July 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 ended June 30, 2025.

The same have 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/article/interaction-with-media-on-icici-bank-financial-performance-in-the-quarter-ended-june-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

Digitally signed by VIVEK RANJAN
Date: 2025.07.24 18:41:42 +05'30'

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 June 30, 2025

on July 19, 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:

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:

Thank you all for joining us today. Good evening everyone

The Indian economy continues to be resilient and remains supported from various initiatives taken by the government and regulators. The policy makers are taking proactive steps to maintain macroeconomic stability and promote growth. Our long-term strategy remains aligned with India's growth trajectory, while continuing to monitor the risks amidst 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 June 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 10.6% year-on-year to ₹21,635 crore in Q1-2026
2. Net interest margin was 4.34% in Q1-2026 compared to 4.41% in Q4-2025 and 4.36% in Q1-2025
3. Fee income grew by 7.5% year-on-year to ₹5,900 crore in Q1-2026
4. Core operating profit grew by 13.6% year-on-year to ₹17,505 crore in Q1-2026
5. Provisions (excluding provision for tax) were ₹1,815 crore in Q1-2026.
6. Profit before tax excluding treasury grew by 11.4% year-on-year to ₹15,690 crore in Q1-2026
7. Profit after tax grew by 15.5% year-on-year to ₹12,768 crore in Q1-2026
8. Standalone RoE was 17.1% in Q1-2026
9. At June 30, 2025, the Bank had a net worth over ₹3.06 lakh crore. Including profits for Q1-2026, CET-1 ratio was 16.31% and total capital adequacy ratio was 16.97%

Moving on to deposit growth

B. Deposit growth

1. Total period-end deposits increased by 12.8% year-on-year to ₹16,08,517 crore at June 30, 2025
2. Average deposits increased by 11.2% year-on-year to ₹15,33,241 crore during Q1-2026
3. Average current account deposits increased by 11.2% year-on-year

4. Average savings account deposits increased by 7.6% year-on-year
5. The Bank opened 83 branches during Q1-2026, 479 branches in the last 12 months and had a network of 7,066 branches and 13,376 ATMs and cash recycling machines at June 30, 2025

Moving to loan growth

C. Loan growth

1. The domestic loan portfolio grew by 12.0% year-on-year at June 30, 2025
2. The retail loan portfolio grew by 6.9% year-on-year. Including non-fund outstanding, the retail loan portfolio was 43.2% of the total portfolio. The personal loan portfolio grew by 1.4% year-on-year. The credit card portfolio grew by 1.5% year-on-year. The business banking portfolio grew by 29.7% year-on-year. The rural portfolio declined by 0.4% year-on-year. Growth in the domestic corporate portfolio was 7.5% year-on-year at June 30, 2025
3. 73.2% of the corporate loan portfolio was rated A- and above at June 30, 2025

On technology initiatives

D. Technology initiatives

We continue to enhance the use of technology in our operations to provide simplified solutions to customers and making investments in our digital channels. We expect to further strengthen system resilience and simplify processes.

Moving on to asset quality

E. Asset Quality

1. Net NPA ratio was 0.41% at June 30, 2025 compared to 0.43% at June 30, 2024
2. During Q1-2026, there were net additions to gross NPAs of ₹3,034 crore
3. Gross NPA additions were ₹6,245 crore in Q1-2026. Recoveries and upgrades of NPAs, excluding write-offs and sale, were ₹3,211 crore in Q1-2026
4. Gross NPAs written off were ₹2,359 crore in Q1-2026
5. There was sale of NPAs of ₹108 crore in the current quarter.
6. Provisioning coverage ratio on non-performing loans was 75.3% at June 30, 2025

7. Total fund based outstanding to all borrowers under resolution as per the various extant regulations declined to ₹1,788 crore or 0.1% of total advances at June 30, 2025 from ₹1,956 crore at March 31, 2025 and ₹2,735 crore at June 30, 2024
8. Loans and non-fund based outstanding to performing corporate borrowers rated BB and below were ₹2,995 crore at June 30, 2025 compared to ₹2,854 crore at March 31, 2025 and ₹4,164 crore at June 30, 2024
9. The total provisions during Q1-2026 were ₹1,815 crore or about 10.4% of core operating profit and about 0.53% 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 of 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 questions from you.

Moderator:

Thank you very much, sir. We will now begin the Q&A session with Mr. Batra and Mr. Banerjee. 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 their 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 will take our first question from the line of Alekh Angre from Economic Times. Please go ahead.

Alekh Angre:

Sir, you mentioned the credit card and personal loans the growth is below 2%. Just wanted to get a sense what the strategy is on these two portfolios? What are the industry trends suggesting, given there has been asset quality challenges? And additionally, on the fresh slippages, there has been about 5% increase Y-o-Y. Could you just give more details on the same? Which segment is it contributing? And is there any larger trend that's playing out at the time?

Sandeep Batra:

No, nothing specific to call out here. I think we have been focusing on overall growth and overall 360 degree relationship with the customer. And clearly, from a customer point of view, we have multiple relationships, specifically on the NPA numbers on the unsecured portfolio side. As we have mentioned, there have been a marginal increase in the last 12 to 15 months over a very small base.

The personal loan growth has moderated from about 25% in Q1 2025 to about 1.4% year-on-year during the current quarter, and has also declined sequentially. Hence, the asset quality trends in unsecured portfolio have stabilised over the quarter. And we do hope that portfolio will sort of start increasing from henceforward.

We keep monitoring our portfolio continuously and necessary policy interventions are done as and when required. So based on the current overdue trends and delinquencies, we are quite comfortable with the overall quality of the portfolio. And we keep monitoring any of these build up. As I said in the beginning, we look at the overall relationship at a customer level rather than at a product level.

Anindya Banerjee:

In the normal course, as the loan book grows, absolute NPA additions will increase. So, nothing to worry.

Sandeep Batra:

Nothing specific to call out here.

Alekh Angre:

And on the fresh slippages?

Sandeep Batra:

I thought the fresh slippages have been covered. There has been a bit of a marginal increase, which is there, which is in line with what we are expecting. So we are quite comfortable with the overall quality of the portfolio.

And secondly, as we have mentioned, we have to see it from the fact that it is on a very low base. So as long as that is there, our overall, if you see our provisions to core operating profit is just about 10%. Our provisions to average advances is about 0.53%. So in the overall scheme of things, it is fine. We had a very low base and it is moderating to some sort of little normal over here. So that's about it.

Alekh Angre:

The personal loan and credit card growth, while it's come down the current growth, do you think it's led by the existing customers of the Bank?

Sandeep Batra:

I am sorry, I did not quite get the question.

Anindya Banerjee:

So I think it's a mix of customers. We are quite open to onboard new customers, what we call the known and accessible profiles. And I think there are quality customers already with the Bank. There are quality customers who are not with the Bank. And we have to focus on the quality rather than whether there is an existing relationship or not.

Alekh Angre:

Sure. Thank you.

