



October 23, 2026

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, 2026.

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.icici.bank.in/about-us/news-room/2026/interaction-with-media-on-icici-banks-financial-performance-in-the-quarter-ended-september-30-2026
2.	Transcript of the Earnings Call with Analysts and Investors	https://www.icici.bank.in/about-us/qfr

This is for your records and information.

Yours sincerely,

For ICICI Bank Limited

VIVEK

RANJAN

Vivek Ranjan

Leadership Team

Digitally signed
by VIVEK RANJAN
Date: 2026.10.23
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Encl.: as above.

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ICICI Bank Limited

Media conference call for quarter ended September 30, 2026

On October 17, 2026

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

Sandeep Batra:

Good evening, everyone. Thank you all for joining us on this busy Saturday afternoon.

The Indian economy continues to remain resilient as reflected by India's economic fundamentals, supported by the consistent actions and initiatives of the policymakers. We continue to monitor the developments closely and remain focused on our long-term strategy, aligned with India's evolving economic landscape.

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 and half-year ended September 30, 2026. I would like to highlight some key numbers:

First, moving on to profit and capital

A. Profit and capital

1. Net interest income grew by 17.7% year-on-year to ₹25,339 crore in Q2-2027
2. Net interest margin was 4.18% in Q2-2027 compared to 4.36% in Q1-2027. Excluding the benefit of interest on tax refund, the net interest margin would have been 4.28% in Q1-2027
3. Fee income grew by 20.1% year-on-year to ₹7,795 crore in Q2-2027
4. Operating expenses grew by 8.5% year-on-year to ₹12,811 crore in Q2-2027
5. Core operating profit grew by 21.8% year-on-year to ₹20,805 crore in Q2-2027
6. Core operating profit excluding dividend from subsidiaries grew by 25% year-on-year to ₹20,342 crore in Q2-2027
7. Provisions (excluding provision for tax) were ₹851 crore in Q2-2027
8. Profit before tax excluding treasury grew by 23.4% year-on-year to ₹19,954 crore in Q2-2027
9. Profit after tax grew by 20.1% year-on-year to ₹14,843 crore in Q2-2027
10. Standalone RoE was 16.6% in Q2-2027
11. At September 30, 2026, the Bank had net worth of about ₹3.6 lakh crore. CET-1 ratio was 16.01%, and total capital adequacy ratio was 16.68% at September 30, 2026

Moving on to deposit growth

B. Deposit growth

1. Total period-end deposits increased by 27.1% year-on-year and 11.8% quarter-on-quarter at September 30, 2026. The Bank has mobilised gross FCNR (B) deposits of about \$18 billion, pursuant to Reserve Bank of India's swap facility
2. Average deposits increased by 21.2% year-on-year and 8% sequentially during Q2-2027
3. Average current and savings account deposits increased by 10.7% year-on-year
4. The Bank opened 145 branches in H1-2027 and had a network of 7,656 branches and 12,143 ATMs and cash recycling machines at September 30, 2026

Moving on to loan growth

C. Loan growth

1. The total loan portfolio grew by 30% year-on-year and 12.3% quarter on-quarter at September 30, 2026
2. The retail and rural loan book grew by 14.8% year-on-year. Including non-fund outstanding, the retail loan portfolio was 43% of the total portfolio. The mortgage portfolio grew by 15.3% year-on-year. The personal loan portfolio grew by 16.6% year-on-year. The credit card portfolio declined by 9.7% year-on-year. Jewel loans grew by 79.4% year-on-year. The business banking portfolio grew by 33.8% year-on-year. Growth in the domestic corporate portfolio was 30.6% year-on-year at September 30, 2026
3. About 73.2% of the corporate loan portfolio was rated 'A- and above' at September 30, 2026

