November 4, 2024

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, 2024.

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/article/interaction-with-media-icici-bank-financial-performance-in-the-quarter-ended-september-2024
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

Prachiti Deepak Lalingkar

Digitally signed by Prachiti Deepak Lalingkar
Date: 2024.11.04 18:12:15 +05'30'

Prachiti Lalingkar
Company Secretary
Encl.: as above

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

ICICI Bank Limited

Media conference call for quarter ended September 30, 2024

on October 26, 2024

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. Good afternoon, everyone, and thank you all for joining us today.

The Indian economy remains resilient based on its long-term growth drivers and the actions and initiatives of the policymakers. The global and domestic inflation, liquidity and rate environment continue to evolve, and we would continue to monitor the same.

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 our strategic framework to strengthen our franchise. Maintaining high standards of governance, deepening coverage and enhancing delivery capabilities are focus areas for our risk calibrated profitable growth.

Our Board has today approved the financial results of ICICI Bank for the quarter ended September 30, 2024. I would like to highlight some key numbers:

A. Profit and capital

1. Net interest income increased by 9.5% year-on-year to ₹20,048 crore in Q2-2025
2. Net interest margin was 4.27% in Q2-2025 compared to 4.36% in Q1-2025 and 4.53% in Q2-2024
3. Fee income grew by 13.3% year-on-year to ₹5,894 crore in Q2-2025
4. Core operating profit grew by 12.1% year-on-year to ₹16,043 crore in Q2-2025. Excluding dividend income from subsidiaries/associates, core operating profit grew by 13.4% year-on-year in Q2-2025
5. Provisions (excluding provision for tax) were ₹1,233 crore in Q2-2025
6. Profit before tax excluding treasury, grew by 7.9% year-on-year to ₹14,810 crore in Q2-2025
7. Profit after tax grew by 14.5% year-on-year to ₹11,746 crore in Q2-2025
8. Consolidated profit after tax grew by 18.8% year-on-year to ₹12,948 crore in Q2-2025
9. Standalone RoE was 18.1% in Q2-2025
10. At September 30, 2024, the Bank had a net worth over ₹2.5 lakh crore. Including profits for H1-2025, CET-1 ratio was 15.96% and total capital adequacy ratio was 16.66%

Moving onto deposit growth.

B. Deposit growth

1. Total period-end deposits increased by 15.7% year-on-year to ₹14,97,761 crore at September 30, 2024
2. Period-end term deposits increased by 15.9% year-on-year to ₹8,89,038 crore at September 30, 2024
3. Average deposits increased by 15.6% year-on-year to ₹14,28,095 crore during Q2-2025
4. Average current account deposits increased by 10.8% year-on-year
5. Average savings account deposits increased by 10.2% year-on-year
6. The Bank opened 90 branches during H1-2025, 365 branches in the last 12 months and had a network of 6,613 branches and 16,120 ATMs and cash recycling machines at September 30, 2024. Coming to loan growth.

C. Loan growth

We have revised the presentation of loans to reflect a consolidated view of the business banking portfolio. This comprises all borrowers with a turnover of upto ₹750 crore. Over the past few years, the Bank has seen healthy loan growth in this category and has adopted an integrated approach to coverage, credit and delivery to these customers. Aligning with the same, the Bank would be reporting the retail, rural, business banking and corporate portfolios on this revised basis.

1. The domestic loan portfolio grew by 15.7% year-on-year and 4.6% sequentially at September 30, 2024
2. The retail loan portfolio grew by 14.2% year-on-year and 2.9% sequentially. Including non-fund outstanding, the retail loan portfolio was 44.9% of the total portfolio. The Bank calibrated its pace of growth in Personal loans and it grew by 17.3% year-on-year and 3.5% sequentially. The credit card portfolio grew by 27.9% year-on-year and 3.4% sequentially. The business banking portfolio grew by 30.0% year-on-year and 10.7% sequentially. The rural portfolio grew by 16.5% year-on-year and 1.7% sequentially. Growth in the domestic corporate portfolio was 11.8% year-on-year and 4.9% sequentially at September 30, 2024

3. 77.5% of the corporate loan portfolio was rated A- and above at September 30, 2024

D. Digital initiatives

We continue to enhance the use of technology in our operations to provide simplified solutions to customers. About 72% of trade transactions were done digitally in Q2-2025. The volume of transactions done through Trade Online platform grew by 20.0% year-on-year in Q2-2025.

E. Asset Quality

1. Net NPA ratio was 0.42% at September 30, 2024 compared to 0.43% at June 30, 2024
2. During Q2-2025, there were net additions to gross NPAs of ₹1,754 crore
3. Gross NPA additions were ₹5,073 crore in Q2-2025. Recoveries and upgrades of NPAs, excluding write-offs and sale, were ₹3,319 crore in Q2-2025
4. Gross NPAs written off were ₹3,336 crore in Q2-2025
5. There was sale of NPAs worth ₹16 crore in the current quarter
6. Provisioning coverage ratio on non-performing loans was 78.5% at September 30, 2024
7. Total fund based outstanding to all borrowers under resolution as per the various extant regulations declined to ₹2,546 crore or 0.2% of total advances at September 30, 2024 from ₹2,735 crore at June 30, 2024. The Bank holds provisions amounting to ₹812 crore against these borrowers under resolution, as of September 30, 2024
8. Loan and non-fund based outstanding to performing corporate borrowers rated BB and below reduced to ₹3,386 crore at September 30, 2024 from ₹4,164 crore at June 30, 2024
9. The Bank continues to hold contingency provisions of ₹13,100 crore at September 30, 2024

Going forward, we will continue to operate within our strategic framework while focusing on micro markets and ecosystems. The principles of “Fair to Customer, Fair to Bank”, “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 and I just want to wish all of you a very happy Diwali in advance. Thank you.

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 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 you to request 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."

The first question is from the line of Piyush Shukla from the Hindu Business Line. Please go ahead.

Piyush Shukla:

I have two queries. One is on NIM, which has moderated slightly. I understand we don't give any particular guidance, but in terms of trajectory from here, would it be stable or it could moderate more? And since we are now in the second half of the year, I wanted to understand your strategy in terms of deposits. Will it continue being higher? Will they outpace credit growth in the second half as well? And just if I could add this, NPA fresh additions of around ₹5,000 odd crore, what are the sectors that, what are the segments that are showing, where you saw slippages? Is it unsecured side, personal loan, et cetera?

Sandeep Batra:

Thank you, Piyush. I will answer the NIM question first. Our expectations of near-term NIM is that they will broadly be stable until the rates cut cycle starts. And where there will obviously be a lead lag between floating rate loans, of course, which will reprice much faster than fixed rate deposit base. So, that is obvious. But till that happens, I think we will be stable.

The current expectation of course is that we do expect that, the rate cycle cuts will be moderate. As we have mentioned in our previous calls, we really don't have an objective of managing purely NIMs. And we largely focus on looking at the overall profitability.

