yet improve payouts?

Because from our vantage point, the top 3 banks in the system are swimming in capital. Just want to get some thoughts on how this might play out as these guidances and the draft reports become more concrete?

Anindya Banerjee:

So, we will take a view at that point in time. This is any way going to kick in 1.5 years from now. And really a lot of it depends on what is the position of the balance sheet at that point in time, and which are the segments where we have

seen growth. So, overall, capital is not constraining us from growing. We are continuing to focus on the kind of growth that we want.

Chintan Joshi:

Yes. In fact, your retained earnings is enough to grow already. On ECL, could you give us some colour? From your last submission, you said there is no impact for you. So, I am assuming there's no impact, including the other provisions you have on the balance sheet. So, you would assume that they will be utilized when you see no impact?

Anindya Banerjee:

I guess, it depends on what form the final guidelines take, but we have to look at the total provisions on the balance sheet in totality, including NPL and other provisions and we don't expect that there should be any impact.

Chintan Joshi:

So, it could even be positive because from what I can see, you have more than enough provisions on your balance sheet and they will come back into your CET1 if they are excessive. So, shouldn't this become almost CET1-accretive at some point?

Anindya Banerjee:

Yes. we will have to see. It's very difficult to say it now. In any case, this is something, again, which will really depend upon the balance sheet at the point of transition.

Chintan Joshi:

And then final point, you are 1 of the 2 large players in salaried accounts. How much of your salaried accounts come from the IT services area? There's so much

hype around AI. Just wondering if there are kind of unemployment in that section, how much would it impact you? How do you think about that?

Anindya Banerjee:

Not just for us for any bank with salaried accounts, the IT services sector and similar sectors would account for a good share of the salary accounts, because they are a good share of employment in the country, salaried employment in the country. So, far, we have not seen any impact.

Chintan Joshi:

Thank you.

Moderator:

Ladies and gentlemen, we will take that as a last question for today. I now hand the conference over to Management for closing comments. Over to you, sir.

Anindya Banerjee:

Thank you very much, and wish you all a very, very Happy Diwali. Thank you.

Moderator:

Thank you. On behalf of ICICI Bank, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.