Now, moving to asset quality

D. Asset Quality

1. Net NPA ratio was 0.3% at September 30, 2026 compared to 0.35% at June 30, 2026 and 0.39% at September 30, 2025
2. During Q2-2027, there were net additions to gross NPAs of ₹1,213 crore
3. Gross NPA additions were ₹4,833 crore in Q2-2027. Recoveries and upgrades of NPAs, excluding write-offs and sale, were ₹3,620 crore in Q2-2027
4. Gross NPAs written off were ₹1,592 crore in Q2-2027
5. There was sale of NPAs of ₹133 crore for cash in the current quarter
6. Provisioning coverage ratio on non-performing loans was 75% at September 30, 2026
7. Total fund based outstanding to all borrowers under resolution as per the various extant regulations was ₹1,185 crore
8. Loans and non-fund based outstanding to performing corporate borrowers rated BB and below were ₹3,547 crore at September 30, 2026
9. The total provisions during Q2-2027 were ₹851 crore or 4.1% of core operating profit and 0.2% of average advances
10. The Bank continues to hold contingency provisions of ₹13,100 crore at September 30, 2026

At ICICI Bank, customers remain at the heart of every initiative. I would like to share some of the latest updates on AI that make banking simpler, safer, and more convenient. We continue to see AI as an opportunity to strengthen the way we serve our customers and run our operations. Our efforts in this area are guided by a clear approach to scaling its use responsibly, while creating long-term value for the Bank.

We have built an enterprise AI platform that enables teams to develop and deploy AI and Generative AI solutions in a secure environment. The areas span across a range of functions like software development, cybersecurity, customer onboarding, fraud detection, portfolio monitoring, document extraction and summarisation and customer service. Together, these capabilities help simplify processes, improve turn-around times and support decision-making across multiple banking functions. The Bank is also working with multiple startups in the area of AI to explore and develop banking solutions.

As the Bank expands its use of AI, strong governance and risk management remain central to our approach. We have put in place guardrails that define the boundaries for AI usage, ensure human oversight of AI-driven processes, enforce stringent data access controls and establish protocols for effective model governance. We are also focussed on upskilling initiatives for our business, digital and technology teams.

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

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

Moderator:

Thank you very much, sir. We will now begin the Q&A session with Mr. Batra and Mr. Banerjee. Anyone who wishes to ask a question may press '*' and '1' on 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 contact 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 Ritu Singh from CNBC-TV18. Please go ahead.

Ritu Singh:

Thanks very much for that, and good evening, Mr. Batra. I just quickly wanted to start by understanding what has happened on the margin front. That 18-basis point decline. Could you give us an explanation, how much is because of the FCNR flows and how much is because of this one-time tax refund, in the first quarter? Where do you see margins sort of stabilising? That is the first question.

Also, the sustainability of your deposit and credit growth. Almost 27-28% year-on-year deposit growth, but excluding FCNR, deposits just grew by 17%. Again, the loan book from 30% would have fallen to about 24% excluding the loans by international branches against these FCNR deposits. So where are you seeing growth? How do you see that stabilising as well? And a quick point, if you could add on your slippages of ₹4,833 crore, where they came from? Anything you would like to flag?

Sandeep Batra:

That is three questions, Ritu, but let me answer them. As we have reported, the net interest income increased by about 17.7% year-on-year and about 3.9% sequentially. The NIM was 4.18% for this quarter compared to 4.36% in the previous quarter. As I had mentioned, if I exclude the interest on tax refund, it was 4.28% in the previous quarter. So, we are really talking of a decline from 4.28% to 4.18%. That is largely a function of FCNR(B) which accordingly results in a higher deposit amount and a lower CASA. As you would have seen, our CASA ratio has marginally declined, which has been responsible for the marginal decline in the NIMs. The large sequential increase in retail term deposits and increase in overseas branches of total assets has also led to moderation in margins. The full impact would largely get reflected in the third quarter, after which we expect the margins to start moving up, even based on the current level of policy rates.

The other thing which I want to talk about, given you talked about it, I think the FCNR (B) has also provided us with a lot of opportunities to interact with a new set of NRI customers. As a bank, we continue to be focussed on PBT, and that is an area that we will look forward to expanding as we go forward. You talked about the deposit growth excluding FCNR (B). Our outstanding deposits, as you would have noticed, grew about 27% year-on-year. For the period-end deposits excluding FCNR (B), we have grown by about 17% and 3.1% sequentially. As you would be aware, we continue to focus on

money-in-bank rather than delivering any particular kind of deposits, whether it is CA, SA or deposits. It is really up to the customer to choose. Our overall approach continues to have quality customers and be the primary banker with a good share of customer wallet across retail, business banking, and corporate.