Coming to deposits, you know, we have been focusing on customer 360 and trying to take the whole bank to the customer. And I think we have been talking about that for a very long period of time in terms of our strategic objectives. So, we will continue with that strategy. And we also look at the overall quantum and cost of deposit mobilisations and not necessarily a CASA ratio and retail deposit. We at this point of time are comfortable with meeting our advances requirement from deposit growth. Our LCR has been about 120% as an average for this quarter.

Overall, we will also keep a watch on the overall LCR guidelines on deposit cost and loan growth and that will have to be seen how the monetary policy is observed. But to your point, we do expect deposits and credit growth to be growing in tandem and both are equally important.

Your third point was around NPAs. We would be giving a split of the NPAs when we load the presentation, but just we have had a gross addition of about ₹5,000 crore, out of which retail and rural were about ₹4,300 crore and corporate and business banking was about ₹732 crore. We have had recoveries of about a total of ₹3,300 crore with rural and retail of about ₹2,592 crore and corporate and business banking of about ₹727 crore. So, the net additions during the quarter has been about ₹1,754 crore. So, that is the overall sense of the number.

Moderator:

Our next question is from the line of Vishwanath Nair from NDTV Profit. Please go ahead.

Vishwanath Nair:

With regard to the provisioning number, I know last quarter also you saw a higher provision than the year before. But this year, this quarter specifically, is it sort of a preventive measure to account for any kind of potential losses? Also this ₹13,000 crore contingency provision that you are maintaining, how long do you expect to maintain that?

And the third part, I just wanted to understand from you, the double B and below portfolio has been coming down, but has the number undergone any change because of the business banking separation?

Sandeep Batra:

So, the first question, Vishwanath, is on the provision side. I just want to clarify that our overall provision is just 0.4% of our average advances. So, I think it's important to keep that in mind. And even if you look at the total provision of about ₹1,233 crore that we made, it is just about 7.7% of our core operating profits.

And if you are looking at the numbers when you are comparing with Q1, I thought I will just clarify that last quarter, there was a release of AIF provisions of ₹389 crore, which was pursuant to a clarification that we got from the regulation. Further provisions in Q1 were also higher primarily due to the seasonal impact of kisan credit cards. So, I think we had clarified this.

So, we had clarified, and mentioned that in our last call. Taking a comparison from the previous year, the total provisions as I mentioned in Q2 were ₹1,233 crore compared to a provision of ₹583 crore in Q2. And in Q2 of 2024, these were lower due to a very healthy corporate and recoveries and upgrade which happened during that period. So, from the overall basis, the rate that 0.4% of our loan advances is only amount of provisions and which we feel as we are quite comfortable with it. And it has been pretty steady.

Moving on to double B and below, you are right, the amounts are again small. It is just about ₹3,300 crore. The numbers are actually very small. This number has been steadily coming down.

Vishwanath Nair:

I said that the outstanding has changed because of the business banking separation at all?

Sandeep Batra:

Yes, that's right. I mean, we are now giving the data only for double B and below. So, this is what is the data, and it's a pretty small amount. As I did mention, it is just about ₹3,386 crore as of September.

Anindya Banerjee:

So, just to put it in context, this number, even in the last quarter was less than half a percent of the loan book and while cleaning up the disclosures we have started giving this from this quarter only on the corporate side. But even if I might have looked at the SME portion, that would also have come down.

Moderator:

We take our next question from Saloni Shukla from Economic Times. Please go ahead.

Saloni Shukla:

Sir, while speaking earlier you mentioned about calibrated growth in the personal loan book. Can you give us a sense going ahead and how you see growth in that segment especially that, this has been a pain point for the entire sector? And, some light on the credit card book in credit costs in that segment go up? And, considering that the MFI sort of that segment is a pain point, anything on the rural side or that segment giving you pain, if you can throw some light on that?

Sandeep Batra:

Thank you, Saloni. As you will see the personal loan growth in this quarter year-on-year grew by about 17.3% and the credit cards grew by about 28%. There has been a moderation in rate of growth. In fact, if you look at what was the growth rate in June'24 was about 25% and in September'23 was about 40%. Though credit cards have largely been growing now about in the same range in September'23 was 30%, now it has come down to 28%.

So, clearly, there has been a moderation in the personal loan growth. But fundamentally, when we are looking at growth, we try to look at it from an overall risk-calibrated fashion, and as long as the customers are meeting the threshold, we are happy to grow our portfolio. Going forward, we will continue to assess credit and whoever meets the credit threshold, we will be able to grow that as long as it meets our risk/reward metrics.

Moving to your question on MFI, given the size of our loan portfolio, our total exposure to MFI is not really material. We have some exposure. So, to that extent, we will continue to monitor this and overall basis both for MFI and self-help groups, we are comfortable, and they are well within our defined threshold.

Saloni Shukla:

Sir, on the deposit front, what would be your CD ratio at the moment? And, is that a comfortable level, if you could give that?

Sandeep Batra:

We have a CD ratio of about 85% and we continue to look at it. As I mentioned, we will continue to calibrate our growth based on the deposits that we are getting in. Obviously, we need deposits for lending, but at this point of time whatever advances in the credit that needs to happen within the Bank, we are able to have that kind of deposit. So, we are quite happy with both credit and deposits, the pace at which they are growing.

Saloni Shukla:

Just flipping one final question, sir. The RBI paper on the subsidiaries not being in the same line of business, is there a study internally of how you are seeing that and what sort of inputs do you probably see coming to the regulator?

Sandeep Batra:

One, whenever, whatever regulations come in, we will gladly comply with them. And I am sure RBI when it has put on these regulations has kept in mind the overall directions of ensuring that the core propositions of the Bank, I mean, there are no risks which come to the Bank. So, we are reviewing these regulations. We will make our comments and then yeah, so which from an overall basis, as far as we are concerned, I don't think so this will have a material impact on us.

Moderator:

The next question is from the line of witnessing from Ritu Singh from CNBC-TV18 Studio. Please go ahead.

Ritu Singh:

First, on that RBI draft paper, when you say there is no material impact, would the Bank, if the draft rules would be implemented as they are, look at selling stake in ICICI home finance, look at listing it, look at merging? What are the various options you would be okay to consider?

And the second question, when you talk about calibrated growth in the personal loan segment, is there a level you could share with us in the current scheme of things as we see the ecosystem? To what extent do you think the personal loan books will come down in your overall portfolio?

Sandeep Batra:

First on the options which we will look at whenever the final draft guidelines come and they were provided for at least two years to implement it. So, there are enough options.

We will look at it. At this point of time, the amount which are there in our subsidies is, especially on the lending entities is very, very small. And that's why I said from an overall basis, it doesn't really materially impact what is happening at a group level.

On the personal loan, as I did mention, the growth, we look at customer profile rather than a product, and we have reduced the rate of growth for personal loans and credit cards, they still continue to grow, and we are comfortable with the quality of the book that we have maintained. And in case we do, I mean, our growth is always subject to assessing credit from a customer profile. And whenever we need to recalibrate our lending norms, we do that on a regular basis and there is nothing out of the ordinary which is happening at this point of life.

Ritu Singh:

If I may add another question, of your gross NPA additions of ₹5,000 odd crore, in that ₹4,300 crore, could you give us a sense of how much is from personal loans, credit cards from here on?