Moderator:

We will take our next question from the line of Ira Dugal from Reuters. Please go ahead.

Ira Dugal:

Hi, good afternoon. Actually just want to understand the broader loan growth picture, because industry-led loan growth quite significantly into single digits now, even if you have maintained your trajectory, there must be a shift in the market that you are perceiving. And I am curious to know where it's coming from, which are the segments where you are seeing either people hold off, maybe because of the sort of uncertainty in the economic environment or banks not willing to lend, because there is some nervousness on quality?

Sandeep Batra:

I think we are quite comfortable in lending to profile that we are comfortable with. Yes, overall, the system loan growth, there's been a bit of a slowdown. So the domestic loan portfolio grew by 12% year-on-year while the banking system has grown by about 9.5% as of June 27, which was the last number which came out.

Now within this, our retail portfolio has grown by about 7% and banking portfolio has grown by about 30%, while the corporate portfolio has grown by about 7.5%. And within that, of course, there are varying, the retail home loan has grown by 10% and PL and credit cards have been growing by just by a little over 1%. So essentially what we continue to see healthy loan growth in the business banking portfolio. And from our perspective, we have adopted an integrated approach, trying to do coverage, credit delivery and try to make the onboarding as easy as possible. Frankly, now business banking now is about 20% of our portfolio. And as we speak, we are very comfortable with the asset quality and see good growth prospects given the 360 degree focus.

And of course, when we are lending, we are looking at the overall credit and profitability piece, and not just lending as one part of the transactions. We have to look at the whole 360 degrees banking and liability piece as well. So that is broadly it. And some of the slowdown is because of competitive pricing, there has been a bit of a repayment, which has happened in the large corporate book.

Ira Dugal:

Is it also that sort of the way rates have moved in the bond market, some of that, the corporate funding there and putting pressure on the overall loan growth numbers may not be for you, but broadly for the system?

Sandeep Batra:

For corporates, they have got multiple areas of funding themselves. They have got, of course, equity market, and they have got large internal accruals has happened, and that becomes the first priority of funding. Then there is bond market and there are banks. So all corporates will take a judicious view of where they want to do funding. And from our perspective, it has to meet both the credit and profitability filters. So as long as that is a meeting, we are happy to lend.

Ira Dugal:

Okay. Thank you.

Moderator:

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

Ankur Mishra:

Hi, sir. Just wanted to get a sense regarding your margins as well. You have posted around 4.34% this quarter with the Reserve Bank of India clearly taking the front loading last time. How are you placed in terms of margin in this fiscal later on in coming quarters?

Sandeep Batra:

It's difficult to call out what happens during the rest of the year. But broadly, our NII grew by about 10% during the quarter. And the NII margin, as you said, was about 4.34% in the current quarter compared to 4.41% in the previous quarter, and about 4.36% in Q1 of the previous year.

Of course, the movement in the net interest income from Q4 to Q1 was primarily due to repricing of loans linked to external benchmarks, which was according to actions which RBI has taken. Some interest reversals on account of NPS seasonal additions in Kisan Credit Cards, which normally happens in the first and third quarter, and offset by reduction in deposit rates, both on the savings and term deposits.

We do expect the NIMs to sort of compress a little more in the next quarter. After that, we will see how it goes. It depends on RBI's actions, overall liquidity.

And if you know from a long term perspective, NIM was around at 4% before the commencement of the rate hike cycle, which happened in FY '22. And then they moved all the way up to 4.5%, and before they are declining to the current levels of 4.3%. So from our perspective, NIM is one of the levers that we have, and we will continue to focus on maximising risk calibrated profit by using various levers. And of course, NIM is one of the levers that we talk about.

Ankur Mishra:

All right. Also, I just wanted to understand regarding your home loan growth, particularly, do you think this is more scalable in the coming quarter? So you think this kind of momentum will continue?

Sandeep Batra:

No, it's difficult to talk about momentum in the future. Our focus is, wherever the cash flow is happening within the larger economy, we would like to maximise our opportunities by giving seamless delivery to our customers. We will try to look at all cash flows. And in mortgages, we have grown by about 10%. I think this is the place I think we called out that we would like to specifically focus on. And it's a secure book. It's a long-term book. And from delivering a 360 relationships to our customer, it is an important part of our portfolio. And we will remain focused on this.

Ankur Mishra:

Thank you so much.

Moderator:

Thank you. Next question is from Shayan Ghosh from Mint. Please go ahead.

Shayan Ghosh:

Hi. So, two questions. Your retail loan growth at 6.9% is slower than what you reported the previous quarter and in Q1 last year. I want to understand, is there a lack of demand that you are seeing or you are deliberately going slow? That's the first question.

The second is, you referred to some payouts by certain corporates. Are you seeing sort of a rate war among lenders for the corporate loan accounts? Thank you.

Sandeep Batra:

Shayan, I think as a banker, what you look at is overall cash or need and our job is to look at cash flow mismatches of our customer, and try to bridge that gap. From our point of view, yes, 6.9% growth on retail has been slower than what it has been in the past. We look at thresholds of both pricing and credit. And as long as the thresholds are met, we are happy to grow.

Secondly, there is a lot of transaction banking also, which takes place. So, during the payment space, there is also something that we have to look out for. Yes, on the corporate side, there is a bit of a competitive pressure. As I pointed out, corporate portfolio is about 20% of our portfolio and the portfolio continues to do well.

During the quarter, we saw a decline in the short-term book, primarily driven by competitive pricing and some seasonal requirements of corporate. So, from our point of view, we look at the overall franchise and look at corporate clients from an overall spectrum point of view. And as long as we are able to deliver 360 for our customers, we are okay to serve them. Of course, needless to mention, they need to pass our credit thresholds, and we are happy to work with our customers in whatever way we can help them.

Shayan Ghosh:

Sir, on retail, are there fewer customers who are passing those credit thresholds and therefore your growth is slower?

Sandeep Batra:

We keep recalibrating our credit norms. As we talked about, there has been a general slowdown in the overall system as well. So, to that extent, I think within the market share that we have, we have about 7%-8% market share. So, there is an overall slowdown. Within that framework, we are happy to grow our book.

If you see, there are other parts of the Bank which are doing well and I specifically want to call out the business banking book which is grown by about 30% during the quarter, because that's a segment which is doing well. And it is growing across the length and breadth of the country. So, wherever growth is happening and there is a credit cash flow mismatch and we are happy to support customers wherever, which meet our credit and price thresholds. So, that is how we look at our overall business and that has been the strategy for quite some time now and we will stick to that.

Shayan Ghosh:

All right. Thank you, sir.

Moderator:

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

Ashish Agashe:

Thank you so much. On the peer and the credit card front, we have seen how when repeated flags were being raised on it. The Bank’s moderated the growth to about 20% odd figures basically. But right now, just weeks after RBI saying at least one of those two segments are displaying better asset quality, you have actually moderated it much sharply to about 1% each. Why so, sir? Basically, is it again like sort of slower demand from clients or is it just your sort of quality calls which you are taking there, sir?