You also asked about loan portfolio. The total loan portfolio grew by 30% year-on-year and 12.3% sequentially, compared to 19.6% year-on-year and 5% sequentially, in the last quarter. Excluding leverage on FCNR (B) deposits, the total loan portfolio also grew by 24% year-on-year and 7.3% sequentially.

As far as going forward is concerned, we have always been saying, we look at a risk-calibrated approach. Wherever we get opportunities across retail, business banking, or corporate book, we will be happy to expand this book. We really do not have any particular target in terms of loan or deposit growth per se.

Did I answer all your questions, or was there one more question?

Ritu Singh:

There was one more about slippages, where did they come from? And if I may follow up on your loan growth, that you are speaking about opportunities. Corporate has grown pretty fast, about 30% odd. Is that pace something you are comfortable with or is this just a result of what we are seeing in the market? Because in bond markets...in the other markets, rates are going up and therefore, some of these corporates are coming back to banks. Do you expect that kind of a pace of growth in your corporate book to also continue?

Sandeep Batra:

Ritu, our corporate portfolio, I think you rightly pointed out, grew by about 30%. The growth has been largely broad-based, and it includes segments across capex, and a higher working capital cycle. Yes, there has been some demand shift from bond market, ECBs, towards bank borrowing. Also, the corporates have been building buffers to ensure resiliency. As you are aware, we are a very active franchise and engage with corporate clients across the spectrum, and we continue to pursue opportunities and work with them. We are happy to lend as long as they fit within our risk and return threshold and have a 360-degree relationship with the customer. That has been an approach that we have been having, and we intend to continue with that approach.

In terms of your earlier question around slippages. We have had a gross addition to NPAs of about ₹4,800 crore during the quarter, out of which rural and retail is ₹3,700 crore, and corporate and business banking is about ₹1,100 crore. Against this ₹4,800 crore of gross addition, there has been recoveries and upgrades of ₹3,600 crore. The split — ₹2,600 crore in rural and retail, and corporate and business banking is about ₹1,000 crore. So, the net addition has been just about ₹1,200 crore. Then there is some amount of write-offs and sale of NPAs.

Ritu Singh:

Thank you, Mr. Batra.

Moderator:

Thank you. Next question is from Piyush Shukla from ET Now/Swadesh. Please go ahead.

Piyush Shukla:

Good evening, Mr. Batra. I have just a couple of queries on this FCNR (B). You have garnered around \$18 billion-odd deposits under the scheme. Where do you plan to deploy that? Will it be for reducing your bulk deposits, or is inorganic growth possible? Where exactly do you plan to deposit these high valued FCNR (B)? One is that sir.

The other is, I wanted to understand your views on the proposed IRDAI insurance distribution guidelines. What sort of impact do you see on the Bank on the fee income side? Because you get commission from your subsidiary. In terms of fee income, and in terms of FCNR (B) funds deployment, if you can help us get some sense on this.

Sandeep Batra:

Thank you, Piyush. I think you rightly pointed out, we have mobilised about \$18 billion of FCNR (B). Our focus is on optimal deployment while focussing on risk and return, and that has been a guiding principle that we have been following. These funds are available for us to provide in three to five years, which actually gives us a very stable source of funding. We have used it in many areas, including what you really mentioned. We have deployed this in paying off some bulk deposits. Some of this has gotten deployed in the loan growth which has happened during the quarter. The other balance, we would deploy it over the next two quarters. As you are aware, these deposits are exempt from SLR, CRR, and PSL requirements, which ensures that these incremental deposits are earning accretive. As I did mention a little while ago, these deposits provide a great opportunity to build the NRI franchise across all geographies.