Sandeep Batra:

We don't give that separately, Ritu.

Ritu Singh:

Any guidance broadly?

Sandeep Batra:

No, Ritu, we don't give any guidance. We have just talked about the overall philosophy of how we are running the Bank and the numbers are an outcome of the philosophy. As I did mention, you look at the NPA numbers. At this point of time, they are benign, which you can see from an overall angle.

Moderator:

We have our next question from Ashish Agashe from PTI. Please go ahead.

Ashish Agashe:

Sir, I do understand and I do take your point on the comfort, which the unsecured lending book right now provides. But purely from an optical perspective, sir, that 28% growth, even though calibrated, might be a bit, what we can say, jarring, given the way the conversations have been. So, how do you look at that, sir? I know I am going beyond the realm of numbers, though, but still, sir.

Sandeep Batra:

No, Ashish, as I mentioned, the personal loan growth has actually come down, the growth rate de-grew during this quarter at about 17.3% year-on-year. In September of '23, the growth rate was about 40%. So, that is one.

The credit cards, which is a function of spends, that is happening in the overall economic activity and payment system, which is happening in the country, is growing at about 27%. Now from our point of view, we continue to work on increasing pricing, further refining credit parameters, optimising sourcing costs, which can result in a different personal loan growth quarter-on-quarter.

So, we will keep monitoring the portfolio and make necessary policy adjustments. So, this is a dynamic process and it is pretty granular and it's largely based on micro markets and customer segmentation. It's an excise that we do on a very regular basis and keep on refining our portfolio.

And secondly, it's a customer. If you see a customer is normally taking multiple products from the Bank, it's not necessarily he will be only taking a personal loan, he could well be a mortgage customer, he could well be an auto loan customer, etc. So, you have to assess the customer primarily, and then the security part of it comes as a secondary item.

Ashish Agashe:

Sir, how much would be the unsecured overall in the loan books, sir, including personal loan, credit card? I don't know whether business banking also has an unsecured component in it. But what would be the total unsecured if we were to look at it?

Sandeep Batra:

So, yeah, the personal loan and credit card are essentially the unsecured portion, which represents about 14% of our total advances

Ashish Agashe:

And sir, how was the cost of funds and cost of deposits movement during the quarter? If you can send us with the numbers, because that would be playing in the NIMs moderation, sir, and how do you expect that to go forward, given that there might not be a rate cut at all?

Sandeep Batra:

I don't know whether there will be a rate cut at all or not. But if you see our NIM has increased about 9.5% year-on-year. And it is about ₹20,000 crore during the current quarter. The net interest margin was about 4.27% in this quarter compared to 4.36% in the previous quarter and 4.53% before that. So, there has been a marginal drop during this quarter.

The movement of the NIMs in Q1 to Q2 includes an impact of a higher number of days in the quarter, which should seasonally reverse in Q4. And as I mentioned till the rate cut cycle starts, expectation for the near term is that NIMs will be stable. And as I did mention, our overall objective is to maximise overall profitability through optimising various levers, which includes NIMs as one of the anchors. Other is fees, expenses and provisions. We will continue to work with all the levers and try to give the best possible outcomes, both from a customer and a shareholder perspective.

Moderator:

We take our next question from Subrata Panda from Business Standard. Please go ahead.

Subrata Panda:

So, I just wanted to get a sense of how the festive season is panning out for you given that you have calibrated your growth in the unsecured segment and given the concerns of stress around the segment, so if you can throw some light on that.

Sandeep Batra:

We have just given our numbers for September 30. And I mean, we will keep tracking how the economy progresses. So, at this point of time, there is nothing specific to call out here.

Subrata Panda:

I mean, vis-a-vis other years, has this year been a bit muted?

Sandeep Batra:

No, I think we have to be focused on our own growth. I think, Subrata, we have to remember we are just about, we are a bank which has about 7% market share on deposits. So, we are just focused on the segment that we really operate in and the segment that we are operating in needs to be doing reasonably well.

Moderator:

Next question is from Preeti Singh from Bloomberg. Please go ahead.

Preeti Singh:

Just wanted to check. So, you said that 14% of your retail book is unsecured loans. Is that the level that you anticipate being at? Do you want to sort of look at increasing that or decreasing that? When you think about rationalising that, how do you think about that number?

Sandeep Batra:

Preeti, as I mentioned, we look at the customer. If it's a good customer, we can probably increase it as well. So, I think, finally, product is just one segment of the overall dimensions which come in the public domain. Primarily, you are underwriting a customer. So, we continue to focus on having customers which are known, which are assessable, which we believe we will be happy to do business with. So, as long as that is happening, we will continue to grow.

Yes, as we have been saying in the past, we have internal threshold for a proportion of unsecured book, and we continue to calibrate our strategy based on that, and we keep monitoring the portfolio over here. At this point of time, based on all segments and sub segments of secured and unsecured, while we continue to refine these parameters, we are well within the internal norms that we have.

Preeti Singh:

And my second question is, we are hearing a lot about stress buildup and stuff. Where are you sort of seeing any risks or is there anything that worries you about the current environment?

Sandeep Batra:

We just gave a set of numbers now for September 30.

Preeti Singh:

I know, but looking forward, like, the coming quarter or the next.

Sandeep Batra:

It is very difficult to make predictions about the book. It's very difficult to make predictions.

Preeti Singh:

No, I am not asking you to make predictions. I am just asking if you are like concerned about anything. I am not asking for a prediction.

Sandeep Batra:

Preeti, we continue to monitor our portfolio. We continue to engage with our customers. At this point of time, we are comfortable with the quality of the engagement and the feedback that we are getting from our customers. And that is sort of reflected in the numbers that we have just published.

Moderator:

The next question is from the line of Mayur Shetty from Times of India. Please go ahead.

Mayur Shetty:

My question on unsecured loans has been answered. I had another couple of questions. The one is that when is the dilution of the equity because of the merger of I-SEC expected to happen? And also, do you feel that deposit rates have peaked?

Sandeep Batra:

On the first question on I-SEC, I think NCLT both Ahmedabad as well as Mumbai have given approval. So, there has been an appeal filed with NCLAT and we will see how this progresses, and we do hope that this get's approved soon.

On this one- the dilution- is just about less than 1% of the overall thing. So, from a dilution point of view, it is not going to be really material.

Next question was around deposit rates. I think since everyone is expecting a rate cut, no one is expecting a rate increase. So, we do believe that the deposit rates could well have peaked, but it is largely a function of a competitive environment and liquidity. We will keep monitoring how this pans out and depending on that, we will take whatever action is appropriate from our perspective.

Mayur Shetty:

There has also been some commentary on structural change in the nature of savings with savers becoming investors. Do you feel that the same is affecting deposit growth?

Sandeep Batra:

One, even if a person invests in markets, which is from an overall growth perspective is natural, the money remains with the banking system. It could move from one person to the other. The character of the deposit may move, the tenor of the deposit may change or I mean, in terms of whether it's short term or long term, or it may change from deposit to loan. But the money remains with the banking system. And I think as banks, we will just follow what is happening in the economy.