Sandeep Batra:

We would certainly like to do better. So to whatever extent, RBI took those actions around moderating was almost about close to two years back. We have taken whatever actions on trying to look at the segments, which one was tightened by RBI, and even internally when we were looking at segments; we continuously look at segments, whether it is in the form of income or bureau scores and keep modifying it as we deem appropriate.

As we have talked about, we really do not look at the product. We look at 360 degrees relationship with the customer and product is just one of the means to serve the customer's cash flow. But we do believe that this portfolio has largely stabilised over the last few quarters and we can expect to improve gradually from where we are at this point of time.

We keep monitoring our portfolio as we have mentioned. We believe that the quality of the book that we have built is quite stable and we will continue to monitor this, and in case there are early signs of stress, we take proactive actions. But within that framework, we do expect growth to happen in this segment.

Ashish Agashe:

So, no specific reasons why you have slowed down so sharply, sir?

Sandeep Batra:

So, as I said, it is a customer need and we are here to fulfil a customer need, and as long as people are meeting our credit filters, we are happy to lend. So, we are not so particular about secured and unsecured. As long as, for a good quality customer, even an unsecured loan, we are happy to lend to that segment.

Ashish Agashe:

Okay. And a small question, sir. On the rural side, what are the reasons for the regroup there, sir?

Sandeep Batra:

No, nothing specific to call out. The rural growth is just flat during the current quarter. So really nothing specific to call out in this.

Ashish Agashe:

But usually the asset recognition cycle is Q1, Q3, so asset booking cycle would also be similar quarters or like how does it, usually Q1 is higher growth or how is it?

Sandeep Batra:

No, that happens all throughout the year. I think that is slightly a different norm. Other places it happens on a quarterly basis. Rural as you are aware happens on a six monthly basis. Frankly, there is nothing specific to call out over here.

Ashish Agashe:

Okay, sir. Thank you so much.

Moderator:

We'll move on to the next question from Varun Dubey from ET Now. Please go ahead.

Varun Dubey:

Okay, sir. You just explained about the pressure in the rural side, which was slightly marginal. But there were some shortfalls in some small and marginal farmers and weaker section PSLs, which the company was planning to address. Have they been addressed? And is that one of the reasons because of the rural overall portfolio is down by around 0.4%?

Sandeep Batra:

No, when we look at customers, that's a separate thing. Because we have got various segments, where you have to meet the PSL requirement and one of them is the small and marginal farmers. And whoever, meets our credit thresholds, we are happy to lend. So that is essentially what we look at.

I think it's the first and most important thing is to ensure that the credit thresholds are supportive, irrespective of segment. So I would like to just make a distinction between that approach. And rural, there has been a bit of a slowdown, which includes tightening of norms on the jewel loans also.

Varun Dubey:

Okay, sir. So just wanted to understand your views on the overall deposit growth, because there was a time when your bank used to grow the deposit by around more than 15%. It was in the higher double digit level growth that the company was delivering. But we understand that it's a sector specific issue, but that growth has come down to now around 12%, 13%. Given that we are in a rate cut cycle, how do you see the deposit rate going ahead?

And also just wanted to add one more thing, what will be the strategy to grow the overall deposit growth? Will it be branch expansion or will it be some other strategy which ICICI Bank will look at?

Sandeep Batra:

No, I think you have to see our deposit and loan growth in tandem, and in line with what is happening across the banking system. So as you are aware, both the credit growth and the deposit growth have slowed down. So within that framework, you have to see our results in that context. And I think we have been happy to grow slightly better than the system.

And our focus is on both ensuring that we have good quality customers, and we are able to serve them on a 360 degree basis, which also brings me to the point that you talked about, how do we look at deposit growth. I think you cannot look at deposit growth in isolation. You have to look at it from a 360 degree angle. You have to serve the customer across his business needs, whether it is a home loan, whether it is a credit card, PL, look at the payment transactions, and of course, meet his business banking needs as well.

So as long as we are doing the entire 360, the deposit growth will happen. And within that, I do not think we focus specifically on CASA or deposit, we really want to focus on the customer. And as part of that, I think the liability growth does happen and that has been a consistent strategy that we have been doing. I think we have been doing a decent job over here. And can we do a little better on those sides? The answer is yes.

Varun Dubey:

Okay, great, sir. Sir, one last question just wanted to understand, because you said that going ahead, the net interest margin would decline further a little. So, just wanted to understand out of the 100 basis point rates that has been done, how much has been passed on till now? How much more will be passed on in the second quarter of FY26? And how has been the movement of overall cost of funds for the Bank?

Sandeep Batra:

No, when the rate cut happens, whatever is linked to repo happens immediately. There has been a 100 basis rate point cut, immediately, means over a beginning of a quarter. And over about a quarter time, the deposit repricing happens over a little longer period of time.

In terms of the cost of deposits, our average cost of deposits in the Q4 2025 was about 5%, and which has come down to about 4.85% in the current quarter.

Similarly, on the yield side, our yield on advances was about 9.86% in the previous quarter, which came down to 9.53% in the current quarter.

Yes, in comparison to the current quarter, the impact of transmission of repo rate cuts on external benchmarks linked to loans is expected to be higher in the next quarter. And I think that is just a function of the cycle. Of course, it will be partially set off by savings rate reduction and gradual re-pricing of term deposits.

Moderator:

Next question is from Subrata Panda from Business Standard. Please go ahead.

Subrata Panda:

Hi, sir. Just wanted to get a sense on this corporate book. It has de-grown by 1.4% quarter-on-quarter. So, what has been the reason for this de-growth? And do you think overall the banking system rates are too high still and that is why corporates are probably tapping the bond market and not using the loan facility? And I know you don't give guidance, but where do you see your loan growth in this financial year? I mean, would you say mid-teens or high-teens?

Sandeep Batra:

All right, corporate, as I did mention, have got multiple sources of funding. And the primary source of funding is first their internal accruals, and secondly is the equity market. So, they have real access to lots of funds. And then, of course, there is a bond market. And then there are banks. So, I think the corporates, especially the better-rated one, have got multiple choices and they will always optimise their sources of funding.

From our point of view, we like to do overall 360 degree. So yes, as you are aware that our corporate portfolio is about 20% of our total portfolio. It is doing well. We saw a decline which was primarily driven by competitive pricing. And of course, some of it is the seasonal requirements of our customers.

From our perspective, we will continue to look at these customers on a 360 degree basis and assess the total relationship value with these customers and the ecosystem, including the payments solutions that we are able to offer and accordingly take decisions on overall loan pricing.

So, we will be guided by what happens in the overall economy and as far as and within that frame, whatever meets our risk calibrated thresholds, we are happy to lend.

Subrata Panda:

Understood, can give any guidance on the loan growth part?