In terms of commissions, I think we have been saying that we follow the principle of 'Fair to Customer and Fair to Bank' and provide third-party products which meet the customer's financial needs. We, in fact, only sell products from the ICICI Group as far as insurance is concerned. In the overall context, the third-party fee income is less than 1% of our total income. So, I think whatever changes happen will have minimal impact on the Bank. And I am sure IRDAI, as part of its overall development approach, has factored in customer needs and overall approach, and they will take feedback from all stakeholders when the final guidelines come. Whichever shape they come, we welcome them, and we will support them wholeheartedly.

Piyush Shukla:

Thank you, sir.

Moderator:

Thank you. Next question is from Shrishti Sharma from ET BFSI. Please go ahead.

Shrishti Sharma:

Thank you. Mr. Batra, first question is on the bancassurance income. Of your annual fee income that you garner, what percentage comes from bancassurance income? Second question. In your introductory remarks, you mentioned credit card book has declined. Why is that so and what remains your stance and strategy going forward? And if I can add one more question. Since the rate hike cycle has started, when do the deposits reprice for you? How many rate hikes do you think might come, going forward? Thank you.

Sandeep Batra:

All right. On fees, as I mentioned, the bancassurance fee is less than 1% of our total income and about 5% of our total fee, so it is not really material in the overall scheme of things.

Moving on to credit cards, our objective on credit cards continues to be focussing on risk-calibrated profitable growth with every product segment, and that includes credit cards. We have been focussed on onboarding quality customers, driving profitable spends, and exiting riskier and unprofitable segments. That approach continues to be there. While there has been some moderation, the profitability across this remains quite healthy and, in fact, has been improving due to lower credit costs. The year-on-year decline in credit card portfolio is primarily due to higher festive spends towards the end of Q2 last year. Driven by early onset of festive season, going forward, we continue to see growth. Our focus on these specific segments, and leveraging distribution across co-branded partnerships, will continue. There has been fair bit of new additions which have happened, and we hope that in the upcoming festive season, Q3, we do expect to drive profitable growth across the segment. Moving on, you talked about the West Asia conflict...no, it was on the...

Shrishti Sharma:

Deposit repricing.

Sandeep Batra:

Yes. As you are aware, when repo repricing happens, there is a positive movement on the NIM. We do expect that our repo rates can go up to 6%, but with probably another two hikes of 25 basis points each. We will continue to watch the situation. From our perspective, overall profitability and growth will be a function of liquidity, market dynamics, competition, and various other factors. Based on that, we will respond to both the macro environment, monetary policy, and competition in an appropriate fashion.

Shrishti Sharma:

But when do deposits reprice, sir? Any timeline on that?

Sandeep Batra:

No real timelines. As I did mention, there will be some amount of moderate increase which will happen. Right now, there has been a fair bit of liquidity, which I think RBI is slowly and systematically withdrawing. It will be a function of competitive intensity and the requirement of deposits as we move on. The Bank also has got FCNR (B) deposits at this point of time, which will get deployed over the next two quarters.

Shrishti Sharma:

One more quick follow-up on the credit card. Since you mentioned you are exiting the riskier segments, where will your market share stand by the end of FY27 in credit cards?

Sandeep Batra:

Shrishti, we do not look at market share at that segment. We focus on working at a customer level as opposed to a product-level market share. Our approach has been to focus on good quality customers, and within that, we let the customer choose what product he or she might need. That is the approach that we have been consistently following for many years, and that continues to remain so.

Shrishti Sharma:

Thank you.

Moderator:

Thank you. Next question is from Shivam Khilar from NDTV Profit. Please go ahead.

Shivam Khilar:

My first question would be on margins. Sir, we have seen the margin has been impacted, which was mainly due to the FCNR drag. But I would like to ask, what would have been the margins, if we exclude the FCNR impact? So, my first question is that. Also, in terms of competitive pricing, that has remained intense in last quarter. So, has the competitive pricing nearly increased or decreased in this quarter? What is your take on that?