At this point of time, given what we are really trying to do is trying to take the whole bank to the customers. It is but natural for our customers to be transacting in equity markets. We would like to provide the most seamless experience for our customers to do transactions whether it's in equity markets or to credit cards or home loans or whatever else his financial services need are. And as long as we are able to do a good job on this, we should be in a position to get the deposits that we need to fund our growth.

Moderator:

Next question is from the line of Anshika Kayastha from Mint. Please go ahead.

Anshika Kayastha:

You mentioned that the deposit growth is comfortable to fund your current credit growth. But just wanted to understand whether because we are having some of the other larger banks have cut down their growth targets for deposit and loan growth for FY '25 and we are having some conversations with a couple of reports around slowdown in urban demand, we are trying to understand whether you expect some, and you don't give guidance, but whether based on your earlier estimates last quarter or earlier this year, you expect some amount of slowdown in your loan growth and deposit growth rate?

Sandeep Batra:

Anshika, I think you anyway answered it because we really don't give guidance for what's happening. As I did mention, our market share on deposit is just about 7%. So, we have a long way to go. We will continue to remain focused on a risk-calibrated growth and try to serve our customers both from a technology and service orientation point to the best of our ability. As long as we are able to do a great service and provide a great technology to our customers, I think given the state where the Indian economy is, we should be in a comfortable position to continue to pursue the growth aspirations that we have.

Secondly, we are not a primary cast in the economy. We are a supporting cast to the economy, and we try to track cash flows across, and we are happy to see the growth happening within those and track those cash flows.

Moderator:

Thank you very much. As there are no further questions, this conference call comes to an end. On behalf of ICICI Bank, we thank you all for joining us, and you may now disconnect your lines. Thank you again.

Analyst call on October 26, 2024: Opening Remarks

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.

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 FY2025. Joining us today on this call are Sandeep Batra, Rakesh, Ajay, Anindya and Abhinek.

The Indian economy remains resilient based on its long-term growth drivers and the actions and initiatives of the policymakers. The global and domestic inflation, liquidity and rate environment continue to evolve, and we would continue to monitor the same.

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 our strategic framework to strengthen our franchise. Maintaining high standards of governance, deepening coverage and enhancing delivery capabilities are focus areas for our risk calibrated profitable growth.

The profit before tax excluding treasury grew by 7.9% year-on-year and 5.2% quarter-on-quarter to 148.10 billion Rupees in this quarter. The core operating profit increased by 12.1% year-on-year and 4.1% quarter-on-quarter to 160.43 billion Rupees in this quarter. Excluding dividend income from subsidiaries and associates, the core operating profit increased by 13.4% year-on-year and 6.8% quarter-on-quarter to 155.02 billion Rupees in this quarter. The profit after tax grew by 14.5% year-on-year and 6.2% quarter-on-quarter to 117.46 billion Rupees in this quarter.

Total deposits grew by 15.7% year-on-year and 5.0% sequentially at September 30, 2024. Term deposits increased by 15.9% year-on-year and 5.5% sequentially at September 30, 2024. During the quarter, average deposits grew by 15.6% year-on-year and 3.6% sequentially and average current and savings account deposits grew by 10.4% year-on-year and 1.8% sequentially. The Bank's average liquidity coverage ratio for the quarter was about 120%.

The domestic loan portfolio grew by 15.7% year-on-year and 4.6% sequentially at September 30, 2024. The retail loan portfolio grew by 14.2% year-on-year and 2.9% sequentially. Including non-fund based outstanding, the retail portfolio was 44.9% of the total portfolio. The rural portfolio grew by 16.5% year-on-year and 1.7% sequentially. The business banking portfolio grew by 30.0% year-on-year and 10.7% sequentially. The domestic corporate portfolio grew by 11.8% year-on-year and 4.9% sequentially. The overall loan portfolio including the international branches portfolio grew by 15.0% year-on-year and 4.4% sequentially at September 30, 2024. We have revised the presentation of loans to reflect a consolidated view of the business banking portfolio, which Anindya will explain later on the call.

The net NPA ratio was 0.42% at September 30, 2024 compared to 0.43% at June 30, 2024 and 0.43% at September 30, 2023. The total provisions during the quarter were 12.33 billion Rupees or 7.7% of core operating profit and 0.38% of average advances. The provisioning coverage ratio on non-performing loans was 78.5% at September 30, 2024. In addition, the Bank continues to hold contingency provisions of 131.00 billion Rupees or about 1.0% of total loans at September 30, 2024.

The capital position of the Bank continued to be strong with a CET-1 ratio of 15.96% and total capital adequacy ratio of 16.66% at September 30, 2024, including profits for H1-2025.

Looking ahead, we see many opportunities to drive risk calibrated profitable growth. We believe our focus on customer 360 degree, extensive franchise and collaboration within the organisation, backed by our focus on enhancing delivery systems and simplifying processes will enable us to deliver holistic solutions to customers in a seamless manner and grow market share across key segments. We will continue to make investments in technology, people, distribution and building our brand. We are laying strong emphasis on strengthening our operational resilience for seamless delivery of services to customers. We will remain focused on maintaining a strong balance sheet with prudent provisioning and healthy levels of capital. The principles of “Return of Capital”, “Fair to Customer, Fair to Bank” and “One Bank, One Team” will continue to guide our operations. We remain focused on delivering consistent 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, growth in digital offerings, portfolio trends and performance of subsidiaries.

A. Loan growth

As Sandeep mentioned, we have revised the presentation of loans to reflect a consolidated view of the business banking portfolio. This comprises all borrowers with a turnover of upto 7.50 billion Rupees which was earlier reflected in the reported SME and business banking portfolios as well rural business credit forming part of the rural portfolio, dealer funding forming part of the retail portfolio and lending to mid-corporates forming part of the corporate portfolio. Over the past few years, the Bank has seen healthy loan growth in this category and has adopted an integrated approach to coverage, credit and delivery to these customers. Aligning with the same, we would be reporting the retail, rural, business banking and corporate portfolios on this revised basis. The comparable data for previous periods have been provided on slide 67 of the investor presentation.

Coming to the growth across retail products, the mortgage portfolio grew by 13.2% year-on-year and 3.2% sequentially. Auto loans grew by 9.6% year-on-year and 0.8% sequentially. The commercial vehicles and equipment portfolio grew by 9.1% year-on-year and was flat sequentially. Personal loans grew by 17.3% year-on-year and 3.5% sequentially. The credit card portfolio grew by 27.9% year-on-year and 3.4% sequentially. The personal loans and credit card portfolio were 9.6% and 4.3% of the overall loan book respectively at September 30, 2024.

The overseas loan portfolio, in US dollar terms, declined by 6.9% year-on-year at September 30, 2024. The overseas loan portfolio was about 2.6% of the overall loan book at September 30, 2024. Of the overseas corporate portfolio, about 92% comprises Indian corporates.

B. Credit quality

The gross NPA additions were 50.73 billion Rupees in the current quarter compared to 59.16 billion Rupees in the previous quarter. Recoveries and upgrades from gross NPAs, excluding write-offs and sale, were 33.19 billion Rupees in the current quarter compared to 32.92 billion Rupees in the previous quarter. The net additions to gross NPAs were 17.54 billion Rupees in the current quarter compared to 26.24 billion Rupees in the previous quarter.