Sandeep Batra:

No, it is very difficult to give any specific guidance. We would love to grow, but it has to be meeting our credit thresholds and profitability thresholds and overall relationship with the customer. So, as long as things happen, we will see how the economy does well. And of course, the current expectation is the economy, given all the measures which the government and RBI have taken in the second half of this fiscal year should be better than the first.

Subrata Panda:

Do you expect some pick-up in credit demand during the festive season in the next quarter onwards?

Sandeep Batra:

It is very difficult to do it and we will see how it goes. But, as I did mention, I think there has been fair bit of policy measures which we have taken, which included the fact from a government point of view, reducing of tax rates and RBI has also reduced interest rates, which should put more money in the hands of the consumer.

So, based on that, the general expectation is the overall economy should do well in the second half of the fiscal year as opposed to what is happening in the current year. All the policy measures just take a little more time to reach the last mile. So, as long as that happens, we will be happy to support those initiatives.

Moderator:

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

Mayur Shetty:

On provisions, like you said, the absolute amount is quite low. And it is on a low base. But could you explain the reason for the increase? Also, you mentioned that this includes the release of that AIF amount. So, I am guessing that had it not been for that, the provisions would have been even more.

Sandeep Batra:

I think no. Let me just explain. The AIF release of about ₹389 crore or ₹3.89 billion happened last year. So, when you are talking of, I mean, so that is why when you compare it with this, that's why the reason is the total provision of this quarter was about ₹18 billion as compared to ₹13 billion in Q1 of last year. And Q1 of last year had this one-off impact of release of AIF of about ₹3.89 billion.

So, that sort of explains the difference. But even with this, the provisions during the quarter are just about 10.4% of the core operating profit and about 0.53% of average advances. And during the current quarter, as we mentioned earlier in the call, the seasonality of KCC provisioning which happens in Q1 and Q3, also takes place.

Mayur Shetty:

Has there been any clarification or new guidelines from RBI in terms of recognition of standard assets during the quarter?

Sandeep Batra:

No, there has been no change during the current quarter. We make our provisions on a conservative basis and we have been following this consistently. In fact, our norms are slightly tighter than what RBI prescribes.

Mayur Shetty:

And one last question. The shifting of the pension subsidiary to the Bank, what prompted this? Because one would have thought that it is complementary to the insurance business selling annuities to pension plan holders.

Sandeep Batra:

That's of course continues. I don't think anything changes on that count. You know, if you see, I think we felt that the 100% subsidiary will be able to better synergise in line with what we are trying to do in the Bank, which we are talking about is customer 360 degrees. And with specific focus on senior citizen and wealth segments, I think it will complement what is happening within the Bank and also the subsidiary itself would receive an impetus.

The annuity portions will continue to work with the life company. So, that synergies continue to maintain. But from a group angle, we felt that this will result in a better outcome and will be a win-win, for the Bank, the insurance company, and the PFM itself.

Moderator:

Next question is from Hersh Sayta from NDTV Profit. Please go ahead.

Hersh Sayta:

Sir, I wanted to get a better grip of what exactly has led to the spike in provisions. One is, of course, the very, very low base, and I fully appreciate that. But is there, just give us some colour on that, what's happened there?

Sandeep Batra:

No, as I mentioned to the previous thing, the provision in the current quarter is about ₹18 billion. When you are comparing it with Q1 of last year, which was about ₹13.3 billion last year, there was a one-off impact of release of AIF because RBI has changed its guidelines or gave a clarification on AIF provisioning. So, we felt there was no need.

Okay, let me just step a little back. In March of 2024, we had made a provisions on AIF based on our understanding of the guidelines at that point of time. When RBI gave a clarification about that provisions, we released about ₹3.89 billion? If it wasn't for that release, the provisions in Q1 of last year would have been closer to about ₹17 billion, which would have been comparable with the number of about ₹18 billion that we are talking about in the current quarter.

So, that is essentially what has happened. And as I did mention, the provisions during the current quarter is about 10% of our core operating profit and about 0.53% of our average advances.

Hersh Sayta:

Point taken. Sir, with regard to your margins, directionally, of course, they are headed lower. Just trying to understand how low you will go, likely. And sir, most of the RBI action is likely behind us. So, sir, just give us some colour on that as well, please.

Sandeep Batra:

No, it is very difficult to make a forecast and as we rightly pointed out, as the re-pricing of deposits happened with the lag, there could be some more pressures on the margin, which is a fact.

Of course. RBI has also announced a CRR cut, which starts to take place from September onward. So, we will get some benefit of it. And as you are aware, there has been a much lower inflation than what RBI expected. And RBI has been on record. They will keep looking at the overall growth and inflation numbers.

So, I think of how margins shape up will be a function of the liquidity, the policy actions which RBI takes and the overall competitive environment. From our perspective, we will be looking at maximising the 360 degree approach with customers. And of course, within that framework, NIM is just one of the frameworks. There is also transaction banking fees and everything else that we can do for the customer.

Hersh Sayta:

And sir, this other income spike up, is it sustainable, that number?

Sandeep Batra:

Sir, if you see the belt is largely on account of dividend from our subsidiaries. Our subsidiaries have been doing well and they have paid a higher dividend during the current quarter and that is the primary reason why this has gone up.

Moderator:

Next question is from Kabir Sharma from The Informist. Please go ahead.

Kabir Sharma:

Thanks, both my questions have just been answered actually. So, I was also going to ask about the other income. I think one thing I will make a point about is that bond yields have fallen very sharply in the last two quarters, which has also, I imagine, sir, added to the other incomes. So, do you expect at least that component to continue in the next few quarters?

Sandeep Batra:

No, I think that has largely got reflected in the treasury income. And if you see our treasury income during the current quarter is about ₹12.41 billion, which was just about ₹2.3 billion in the last quarter and about ₹6 billion in Q1 of 2025. So, I think that has got largely baked in. The rest will depend on how the market moves and our ability to read that.

Moderator:

We will take our next question from Ram Kumar from Hindu Business Line. Please go ahead.

Ram Kumar:

So, would you need to raise capital to support loan growth or internal accruals are enough to support the loan growth that you have targeted?

Sandeep Batra:

We are very well capitalised. I don't think so we need to raise any equity capital at all at this point of time. So, when you have lower loan growth, then obviously you need lesser capital. So, to that extent, at this point of time, we really don't see the need for raising any equity capital.

Ram Kumar:

At this point of time when you said, you qualified that, but when do you see you actually going to the market and raising capital? When is the time opportune actually?

Sandeep Batra:

We have got a Tier 1 capital adequacy of about 15.65%, sorry, if I just adjust it for profit etc. is about Tier 1 about 15.31%. The capital adequacy ratio is very comfortable. We are making a decent ROE. So, that will also keep on adding to the capital adequacy ratio. So, at this point of time, in the near future, we do believe that our internal accruals are good enough to support our growth.