Sandeep Batra:

We have to look at the FCNR (B) in the context of the overall CASA ratio. As I did mention, there has been a marginal decline in CASA ratio, and the impact of that mix change between CASA and term deposits has been about nine to ten basis points. As a bank, the absolute net interest income has expanded. We are also, as a bank, focussed on PBT from a bottom-line perspective, and that will continue to remain our focus. And your second question was?

Shivam Khilar:

It was regarding the competitive pricing, that has remained intense in last quarter, as indicated by the management. So, does competitive pricing still remain, has it increased

in quarter two, or what kind of situation are we facing on that front for competitive pricing?

Sandeep Batra:

Shivam, competition will always be there. I do not think there are any significant changes around it. From a bank perspective, we need to be continuously focussing on our internal processes, identifying good quality customers, and giving them the best possible service. That has been our strategy, and we will continue to remain focussed on that space.

Shivam Khilar:

Also, one more question would be on, if I could squeeze in that, was on agri portfolio. So agri remediation process was incomplete. So, what is the latest status on that agriculture portfolio remediation exercise? And when could these provision writebacks become possible?

Sandeep Batra:

No, we have done the necessary review, and I think once we have a final discussion with the Reserve Bank of India, and if they are comfortable with the provisioning, we will reverse it at this point of time. So probably, that will happen in the coming quarter or the next.

Moderator:

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

Hamsini Karthik:

Hi. Good evening, Mr. Batra. A couple of things I would like to understand from you. So, the \$18 billion FCNR (B) inflow, how much of it would be through SBLC instruments? Was this the number that you had targeted back in June, when the RBI made an announcement in this regard? Did it exceed your expectations internally? The last bit I would like to understand on FCNR is, if you could give a geographical colour on which of your branches outside the home country really helped you garner these sorts of deposits. I will come back to you with my next question, sir?

Sandeep Batra:

Out of the \$18 billion that we garnered, leveraged deposits were about close to \$10 billion. With partner banks, leverage was about \$3.63 billion. There were retail customers who did not take any leverage, was about \$4.34 billion. We disclosed this as part of our earlier filing, if you could refer to that. I think our approach to FCNR (B) was to put our best foot forward. From a bank perspective, our international branches, our domestic teams, and all operations were fully aligned. The whole bank was focussed on it. It was a requirement from an overall national need for foreign exchange, and we put our best foot forward. I think we have done pretty well on this. Frankly, I would say that we have done better than what we originally thought we would do when this scheme started. So, it has been universal across our branches across Gulf, Singapore, Hong Kong, UK, US,

etc. So, I would not really call out anything here. The seamless way in which the Bank worked along with the teams back in India was something that was really good.

Hamsini Karthik:

Okay, okay. So, we are in for a rate hike cycle. We saw one just happen, a couple of weeks back. Do you believe that where things stand today, banks, including ICICI, is well-positioned to pass on the rate hikes on both fronts, on loans as well as on deposits, to customers without hurting growth? Or would you have to absorb some of these rates in order to ensure that growth is kept at these levels?

And I just have one last question after this. We saw one of your very important senior executive move to a competitor. How does that sort of reflect on your internal talent pool when it comes to planning for succession at ICICI? Because that is something that you will have to start deliberating maybe in another two years from now. These are my last two questions, sir.

Sandeep Batra:

I think on the second question, our value proposition to our employees is learning, growth, care, and of course, compensation. We do have a strong bench within the Bank, and whoever leaves us, we wish them the very best. We continue to invest in our people, and we have a very strong bench within the system at various levels, and we are very comfortable with that. The first was on?..

On repo rate, we do expect more repo rate hikes to happen. Our house view is that there will probably be two more rate hikes. RBI has been doing it in the context of managing inflation as well as financial stability and balancing growth. From our point of view, we always look at a risk-calibrated approach, and of course, we have to keep the macroeconomic environment in mind. But from a trajectory point of view, since a large portion of our book is repo-linked, the repo-linked hikes happen much faster, which is followed by deposit rate hikes, which is a function of many other factors. We have seen this in previous cycles as well, and we do expect a similar cycle to play out this time as well.

Hamsini Karthik:

So, you do not expect growth to take a hit because of hikes?