The gross NPA additions from the retail and rural portfolios were 43.41 billion Rupees in the current quarter compared to 52.04 billion Rupees in the previous 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 the retail and rural portfolios were 25.92 billion Rupees compared to 25.32 billion Rupees in the previous quarter. The net additions to gross NPAs in the retail and rural portfolios were 17.49 billion Rupees compared to 26.72 billion Rupees in the previous quarter.

The gross NPA additions from the corporate and business banking portfolios were 7.32 billion Rupees compared to 7.12 billion Rupees in the previous quarter. Recoveries and upgrades from the corporate and business banking portfolios were 7.27 billion Rupees compared to 7.60 billion Rupees in the previous quarter. There were net additions to gross NPAs of 0.05 billion Rupees in the corporate and business banking portfolios compared to net deletion of 0.48 billion Rupees in the previous quarter.

The gross NPAs written-off during the quarter were 33.36 billion Rupees. There was sale of NPAs of 0.16 billion rupees for cash in the current quarter compared to 1.14 billion Rupees in the previous quarter.

The non-fund based outstanding to borrowers classified as non-performing was 33.82 billion Rupees as of September 30, 2024 compared to 35.43 billion Rupees as of June 30, 2024. The Bank holds provisions amounting to 19.11 billion Rupees against this non-fund based outstanding.

The total fund based outstanding to all standard borrowers under resolution as per various guidelines declined to 25.46 billion Rupees or about 0.2% of the total loan portfolio at September 30, 2024 from 27.35 billion Rupees at June 30, 2024. Of the total fund based outstanding under resolution at September 30, 2024, 21.29 billion Rupees was from the retail and rural portfolios and 4.17 billion Rupees was from the corporate and business banking portfolios. The Bank holds provisions of 8.12 billion Rupees against these borrowers, which is higher than the requirement as per RBI guidelines.

Moving on to the P&L details:

C. P&L details

Net interest income increased by 9.5% year-on-year to 200.48 billion Rupees in this quarter. The net interest margin was 4.27% in this quarter compared to 4.36% in the previous quarter and 4.53% in Q2 of last year. The impact of interest on income tax refund on net interest margin was nil in the current, previous quarter and no impact in Q2 of last year. The movement in net interest margin from Q1 to Q2 includes the impact of the higher number of days in the current quarter, which should seasonally reverse in Q4.

The domestic NIM was 4.34% in this quarter compared to 4.44% in the previous quarter and 4.61% in Q2 of last year. The cost of deposits was 4.88% in this quarter compared to 4.84% in the previous quarter. Of the total domestic loans, interest rates on 51% of the loans are linked to the repo rate, 1% to other external benchmarks and 16% to MCLR and other older benchmarks. The balance 32% of loans have fixed interest rates.

Non-interest income, excluding treasury, grew by 10.8% year-on-year to 64.96 billion Rupees in Q2 of 2025.

- Fee income increased by 13.3% year-on-year to 58.94 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 and associates was 5.41 billion Rupees in this quarter compared to 6.48 billion Rupees in Q2 of last year. Dividend income from subsidiaries and associates was 14.35 billion Rupees in H1 of current year compared to 9.40 billion Rupees in H1 of last year.

On Costs: The Bank's operating expenses increased by 6.6% year-on-year in this quarter. Employee expenses increased by 11.0% year-on-year and non-employee expenses increased by 3.8% year-on-year in this quarter. The technology expenses were about 10% of our operating expenses in H1 of current year. Our branch count has increased by 90 in H1 of current year. We had 6,613 branches as of September 30, 2024.

The total provisions during the quarter were 12.33 billion Rupees or 7.7% of core operating profit and 0.4% of average advances compared to the provisions of 13.32 billion rupees in Q1 of 2025. The provisions in Q1 of 2025 also included the impact of release of AIF provisions of 3.89 billion Rupees, pursuant to clarity on the regulatory requirements.

The provisioning coverage on non-performing loans was 78.5% as of September 30, 2024. In addition, we hold 8.12 billion Rupees of provisions on borrowers under resolution. Further, the Bank continues to hold contingency provision of 131.00 billion Rupees as of September 30, 2024. At the end of September, the total provisions, other than specific provisions on fund-based outstanding to borrowers classified as non-performing, were 231.91 billion Rupees or 1.8% of loans.

The profit before tax excluding treasury grew by 7.9% year-on-year to 148.10 billion Rupees in Q2 of this year.

Treasury gains were 6.80 billion Rupees in Q2 as compared to a treasury loss of 0.85 billion Rupees in Q2 of the previous year, primarily reflecting realised and mark-to-market gains in equities and fixed income securities.

The tax expense was 37.44 billion Rupees in this quarter compared to 33.85 billion Rupees in the corresponding quarter last year. The profit after tax grew by 14.5% year-on-year to 117.46 billion Rupees in this quarter.

Growth in digital offerings

We continue to enhance the use of technology in our operations to provide simplified solutions to customers. About 72% of trade transactions were done digitally in Q2-2025. The volume of transactions done through Trade Online platform grew by 20.0% year-on-year in Q2-2025.

D. Portfolio information

We have provided details on our retail, rural and business banking portfolios on slides 29 to 32 of the investor presentation.

In line with the revised presentation of composition of the loan portfolio, we would be providing the BB and below corporate portfolio from the current quarter onwards. The loan and non-fund based outstanding to performing corporate borrowers rated BB and below was 33.86 billion Rupees at September 30, 2024 compared to 41.64 billion Rupees at June 30, 2024. This portfolio was about 0.3% of our advances at September 30, 2024. Other than two accounts, the maximum single borrower outstanding in the BB and below portfolio was less than 5.00 billion Rupees at September 30, 2024. At September 30, 2024, we held provisions of 6.26 billion Rupees on the BB and below portfolio compared to 8.41 billion

Rupees at June 30, 2024. While the SME portfolio has been carved out from the rating-wise disclosure, the loan and non-fund based outstanding to performing SME borrowers rated BB and below also declined in the current quarter.

The total outstanding to NBFCs and HFCs was 880.27 billion Rupees at September 30, 2024 compared to 854.12 billion Rupees at June 30, 2024. The total outstanding loans to NBFCs and HFCs were about 6.9% of our advances at September 30, 2024. The sequential increase in the outstanding to NBFCs and HFCs is mainly due to disbursement to entities having long vintage and entities owned by well-established corporate groups.

The builder portfolio including construction finance, lease rental discounting, term loans and working capital was 542.16 billion Rupees at September 30, 2024 compared to 521.30 billion Rupees at June 30, 2024. The builder portfolio was about 4.2% 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 September 30, 2024 was either rated BB and below internally or was classified as non-performing, compared to 2.1% at June 30, 2024.

E. Consolidated results

The consolidated profit after tax grew by 18.8% year-on-year to 129.48 billion Rupees in this quarter.

The details of the financial performance of key subsidiaries are covered in slides 40 to 42 and 61 to 66 in the investor presentation.