Ram Kumar:

And sir, the next question is about you buying loans actually. I see that you have bought almost like ₹1,800 crore worth of loans actually and tenure is pretty long. What are these loans that you have bought actually? And why do you need to buy loans actually? You can originate the loans as well, right?

Sandeep Batra:

No, these are complementary things. Wherever we see a business opportunity, we do buy loans from NBFC. So, there is nothing out of the ordinary. We have been doing it over a longer period of time. So, as long as it makes commercial sense, we do buy out loans.

They are largely in the retail segment. And these are opportunities which do keep coming, both from doing it ourselves and trying to do buyout from an NBFC. This is in the normal course of business.

Moderator:

Next question is from Falaknaaz Syed from Deccan Chronicle. Please go ahead.

Falaknaaz Syed:

Sir, I wanted to understand how big is your international loan book? And is it showing any sign of stress?

Sandeep Batra:

No, there is no sign of stress. It is a pretty small book. The overall size of the book in our branches is about ₹32,900 crore and it represents about 2.4% of our overall advances. As you are aware, our international loan book is not really an important metric of what is happening in our international operations. We look at it from a survey.

We look at our international business more from an NRI perspective and look at trade transactions happening between India and those countries, as well as meeting demands of Indian corporates over there. So, from an overall angle, we really do not look at the advances per se in isolation in the international book. But frankly there is no specific, any stress to be called out over here.

Falaknaaz Syed:

I see. And was there any repatriation of profits from there?

Sandeep Batra:

Nothing in the current quarter.

Moderator:

Thank you. Ladies and gentlemen, 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.

ICICI Bank Limited

Earnings conference call - Quarter ended June 30, 2025 (Q1-2026)

July 19, 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 Q1-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 the 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 CEO 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 Q1 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 11.4% year-on-year to 156.90 billion Rupees in this quarter. The core operating profit increased by 13.6% year-on-year to 175.05 billion Rupees in this quarter. The profit after tax grew by 15.5% year-on-year to 127.68 billion Rupees in this quarter.

Total deposits grew by 12.8% year-on-year and were flat sequentially at June 30, 2025. During the quarter, average deposits grew by 11.2% year-on-year and 3.1% sequentially and average current and savings account deposits grew by 8.7% year-on-year and 3.9% sequentially. The Bank's average liquidity coverage ratio for the quarter was about 128%.

The domestic loan portfolio grew by 12.0% year-on-year and 1.5% sequentially at June 30, 2025. The retail loan portfolio grew by 6.9% year-on-year and 0.5% sequentially. Including non-fund based outstanding, the retail portfolio was 43.2% of the total portfolio. The rural portfolio declined by 0.4% year-on-year and 1.5% sequentially. The business banking portfolio grew by 29.7% year-on-year and 3.7% sequentially. The domestic corporate portfolio grew by 7.5% year-on-year and declined by 1.4% sequentially. The overall loan portfolio including the international branches portfolio grew by 11.5% year-on-year and 1.7% sequentially at June 30, 2025. The overseas loan portfolio was about 2.4% of the overall loan book at June 30, 2025.

The net NPA ratio was 0.41% at June 30, 2025 compared to 0.43% at June 30, 2024. During the quarter, there were net additions of 30.34 billion Rupees to gross NPAs, excluding write-offs and sale. The total provisions during the quarter were 18.15 billion Rupees or 10.4% of core operating profit and 0.53% of average advances. The provisioning coverage ratio on non-performing loans was 75.3% at June 30, 2025. In addition, the Bank continues to hold contingency provisions of 131.00 billion Rupees or about 1.0% of total advances at June 30, 2025.

The capital position of the Bank continued to be strong with a CET-1 ratio of 16.31% and total capital adequacy ratio of 16.97% at June 30, 2025, including profits for Q1 of FY2026.

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 10.3% year-on-year and 1.9% sequentially. Auto loans grew by 2.2% year-on-year and declined by 0.7% sequentially. The commercial vehicles and equipment portfolio grew by 5.9% year-on-year and 1.1% sequentially. Personal loans grew by 1.4% year-on-year and declined by 1.3% sequentially. The credit card portfolio grew by 1.5% year-on-year and declined by 5.4% sequentially. The personal loans and credit card portfolio were 8.8% and 4.0% of the overall loan book respectively at June 30, 2025.

Within the corporate portfolio:

- The total outstanding to NBFCs and HFCs was 874.17 billion Rupees at June 30, 2025 compared to 918.38 billion Rupees at March 31, 2025. The total outstanding loans to NBFCs and HFCs were about 6.4% of our advances at June 30, 2025.

- The builder portfolio including construction finance, lease rental discounting, term loans and working capital was 628.33 billion Rupees at June 30, 2025 compared to 616.24 billion Rupees at March 31, 2025. The builder portfolio was about 4.6% 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 1.9% of the builder portfolio at June 30, 2025 was either rated BB and below internally or was classified as non-performing.

B. Credit quality

The gross NPA additions were 62.45 billion Rupees in the current quarter compared to 59.16 billion Rupees in Q1 of last year. There were gross NPA additions of about 7.67 billion Rupees from the kisan credit card portfolio in the current quarter. 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 gross NPAs, excluding write-offs and sale, were 32.11 billion Rupees in the current quarter compared to 32.92 billion Rupees in Q1 of last year. The net additions to gross NPAs were 30.34 billion Rupees in the current quarter compared to 26.24 billion Rupees in Q1 of last year.

The gross NPA additions from the retail and rural portfolios were 51.93 billion Rupees in the current quarter compared to 52.04 billion Rupees in Q1 of last year. These include the KCC NPAs mentioned earlier. Recoveries and upgrades from the retail and rural portfolios were 25.25 billion Rupees in the current quarter compared to 25.32 billion Rupees in Q1 of last year. The net additions to gross NPAs in the retail and rural portfolios were 26.68 billion Rupees in the current quarter compared to 26.72 billion Rupees in Q1 of last year.

The gross NPA additions from the corporate and business banking portfolios were 10.52 billion Rupees in the current quarter compared to 7.12 billion Rupees in Q1 of last year. Recoveries and upgrades from the corporate and business banking portfolios were 6.86 billion Rupees in the current quarter compared to 7.60 Rupees in Q1 of last year. There were net additions to gross NPAs of 3.66

billion Rupees in the current quarter in the corporate and business banking portfolios compared to net deletions of 0.48 billion Rupees in Q1 of last year.

The gross NPAs written-off during the quarter were 23.59 billion Rupees. Further, there was sale of NPAs of 1.08 billion Rupees in the current quarter compared to 1.14 billion Rupees in Q1 of last year. The sale of NPA includes about 0.60 billion Rupees in cash in the current quarter.

The non-fund based outstanding to borrowers classified as non-performing was 32.98 billion Rupees as of June 30, 2025 compared to 30.75 billion Rupees as of March 31, 2025 and 35.43 billion Rupees as of June 30, 2024.