Sandeep Batra:

At this point of time, we have about a 7% market share. I mean, so we continue to remain focussed on our approach with our customers. Within that segment, we will continue to see how to expand the market. We have managed to get a good amount of deposits, as part of FCNR (B), which will stand us in good stead over the next couple of quarters. We also have a strong franchise, and we will continue to build on it.

Hamsini Karthik:

Thank you very much, Mr. Batra.

Moderator:

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

Ashish Agashe:

Thank you so much, sir. Hope I am audible.

Sandeep Batra:

Yes, Ashish.

Ashish Agashe:

Given this expectation of two rate hikes, what is the NIM outlook which you are keeping? What should be the exit FY27 number which we should look at, sir?

Sandeep Batra:

Ashish, we do not give a forecast. As I did mention in my call, given the full impact of FCNR (B) would not have played out in the current quarter. We do expect a marginal decline in NIM in the current quarter. But after that, we do expect NIM to start increasing even at the current policy rate levels.

Ashish Agashe:

Secondly, you explained about the festive season arriving a bit earlier last year, and that is amongst the reasons for the credit card decline of about 9%. Was there any sort of a call taken basis the macro picture from a risk perspective that you see as well playing in that 9.7% decline in credit card portfolio, sir? And if so, which segments or pockets are you cautious about? Because you stressed that profitability is not impacted. So, which are the segments are you keeping off from?

Sandeep Batra:

No, Ashish, it is not a particular segment per se. We are focussed on a customer as opposed to a product. For good quality customers, we are very happy to give more cards and more limits and serve them to the best of our ability. That will continue. What I did mention was that, if there were segments which were unprofitable, we have been exiting that. That is about it. It is not a credit issue.

Ashish Agashe:

Okay. And which are these segments which are unprofitable?

Sandeep Batra:

We keep on doing our internal analysis. They are pretty granular in nature. Whenever we find any particular microsegment which is unprofitable, we exit it.

Ashish Agashe:

Okay, sir. Thank you.

Moderator:

Thank you. Next question is from Samriddhi Mahar from Mint. Please go ahead.

Samriddhi Mahar:

Sir, there was a reported treasury loss of around ₹230 crore this quarter as compared to the ₹151 crore gain in the previous quarter. How should we view this? Do we see this as a normal quarterly volatility or any particular positions or market factors that drove this loss?

Sandeep Batra:

No, I think this is largely reflections of market movement in the fixed income portfolio. There has been increase in G-sec yields, which has impacted the portfolio, but there is nothing more than that to call out here.

Samriddhi Mahar:

Okay. Sir, also, there was large growth in the jewellery loan segment, about 79% this quarter. Can you shed light on what is driving this growth? Which segments are you seeing it come from? And how do you see the risk of this segment going forward?

Sandeep Batra:

The gold loan has been a sort of focus area for us for about a little over a year. I think the growth that you are seeing is largely from a much smaller base. As you are aware, the portfolio is fully-secured, and we are very comfortable growing this portfolio. And from a sequential basis, it has just grown by about 4.5%. This is happening across geographies, and the interesting thing is gold loan is no longer a rural product. It is as much becoming an urban product, and it is spanning across all customer segments. We continue to see healthy traction in this area.

Samriddhi Mahar:

Sir, lastly, I just wanted to ask, the IRDAI consultation paper comes as it is, without any kind of dilution in norms. How do you expect your ties with your insurance partners to change going forward?

Sandeep Batra:

No, nothing will change. We have always been following the law and RBI regulations to the hilt. RBI will do whatever is good from a customer and industry perspective, and we will support that fully.

Sandeep Batra:

IRDAI, which is right.

Samridhi Mahar:

Just a follow-up. Are you not assessing any changes in business strategy?

Sandeep Batra:

Our strategy continues to be the customer. Whatever products are good from a customer perspective, we will continue to remain focussed on it. It is not a function of the commissions. We have been following IRDAI guidelines always, and we will continue to remain so and support whatever regulations which come from the regulator. And as I did mention, the impact on the P&L of the Bank is minimal. It is absolutely minimal.