The annualised premium equivalent of ICICI Life was 44.67 billion Rupees in H1 of this year as compared to 35.23 billion Rupees in H1 of last year. The value of new business was 10.58 billion Rupees in H1 of this year compared to 10.15 billion Rupees in H1 of last year. The value of new business margin was 23.7% in

H1 of this year compared to 24.6% in FY2024 and 28.8% in H1 of last year. The profit after tax of ICICI Life was 4.77 billion Rupees in H1 of this year compared to 4.51 billion Rupees in H1 of last year and 2.52 billion Rupees in Q2-2025 compared to 2.44 billion Rupees in Q2-2024.

Gross Direct Premium Income of ICICI General was 67.21 billion Rupees in Q2-2025 compared to 60.86 billion Rupees in Q2-2024. The combined ratio stood at 104.5% in Q2-2025 compared to 103.9% in Q2-2024. Excluding the impact of CAT losses of 0.94 billion Rupees in Q2-2025 and 0.48 billion Rupees in Q2-2024, the combined ratio was 102.6% and 102.8% respectively. The profit after tax was 6.94 billion Rupees in Q2-2025 compared to 5.77 billion Rupees in Q2-2024.

The profit after tax of ICICI AMC, as per Ind AS was 6.94 billion Rupees in this quarter compared to 5.01 billion Rupees in Q2 of last year.

The profit after tax of ICICI Securities, as per Ind AS on a consolidated basis, was 5.29 billion Rupees in this quarter compared to 4.24 billion Rupees in Q2 of last year.

ICICI Bank Canada had a profit after tax of 19.1 million Canadian dollars in this quarter compared to 21.1 million Canadian dollars in Q2 last year.

ICICI Bank UK had a profit after tax of 8.0 million US dollars in this quarter compared to 3.3 million US dollars in Q2 of last year.

As per Ind AS, ICICI Home Finance had a profit after tax of 1.83 billion Rupees in the current quarter compared to 1.12 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. First question is from the line of Mahrukh Adajania from Nuvama Wealth. Please go ahead.

Mahrukh Adajania:

My question is just related to general asset quality. So, your slippages have done very well this quarter. And you've been growing your unsecured loans though at a slower pace, but quite healthy. Your growth in mortgage and unsecured loans on a QoQ basis is similar. And despite that, there's no sign of stress on your books while every other lender is seeing some stress one or the other on unsecured loans, either in credit cards or other unsecured loans. So, how do you think about your book going ahead? Will that divergent trend from the sector continue? And what is it that you think you're doing right relative to others?

Anindya Banerjee:

Mahrukh, first of all, I think we have also seen an increase in the delinquencies and NPL formation in unsecured loans over the last three to four quarters, both in credit cards and in personal loans. But during this period and even prior to that, we had been taking various steps to sort of improve the way we were underwriting and sourcing this portfolio in terms of customer segments and pricing and various other filters.

And therefore, as you would see on the personal loan side, the growth on a year-on-year basis has actually come off pretty significantly. Last year in the September quarter, the year-on-year growth was 40% and this year it is down to 17% or so. But in this portfolio, over a period of time, the slippages have gone up. I would say that in the current quarter, we have not seen them go up further on a sequential basis, but we will continue to watch.

On the credit card side, I think it's a little different from personal loans because that is a very core product when you look at a Bank customer relationship and sort of a high touch product. So, that's definitely a business we would want to continue to grow. But there also, over a period of time, we have taken various steps in terms of the sourcing pattern. And, while we have seen again, there also the delinquencies and credit costs go up, it continues to be a very profitable business and a growth business.

Overall, the unsecured piece, these two products put together are about 14% of the loan book. So, some increase in delinquency or credit costs in these segments has contributed to the path towards some kind of normalization of credit costs. But even after that, if you look at it, we are still in the 40-50 basis point range on an overall basis. So, that's how we would manage going forward.

Mahrukh Adajania:
And just my second question is on funding costs. I know the deposit mix is also kind of changing, but would funding costs have bottomed out now? I mean, peaked out now? Just some outlook on margins in terms of cost.

Anindya Banerjee:
If you look at the retail deposit rates, I think they have gone up in the current calendar year by about 15 bps or so, I think about 10 bps in Q4 and 5 bps in earlier this quarter. And that will feed into the increase in the cost of deposits by 1 basis point, 2 basis point over a period of time. But yes, I think the big increase in deposit rates had already by and large happened between the second half of fiscal 2023 and the second half of fiscal 2024. So, we would not expect retail deposit rates to go up too much from here. On the wholesale side, I think the rates continue to be somewhat higher than what we would have otherwise expected. As we had mentioned perhaps last time, the kind of decline in wholesale rates that we usually see during a first quarter did not really happen and rates have continued to be a little bit on the higher side, if you look at one year plus kind of deposits. But I guess, with the liquidity situation having improved and the credit growth also coming off a little bit, that should hopefully will ease going forward, but we

will have to wait and see. Overall, we may see, I guess, marginal increase in the cost of term deposits. I think this quarter the overall cost of deposits went up by 4 basis points, which is a little bit of increase in the cost of term deposits and a little bit of reduction in the average CASA ratio. And maybe to that extent some small increases we could still see.

Moderator:
Thank you. The next question is from the line of Rikin Shah from IIFL Securities. Please, go ahead.

Rikin Shah:
Two questions. First one is on margin and more specifically on yield on advances. So, the yield on advances have been softening since a couple of quarters. Probably this quarter would be a function of mix change, but if you could allude to what's driving slight pressure on the yields on advances and an outlook on that in the near term? And the second question is on the treasury gains, if you could just provide some colour as to why the treasury gains have been high for the second quarter as well. 1Q you did mention a few reasons. If you could just provide more colour on that for this quarter as well.

Anindya Banerjee:
On the first one, I think as I mentioned, there are certain portfolios where we account the interest income on a 30/360 basis. So, in quarters which have higher number of days, the yield on advances just mathematically is reported a little lower. It evens out over the course of the year. Other than that, nothing specific on the yield on advances. I think in terms of market lending, we continue to see a fair amount of competitive intensity and we are trying to be as disciplined within that context as we can be. On the overall, I would say on the margins, we would expect it to be broadly stable in H2 relative to H1 is the way we would look at it until a rate cut cycle starts.

On the treasury, actually, as you know from 1st of April, the revised investment guidelines came into force whereby a lot of the positions are mark-to-market now other than the HTM portfolio and most of, other than the SLR book and subsidiaries and things like that, most of the portfolio is held either in the AFS or fair value through P&L and the mark-to-market on the fair value through P&L portfolio reflects in the P&L for the quarter. So, this quarter, if I look at kind of the Rs. 6 odd billion, I would say a larger part did come from the treasury operations, the trading operations that we do across both fixed income, equities and so on. But some component was there which reflected sort of the incremental mark-to-market positive over and above what the position was on June 30th on the fair value through P&L portfolio.

Moderator:
Thank you. Next question is from the line of Piran Engineer from CLSA India. Please go ahead.

Piran Engineer:
You've done a good job in controlling opex. Can you just give us some glimpse of where this is coming from? Where are we getting these benefits from? What should we expect in the coming, say, FY25-26?