The total fund based outstanding to all standard borrowers under resolution as per various guidelines declined to 17.88 billion Rupees or about 0.1% of the total loan portfolio at June 30, 2025 from 19.56 billion Rupees at March 31, 2025 and 27.35 billion Rupees at June 30, 2024. Of the total fund based outstanding under resolution at June 30, 2025, 16.22 billion Rupees was from the retail and rural portfolios and 1.66 billion Rupees was from the corporate and business banking portfolios.

The loans and non-fund based outstanding to performing corporate borrowers rated BB and below were 29.95 billion Rupees at June 30, 2025 compared to 28.54 billion Rupees at March 31, 2025 and 41.64 billion Rupees at June 30, 2024. This portfolio was about 0.2% of our advances at June 30, 2025. Other than two accounts, the maximum single borrower outstanding in the BB and below portfolio was less than 5.00 billion Rupees at June 30, 2025.

At the end of June, the total provisions, other than specific provisions on fund-based outstanding to borrowers classified as non-performing, were 226.64 billion Rupees or 1.7% 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 10.6% year-on-year to 216.35 billion Rupees in this quarter. The net interest margin was 4.34% in this quarter compared to 4.41% in the previous quarter and 4.36% in Q1 of last year. From Q1-2026, the Bank has changed its convention of computation of NIM and other return ratios from actual number of days to number of months. While the full year NIM would remain unchanged, the revised convention eliminates the quarter-to-quarter volatility in NIM computation due to difference in the number of days. This impact on reported ratios in this quarter was negligible. The impact of interest on tax refund was about 7 basis points in the current quarter compared to about 2 basis points in the previous quarter and nil in Q1 of last year.

Of the total domestic loans, interest rates on about 53% of the loans are linked to the repo rate, 15% to MCLR and other older benchmarks and 1% to other external benchmarks. The remaining 31% of loans have fixed interest rates. In comparison to the first quarter, the impact of transmission of repo rate cuts on external benchmark linked loans is expected to be higher in the second quarter. This impact would be partially set off by reduction in savings' account interest rates in May and June and gradual repricing of term deposits.

The domestic NIM was 4.40% in this quarter compared to 4.48% in the previous quarter and 4.44% in Q1 of last year. The cost of deposits was 4.85% in this quarter compared to 5.00% in the previous quarter and 4.84% in Q1 of last year.

Non-interest income, excluding treasury, grew by 13.7% year-on-year to 72.64 billion Rupees in Q1 of FY2026.

- Fee income increased by 7.5% year-on-year to 59.00 billion Rupees in this quarter. Fees from retail, rural and business banking customers constituted about 79% of the total fees in this quarter.

- Dividend income from subsidiaries was 13.36 billion Rupees in this quarter compared to 8.94 billion Rupees in Q1 of last year. The year-on-year increase in dividend income was primarily due to higher dividend from ICICI Securities, ICICI Prudential Asset Management and ICICI Lombard General Insurance and receipt of dividend from ICICI Securities Primary Dealership in the current quarter compared to Q2 of last year.

On Costs: The Bank's operating expenses increased by 8.2% year-on-year in this quarter compared to 8.3% in FY2025. Employee expenses increased by 8.5% year-on-year in this quarter, reflecting mainly the impact of annual increments and promotions that take place during the first quarter of every fiscal year. Non-employee expenses increased by 8.0% year-on-year in this quarter. Our branch count has increased by 83 in the first quarter. We had 7,066 branches as of June 30, 2025. The technology expenses were about 10.7% of our operating expenses in this quarter. We continue to enhance the use of technology in our operations to provide simplified solutions to customers and make investments in our digital channels. We continue to further strengthen system resilience and simplify our processes.

The total provisions during the quarter were 18.15 billion Rupees as compared to the provisions of 13.32 billion Rupees in Q1 of last year. Provisions in Q1 of last year included the impact of release of AIF related provisions of 3.89 billion Rupees.

The provisions during the quarter were 10.4% of core operating profit and 0.53% of average advances. Adjusting for the seasonality of KCC provisioning which occurs only in Q1 and Q3, the credit cost to advances would be about 50 basis points.

The profit before tax excluding treasury grew by 11.4% year-on-year to 156.90 billion Rupees in Q1 of this year.

Treasury gains were 12.41 billion Rupees in Q1 of current year as compared to 6.13 billion Rupees in Q1 of the previous year, primarily reflecting realised and mark-to-market gains in fixed income securities and equities.

The tax expense was 41.63 billion Rupees in this quarter compared to 36.34 billion Rupees in the corresponding quarter last year. The profit after tax grew by 15.5% year-on-year to 127.68 billion Rupees in this quarter.

D. Consolidated results

The consolidated profit after tax grew by 15.9% year-on-year to 135.58 billion Rupees in this quarter.

The details of the financial performance of key subsidiaries are covered in slides 34 to 35 and 54 to 59 in the investor presentation.

The annualised premium equivalent of ICICI Life was 18.64 billion Rupees in Q1-2026 compared to 19.63 billion Rupees in Q1-2025. The value of new business was 4.57 billion Rupees in Q1-2026 compared to 4.72 billion Rupees in Q1-2025. The value of new business margin was 24.5% in Q1-2026 compared to 22.8% in FY2025. The profit after tax of ICICI Life was 3.02 billion Rupees in Q1-2026 compared to 2.25 billion Rupees in Q1-2025.

Gross Direct Premium Income of ICICI General increased to 77.35 billion Rupees in Q1-2026 from 76.88 billion Rupees in Q1-2025. The combined ratio stood at 102.9% in Q1-2026 compared to 102.3% in Q1-2025. The profit after tax increased to 7.47 billion Rupees in this quarter from 5.80 billion Rupees in Q1 of last year. With effect from October 1, 2024, long-term products are accounted on

1/n basis, as mandated by IRDAI, hence Q1 numbers are not fully comparable with prior periods.

The profit after tax of ICICI AMC, as per Ind AS was 7.82 billion Rupees in this quarter.

The profit after tax of ICICI Securities, as per Ind AS on a consolidated basis, was 3.91 billion Rupees in this quarter compared to 5.27 billion Rupees in Q1 of last year.

ICICI Bank Canada had a profit after tax of 7.8 million Canadian dollars in this quarter compared to 20.3 million Canadian dollars in Q1 last year.

ICICI Bank UK had a profit after tax of 5.9 million US dollars in this quarter compared to 7.7 million US dollars in Q1 of last year.

As per Ind AS, ICICI Home Finance had a profit after tax of 2.14 billion Rupees in the current quarter compared to 1.17 billion Rupees in Q1 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 Wealth. Please go ahead.

Mahrukh Adajania:
My first question was on margins regarding the change in method. Now fourth quarter is the quarter where you see the biggest positive impact of the old method. So your margin decline even adjusted for the interest on tax refund

appears to be just four to five basis points. Is that a correct assessment? That is my first question. Or if you could give a like-to-like comparison of margins for the fourth quarter, that would be even better. And then my second question is on growth because that is an obvious challenge for the sector and nothing seems to be growing much other than low yield corporate loans. In home loans, there is intense competition. When do you see growth reviving and where do you see ICICI's loan growth to settle? Would mid-teens still be possible? Yes. Those are my questions.