Anindya Banerjee:
I think we have been talking maybe for the last four quarters that the kind of opex growth rate of 20% plus that we had been running in the four to six quarters or maybe a couple of years prior to that would moderate because now the cost base itself is fairly large and we have opportunities to optimize within that. So, that is basically what has driven the reduction in the cost growth. I think if I remember right for the fourth quarter, the adjusted cost growth was about 13% or so. For the first half this year, while the Q2 number is indeed year-on-year growth is very low at 6.6%, for the first half this year, it's about 8.5% or so. And it could be slightly higher in the second half, given all the festive season-related spends and other

technology spends, etc., that we have planned out. But broadly, around this level, give or take a couple of percentage points is where we should see it in the near term.

Piran Engineer:
And your branch openings have also slowed down this year compared to the run rate that we are running at earlier. So, any particular reason? And is this also a reason why opex growth has been trending a bit lower?

Anindya Banerjee:
No. I don't think that that's a very big driver, maybe there's some contribution of that. So, on branches, as we have said in the past, we are not really fixated on a particular number, or that we have to open so many in such a period of time. It's a very bottom-up organic process based on the teams which are managing different markets, what is the branch addition that they need to do and it's always looked at within the overall current and potential PPOP kind of framework. So, based on that, we have not consciously held back on opening any branches nor have we pushed any branch opening. It's just an organic process which happened. I would guess this number will be materially higher in H2 but it's not like we have any particular number that we want to achieve.

Piran Engineer:
Got it. And just lastly, if I can squeeze in your credit card delinquencies, any difference between the co-branded ones and the regular ones?

Anindya Banerjee:
We don't really give out this data.

Moderator:
Thank you. Next question is from the line of Saurabh from JP Morgan. Please go ahead.

Saurabh:

Just two questions. One is on your CASA growth, especially on your savings account growth. You've done much better than all other banks. So, could you just throw some light as to why you are seeing a much better traction on CASA than others, especially on savings account? And the second is essentially on your slippages. How much will be coming from linked accounts? And will it be fair that in your cards and personal loan portfolio, the NPL increase will be higher in cards, or the write-off will be higher in cards versus PL, the stress you are seeing. And it will be mostly in the outside of the bank channel. These are the ones. Thank you.

Anindya Banerjee:

On the CASA side, I think the way we approach it is that we basically focus on what we call money-in-bank. So, we don't really push the distribution for that we want to do this much CA, this much SA or this much Term. Basically, what we are trying to achieve is that we should be having good customers and we should be the primary banker having a good share of that customer's wallet, and customer ranges across retail and business banking and corporate. And then it's really up to the customer in what form they choose to keep the money. So, I think that is the way we are kind of trying. So, I think this money-in-bank concept and focusing the team's attention on the total wallet of the customer rather than driving any particular type of deposit at any point of time has helped as well as the focus on, I would say, quality customer acquisition.

On the NPL part, finally it doesn't really matter whether it is linked or unlinked. RBI guidelines require NPLs to be identified and reported on what we call the common borrower basis at a borrower level and not a particular loan account level. So, that is what we do, and that's been consistent practice for a fair amount of time now. We have not really given the comparative delinquencies between personal loans and cards or between different components of either portfolio. I think, as I mentioned earlier, it is fair to say that as was expected over the last 1-

1.5 years, delinquencies in these portfolios and even overall, the NPL formation in retail have gone up. And we keep taking corrective actions in terms of sourcing. So, hopefully it is stabilizing, and we will see how we go on from here. But nothing really to call out between one or the other. Of course, the personal loan and credit card products are different. Again, as we mentioned earlier, the credit card is a much more core part of the Bank customer relationship and a much higher touch product, and it has its own operational challenges as well as kind of opportunities to differentiate. So, that's the way we would look at both these businesses.

Moderator:
Thank you. Next question is from the line of Kunal Shah from Citi Group. Please go ahead.

Kunal Shah:
If you can just highlight in terms of, within the retail, how would be the proportion between the secured and unsecured in terms of the incremental formation and any change in last couple of quarters vis-à-vis the last year?

Anindya Banerjee:
We have not really given any breakup of that kind. I mean, at a broad level, as I said earlier, we have been saying for, I think, eight quarters that the retail NPL formation at a gross level and at a net level will move up, will normalize upwards. Within that, there has been an increase, of course, in the credit card and personal side. But finally, one has to look at it the overall portfolio and the overall numbers at a credit cost of 40 to 50 bps of advances, how much more breakups will one do.

Kunal Shah:
When we look at the overall credit cost still maybe below 40 odd basis points, not yet the normalized one. We would have seen some kind of a catch up on the unsecured side as well. But are we comfortable that maybe 40 to 50 would be

the broad range for credit cost and maybe beyond 50 doesn't seem like any incremental data points would suggest or maybe the delinquency bucket suggests that it should cross 50 basis points of credit cost?

Anindya Banerjee:
It's very difficult to say with that kind of precision. We have consistently been saying that there will be a gradual normalization, but it is anyway much below historical level and we will see it as it comes. I don't think there is anything today which is alarming us in terms of causing us to believe that it will go up very substantially, but could it inch up over a period of time? It could.

Kunal Shah:
And last data point, LCR you mentioned is 120?

Anindya Banerjee:
Yes.

Moderator:
Thank you. Next question is from the line of Nitin Aggarwal from Motilal Oswal. Please go ahead.

Nitin Aggarwal:
One question I have is on the rating distribution. The rating distribution of corporate portfolio has seen an improvement this quarter. So, unlike the trend that was there in the previous quarters. So, do you maintain any thresholds here? And do you also benchmark yourself to peer on the mix of credit rating?

Anindya Banerjee:
As we have explained, because we have carved out the SME portion into business banking, now the corporate portfolio, basically comprising corporates above Rs. 7.5 billion in turnover and that is the rating cut we have given. So, I think earlier

there used to be some confusion because we were including SME and other players were not and so on and so forth. So, this hopefully is a more comparable cut. And the numbers for the previous periods are also there on the same slide. It's been a pretty stable trend. I guess, we do have certain internal limits in terms of cap on origination of loans in the lower rating buckets, but those are sort of internal to us.

Moderator:
Thank you. Next question is from the line of Param Subramanian from Nomura. Please, go ahead.

Param Subramanian:
Firstly, just data, what is the recovery from written-off accounts in the quarter or the first half of the year?

Anindya Banerjee:
We don't give that number separately. It's already adjusted in the provisions line.

Param Subramanian:
Anindya, what is driving the higher write-off in this quarter? It doesn't seem to have come with any significant P&L impact, but so is this largely fully provided loans and technical?

Anindya Banerjee:
Yes, these were all 100% provided loans. And the way we do write-offs is that, on broadly retail portfolios, we have a days past due based write-off policy. Whereas on the corporate and SME portfolio, it's more on a case-by-case basis. And these were from relatively old, fully provided NPLs that we wrote off this quarter, technical write-off. Of course, even in some of these, we would continue to pursue cash recovery efforts, that will come when it will come, but these are fully provided corporate NPAs of past year.

Param Subramanian:

And just one last question if I can. The NIM impact because of this longer quarter, any number you can highlight would be great.

Anindya Banerjee:

See the total impact on yield is seven basis points or so. So, it will be something within that.

Moderator:

Thank you. Next question is from the line of Abhishek Murarka from HSBC. Please go ahead.

Abhishek Murarka:

Two questions. One is on business. One is on fees. On business, I would request for some comment around business banking, especially with regard to demand trends and yield. Is the growth coming at lower yields? And how do you see the sustainability of this growth? And on credit card and PL, you've taken a lot of tightening measures earlier. But now your sequential run rate, is this like a BAU? Or do you expect more impact of the tightening measures taken earlier to still show up in the sequential run rate? So, those are the two questions on business. One quick question on fees. So, if I look at fee to assets, now that your loan mix is changing and your PLCC, vehicle finance, all those are coming down in proportion, do you expect your 1.2% fee to assets also coming down? So, some understanding around that. Thanks, those were my two questions.

Anindya Banerjee:

On the business banking side, Abhishek, we were, maybe till eight or nine years back, not very large players in this segment. And I think over this period of time, we have invested a lot into building this business. I would say in terms of the credit underwriting models and capability, equipping many more virtually our entire branch network to deal with this set of customers. And thirdly, I think our digital offerings have also helped and this period has also coincided with greater digital adoption in this segment borne out of various government initiatives or just the evolution of the market. So, that has been the basis on which we have grown this segment. And this is one segment where we really focus a lot on the customer 360, because in many cases we would be having a significant share of the wallet, not only across credit, but also across transaction banking, deposits, Fx, and so on. So, that we look at really for the portfolio, the profitability on an overall basis.

In terms of pure lending, it is competitive because I think particularly a couple of the other large private sector peers have, in fact, a longer sort of presence and history in this segment. So, I wouldn't characterize it as a high yield business by any stretch, but it is a profitable business because we are really looking at what all we are doing with the customer.

Abhishek Murarka:
Now it's been quite a few years that we have grown this business quite fast, gained quite a bit of market share. So, even today to be able to maintain a 10% sequential run rate, that's in itself a fairly difficult task. So, do you think it's still because your market share is still low, or this is going to slow down and this kind of sequential growth may not continue anymore?

Anindya Banerjee:
I don't want to talk about sequential growth numbers. But fundamentally, I don't think that our market share is saturated at all. I think we have a long way to go in terms of entities, we can tap and cover and reach. And there are lots of very large potential customer base out there, both in terms of people and their existing banking plus this is also a segment which is growing. I mean, the people are setting up new manufacturing units, they are setting up new service businesses. So, there is enough and more to be done. I don't see any challenge to the market

opportunity for us in this segment at all. What was your second question? It’s about fee.

Abhishek Murarka:

Fees. On cards and PL?

Anindya Banerjee:

As I said, cards I think continues to grow at a reasonably robust pace. PL, probably I don't think the disbursal volume may not, I don't have a sense, may not come down too much, but I think they are already down a fair amount from where they were 3-4 quarters ago and repayments also kick in. So, on a portfolio growth perspective, as we mentioned that it has come down from 40% to 17% and you will see it trend-down further over the next couple of quarters definitely. On the fees question, we don't really manage to that metric. What we look at is kind of the overall PPOP and the credit cost. So, it's not that we have a particular fee to income number in mind. I think on fees also, there is more that we can do in terms of growth or in terms of increasing the fee income in areas like transaction banking and Fx in cards also and you know couple of other places as well. So, again on fees, the growth opportunity is there. I don't worry too much about PL coming down and that depleting.

Abhishek Murarka:

These activities you are doing on the fee side to improve the fee growth, is it sort of showing up or it's like a long duration project and your fee to assets or fee to income will not be impacted in the next few quarters because of this?

Anindya Banerjee:

We don't really look at fee to income, fee to assets at all. I mean, we have an overall PPOP kind of aspiration and fee is one element of that. It is probably an element where we have scope for some lift.

Moderator:

Thank you. Next question is from the line of Rahul from Goldman Sachs. Please go ahead.

Rahul:

Just two questions. One is your Slide #31 talks about the mix of two customers in PL and CC. 60 being existing-to-bank, 40 would imply being new-to-bank customers. So, just wanted to understand maybe qualitatively how the behavior in each of these buckets are you seeing on the delinquency side? And this is coming from the fact that we have seen reasonably higher degree of delinquency in the customer that may not necessarily be existing-to-bank or those who are open market customers for different entities. So, just wanted to get some color as to how you see the behavior in these two portfolios?

Anindya Banerjee:

I think as we said earlier, overall in these portfolios, credit costs have normalized upward, delinquencies have gone up. We have taken measures, hopefully, including in the case of PL bringing down the growth. Hopefully we will see stability and some improvement down the line. Nothing more than that to call out. This is put together 14% of the loan book and whatever is happening within this book is getting absorbed within the 40 to 50 basis points of credit cost.

Rahul:

So, the behavior would be similar? So, let's say argumentatively, if existing-to-bank is having X percent of delinquencies would new-to-bank would also be at X percent or they would be 1.2x 1.5x?

Anindya Banerjee:

It can vary, I mean an existing-to-bank customer which has been a not so great quality account sourced in the past may exhibit worse outcome than say quality account that is sourced today say in cards because as I mentioned it is a high-touch product. So, it could vary and really from of course, we keep doing internal analyses on various cuts. I think most important is the sort of credit profile of the customer. And that can vary across these segments.

Rahul:
And, in terms of growth of this portfolio, the growth is now going to be more driven by, I would imagine existing-to-bank customers, or you would continue to hunt for customer outside of this banking relationships also?

Anindya Banerjee:
No, I think, say for example, if you look at the credit card, we have a large untapped base within our own customer base of quality customers who don't have a card, or even if they have our card, are not using it as much as you would like them to. But at the same time, it's also a very good product to acquire a customer. So, for example if we are banking a large corporate or banking some MNC or something, I would be very happy to offer a credit card to their employees at a certain level or who pass the credit filter. So, I think it's really about what is the quality of the customer that you're issuing to rather than getting caught up in existing versus new because that may give some false sense of comfort.

Rahul:
Alright, now I was asking just generally because of the environment. Fair enough. The second quick question was on the outlook on margin. So, it's been trending lower. You talked about cost of deposit being closer to bottoming and whatever the repricing had to happen has happened. But there will be some mix in element as well. So, what's the outlook on the margin that you envisage? I see you got comfort on the loan to deposit side as well. So, would you pull that lever to manage the margins, or do you think it is kind of okay where it is right now?

Anindya Banerjee:

No, I already said that we would expect margins to be broadly stable in the near term. And then when the rate cut cycle starts, of course, the lead-lag will play out on the reverse side with loans repricing faster than deposits. The general expectation is of a relatively shallow cycle. So, we will have to manage through that as and when it happens.

Moderator:

Thank you very much. Ladies and gentlemen, we will take that as the last question. I now hand the conference back over to the Bank. Please go ahead.

Anindya Banerjee:

Thank you for taking time on a Saturday afternoon. And wish you all a very, very happy Diwali from ICICI Bank in advance. Thank you.

Moderator:

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