Anindya Banerjee:
Thanks, Mahrukh. On the first one, yes, the reported margin for Q4 would have been a few basis points lower. So, the kind of range that you spoke of is probably correct. But equally, the same Q3 to Q4 spike will not happen in the current year. We will have a more even spread of reported margin through the year.

On the growth side, I think as you know, in the first quarter, there have been a number of global events, etc., which I guess had some impact on the sentiment. But the substantial monetary easing that has taken place starting from Q4 particularly and carrying through into Q1, will also have some positive impact hopefully as we go along. So, I think it is too early to say. We will have to wait for another quarter to really form a view about how it is going to go.

Mahrukh Adajania:
Okay. Thanks a lot.

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

Kunal Shah:

So, sorry again to touch upon on margin. Fair to say maybe the unwinding which was expected to come in the first quarter, maybe because of this day benefit that would not have been there in this particular quarter. Otherwise, any which way was like we are comparing 4.41% to 4.34%. So, maybe like four-five basis points of unwinding is not really there in this quarter and thereafter maybe adjusting for interest on income tax refund, we have seen like 14 bps kind of a decline in NIMs on a quarter-on-quarter basis. Would that be correct?

Anindya Banerjee:

No, that would not be correct because there is no unwinding in the first quarter. NIM typically declines from Q4 to Q1 because of the higher number of days in Q1 and then there is a pickup again in Q4. So, the Q4 NIM, if we had used an equal month basis would have been lower than the reported number of 4.41%. But I think that is why even in our previous calls we have focused attention on the previous year's full year NIM of 4.3% as the anchor for further discussion. But we thought that it would also be good to eliminate that one confusion point.

Kunal Shah:

Yes. So, the only thing was maybe unwinding I just meant to say that the benefit which was there in the fourth quarter that have been relatively lower in the first quarter by say four-five basis points, which goes away, which is not there in the computation now?

Anindya Banerjee:

No. If you look at, for example, the reported margins for this year and on the new basis and Q1 last year on the old basis are almost the same. There is no real impact. That impact largely comes later in the year. So, the first quarter is not impacted at all. If you are looking at a sequential analysis, then on a like-to-like basis, the reported margin for Q4 would have been a little bit lower.

Kunal Shah:

Yes. So, would that have been like eight-nine basis points, how much it would have been lower?

Anindya Banerjee:

I think I answered that. The range that Mahrukh quoted was probably the correct range.

Kunal Shah:

Okay. Got it. Perfect. Yes. And secondly, with respect to the credit cost, so we have been indicating that it would normalize in a gradual manner. This quarter would have KCC slippages. But excluding that when we look at the credit cost, so would we say like now we have reached or maybe there is a further normal gradualisation, which has still to happen from the current levels adjusting for KCC? Because we are already seeing like 50, there would be some impact of KCC. So, do we expect further normalization? Or maybe this is more like clean credit cost, which we are seeing now?

Anindya Banerjee:

I think we have always said that currently, the underlying level would be more like about 50 basis points. Can that inch up? It could, but I don't see any major movement.

Kunal Shah:

Okay. Got it. Thanks. Yes.

Moderator:

Next question is from the line of Harsh Modi from JP Morgan. Please go ahead.

Harsh Modi:

A couple of questions. First is, if I see your mix on corporate creditors, the AA- mix has been reducing over the last few years and BBB- has been increasing. Is that the sweet spot on RORWA, that's why you are doing it? And any risks around that? That is the first one.

The second one is on business banking. Very good numbers. What went right? And going forward, if you think about the mix of credit growth over the next, let's say, a couple of years, where should we see the incremental delta coming from? Any granularity you can provide would be great.

Anindya Banerjee:

So, on the first question, I think the decline in the proportion of the very high rated is partly a function of demand and partly a function of pricing. And in some cases, we may have in earlier periods of very easy liquidity built up some portfolio there and that has gradually run off as the funding environment got tighter. Currently, of course, as you would know that overall credit growth itself has come down. And in this particular segment, there is fairly high price competition. So, we would really look at this segment as we look at all the other corporate borrowers from a Customer 360 perspective and look at the totality of our relationship with the borrower. And in that context, if lending makes sense, we would do it.

As far as the increase in the proportion, I think we are comfortable with the entire A bucket. So, to answer your question, that is probably the segment where you do have the right balance of risk-reward, although we have competition in those segments also. I think on the lower-rated origination in BBB and below, we have fairly tight controls and limits on how we approach that segment and it is quite calibrated. So, overall, I think the reduction in the proportion of the high rated is really a function of demand and pricing.

On your second question on business banking, I think we have spoken about it in the past couple of calls. To keep it short, I would say it's a combination of distribution, process and technology, the digital interfaces and capabilities that we offer to the customers and also a fairly tight focus on monitoring of the credit and managing the portfolio in a disciplined way.

The last part of your question was around mix going forward. I think basis the visibility and the market share opportunity, one would expect the business banking piece to grow faster than the overall loan book and therefore that proportion should gradually go up.

Harsh Modi:
Right. And one more is on the liability side. It seems you have been gaining market share on CASA deposits nationwide. Now with rate cuts, how do you see behaviour changing, any early signs of higher degree of competition, more preponderance of sweep accounts and so on and so forth? So, do you see market share stabilizing or you still see CASA market share growing for the Bank over the next, let us say, 12 months period?

Anindya Banerjee:
So, the current account is purely the result of presence in the transaction flows of corporates, businesses, capital markets players and so on. The savings account is the result of being sort of the primary bank or the transacting bank of the retail customer. And that is how money comes in, goes out and some level of float stays in those accounts. I do not think that there is any particular change in the competitive scenario. If you see in the quarter, I think rate actions taken by all the large banks have been more or less in the same line given the decline in the overall interest rates and the policy environment. And we would continue to focus on this segment through increasing customer acquisition, increasing our share of the customers' wallet and trying to become the primary banker. So, we would hope that we will continue to do reasonably well.

Moderator:
Next question is from the line of Nitin Aggarwal from Motilal Oswal.

Nitin Aggarwal:
Congrats on another set of good numbers. I have three questions. One is around the decline in cost of deposits that we have reported in the quarter. So, it seems fairly sharp 15 basis points decline. So, is it like the unwinding that we have done in respect to the high cost deposits that has resulted in this kind of decline and has it played out fully or this will continue along with the SA cut benefits in Q2 also?

Anindya Banerjee:
There is no unwinding. As I said, the impact of the equal month convention on the reported NIM for the quarter and other ratios for the quarter is negligible. So, as far as the decline in deposits cost, it is clearly the reduction in the savings account deposit rate, large part of it was 25 basis points that was there in April, the benefit of that has been there for pretty much the full quarter. And then on the higher value deposits, there was another cut in May, which also helped. In addition, of course, for the retail term deposits also gradually, the incremental rates repricing would reflect. Plus during the quarter, we saw a reasonable reduction in our wholesale deposit book given the continued strong growth in CASA and retail term deposits and the high liquidity that we were running. The runoff of the wholesale deposit book also helped in the funding cost.

Nitin Aggarwal:
Yes. Actually I was referring to the wholesale deposit unwinding that we have done. So, the benefit of that has played out fully in this quarter or do you expect that to continue?

Anindya Banerjee:

It is difficult to really say. We have not been aggressively raising wholesale deposits. So, as I said in the opening remarks, we would continue to see a gradual benefit of deposits cost repricing in Q2. But there will also be a higher impact of the 50 bps repo cut of June.

Nitin Aggarwal:

Right. And second question, Anindya, is around the unsecured retail growth. So, how are we looking at that segment? Because while we have been able to deliver healthy growth, but because of the systemic softness in the overall credit demand, the overall growth has come down as well. And our unsecured retail segments have not been able to contribute as you know. So, how are we seeing at those segments given the asset quality has seen some stabilisation. So how do we look at those segments in terms of their contribution going forward?

Anindya Banerjee:

We can do more on both personal loans and credit cards. In personal loans, I think as we may have commented in the past, we are quite comfortable with the quality of origination done over the last 12 to 15 months. So, I think we can see volumes pick up and see some better growth there. And similarly, on cards also going forward, maybe some better customer acquisition is also something we can see. So, I think we are quite focused on both the segments. We could do better there than what we have done in Q1.

Nitin Aggarwal:

Right. And lastly, on the business banking, that is a segment which has been growing very well for us and very good yields. But how do you really ensure that we don't go on to see some challenges in respect to asset quality because the kind of growth on a very decent base that the segment is at now, so how do we ensure that we don't get into sort of asset quality challenges in the segment? Any tightening that we have done in the recent quarters? So, we have talked about the underwriting being tightened in the past. Are we looking at this on a continuous basis as the environment is getting tougher around some of these segments?

Anindya Banerjee:
As I said, we monitor the portfolio continuously. Just to put the numbers in context, if you look at the gross NPA additions to the corporate and business banking portfolios in the quarter were about 10 billion Rupees on an aggregate portfolio of about 5.6 trillion. The business banking portfolio alone is now about 2.7 trillion. So, I think the current sort of credit behaviour and asset quality is extremely benign. And we will probably see some increase going forward, but credit costs today are negligible. So, they may go up slightly. But the portfolio is granular and tightly monitored.

Nitin Aggarwal:
Right. Thanks, Anindya. This is really helpful.

Moderator:
We will take our next question from the line of MB Mahesh from Kotak Securities. Please go ahead.

MB Mahesh:
Anindya, on this question on margins, just on the yield side, with the drop of 25 basis points that you have seen, is it possible to kind of quantify how much of the repo rate cuts have flown through the loan book?

Anindya Banerjee:
We have not quantified it. If you look at the February cut, I think it would have largely flown through almost entirely. The April cut also would have substantially flown through. Maybe we have a little bit more to happen in Q2. The June cut, I would say has not flown through much and most of that will come through in Q2.

MB Mahesh:

Sorry, just to answer the previous question, you said that the bulk of the benefit on the cost of deposit side has come from the savings account given that the contribution of wholesale is fairly small?

Anindya Banerjee:

That is just computable, 25 bps cut on the portfolio that would have yielded a reasonable benefit.

MB Mahesh:

And the second question is on the demand environment. When you say that you are ready to accelerate, portfolio is good, is it a question of demand being an issue on the ground or is it a problem with pricing?

Anindya Banerjee:

I think maybe there is some pricing, but probably we also need to focus a little more on the distribution and the throughput. I would not say that in some of these segments, it is purely demand, if you are talking about PL and cards. In other segments, of course, overall loan growth in the system is what it is. So that reflects some softness in demand.

MB Mahesh:

Perfect. And last one question. Are you allowed to restructure any standard assets let's say, in a default book in the SMA-0, 1 and 2, are you allowed to restructure it and classify it as standard?

Anindya Banerjee:

No.

MB Mahesh:

Okay. Thank you.

Moderator:

Next question is from the line of Piran Engineer from CLSA.

Piran Engineer:

Congrats on the quarter. Just firstly a couple of clarifications on previous question. So, Nitin's question on 15 bps reduction in cost of deposits, that also includes the number of days thing, right? Like core deposit cost would not have gone down 15 bps, correct QoQ?

Anindya Banerjee:

As I said, the margins for the first quarter on both basis, there would be a negligible difference, which is what we have mentioned in our opening remarks. Relative to the fourth quarter, the decline in margins would have been somewhat lower on a comparable basis.

Piran Engineer:

But then, Anindya, how do I think about it in the context of you versus peers where your margins are down, say, 5-6 bps, core NIM. HDFC, Axis are down 12-13 bps. Is it just a more delayed pass-through of the repo rate cuts, is that how I should simplistically put it? Because all of you all have cut SA rates at approximately the same time and by the same amount.

Anindya Banerjee:

I cannot really comment on others. I think, to begin with, we have been always saying that we have to look at the full year margin of last year of 4.3% and the repo rate cut and the lagged repricing of deposits will create some pressure on that. In the first quarter, I think we had the upfront benefit of the savings deposit rate cut, and we also had 6-7 basis points of the benefit of interest on income tax refund. As we go into Q2, the full impact of the 50 bps repo cut of June will come into effect. We will also have some continuing repricing of term deposits as well as the benefit of the savings rate cut that happened in May and June. And then in Q3, I guess, unless there is any change in the policy stance, the benefit of the CRR cut will also kick in.

Piran Engineer:
Okay. That is helpful. Just secondly, if I have to compare retail term deposits today versus wholesale term deposits today and even adjusted for the outflow rate and the LCR competition, would wholesale rates be similar to TD rates now or lower?

Anindya Banerjee:
No, lower. They would be lower.

Piran Engineer:
It will be lower, right? So, then why are we trimming wholesale deposits when it is lower? That is what I look at.

Anindya Banerjee:
I think it is a function of the overall liquidity that we are carrying if you look at the CASA and the term deposits. What has gone down is the deposits that were raised in the past at higher rates. If we get deposits at the rates we are quoting now, we will take them.

Piran Engineer:
Lastly on vehicle loans, I mean, our growth has gone down to 2%-3%, of course, demand has slowed down, there is no doubt about it. But it’s not slowed down so much also. Is this more a function of us just being cautious on pricing and that’s why we are choosing not to grow here?

Anindya Banerjee:

So, the price competition has always been a part of it and of course, the underlying asset class also is not growing at that pace.

Piran Engineer:

Okay, Got it. Thank you.

Moderator:

Ladies and gentlemen, we will take that as the 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 for taking time on a Saturday, and we are happy to clear any other doubts offline. 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.