Moderator:

Thank you, sir. We will take our next question from Subrata Panda from Business Standard. Please go ahead.

Subrata Panda:

Hi, sir. So, few questions. Just on the FCNR part, first, I just wanted to understand what is the landed cost of the deposits, including the hedging on the interest part of it? Given your large peers got only around \$11 billion, both SBI and HDFC, what prompted you to go so far, like get almost 50% more than them at \$18 billion? So, what prompted you to do that? And also, you got \$3.5 billion in dollar bonds. That is also the highest in the industry, so what prompted that? And lastly, have you made any calculations on the gains that you would get from the MDR on UPI? And one last thing. When can we see you on the Apple Pay ecosystem?

Sandeep Batra:

On the cost part of it, I think the landed cost comes to about 6.5%, that includes hedging and everything else on FCNR (B). It is an important source of growth. In addition, as we did mention, that FCNR (B) is exempt from SLR, CRR and PSL requirements, and we will deploy these in whatever opportunities we get. We continue to look at opportunities across product segments, and there is no specific thing that I really want to call out at this point of time.

Subrata Panda:

On the MDR part and the Apple Pay part?

Sandeep Batra:

On the MDR part, we will be guided by whatever regulations come in, whenever they do come in. What was clearly a positive move, and I think it is important that NPCI continues to invest in innovation, fraud prevention, and cybersecurity. To that extent, we are very

happy to capitalise opportunities. As you are aware, banks are the backbone of UPI payments across the system. We remain invested in that area, and whatever guidance comes from NPCI or government in the matter, we will follow it.

Subrata Panda:

Have you made any calculations as to how much you will gain from it, from the MDR?

Sandeep Batra:

We do not look at it on a marginal basis. We will wait for the overall thing. It is clearly important that payment systems remain secure and sovereign. To that extent, we support whatever initiatives NPCI takes in this matter.

Subrata Panda:

And your thoughts on Apple Pay, sir? When can we see ICICI on that ecosystem?

Sandeep Batra:

I cannot comment on that.

Subrata Panda:

Okay. Thank you.

Moderator:

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

Falaknaaz Syed:

Yes, sir. Hi. Actually, some states have declared a drought, and El Niño and the rabi production also has gotten impacted. What impact will it have on your agri book, given the weather uncertainties? How will they play out on your agri book?

Sandeep Batra:

As we speak, there is no material impact witnessed in our portfolio. Our processes continue to remain as usual, and we will continue to monitor the situation as it develops. So, there is nothing specific to call out at this point of time.

Falaknaaz Syed:

Okay. Thank you. One more, on the foreign exchange risk reserve mandate that has come, what impact will that have on your liquidity?

Sandeep Batra:

We will see how this goes. The RBI's measures are clearly aimed at curbing speculative activity and to support stability of foreign exchange market. Given these measures, we do expect moderation in volumes. From a client perspective, there will be enhanced requirements of documentation while hedging their exposure. As these guidelines have just got issued, we are assessing the full impact of these guidelines. So, we will do whatever is required to be done and support RBI in its measures to address the foreign exchange fluctuations.

Falaknaaz Syed:

Thank you, sir.

Moderator:

We will take our next question from Ashokamithran T from The Hindu Business Line. Please go ahead.

Ashokamithran T:

So, I just wanted to ask, what is the performance of agri loans year-on-year and Q-on-Q? Do you see an impact of El Niño on that? Some of your peers have...

Sandeep Batra:

Ashoka, it is too early to talk of an impact. At this point of time, things appear to be normal. But, of course, we are closely monitoring the situation. The numbers in a way get reflected in the asset quality that we have been presenting, and the overall numbers seem to be good. So, we continue to remain focussed on our portfolio. But, of course, you need to be watchful, and we will keep watching the developments in this area.

Ashokamithran T:

Do you want to put a number?

Sandeep Batra:

It is very difficult to put a number at this point of time, Ashoka.

Ashokamithran T:

This quarter over last quarter, is there a slower growth rate of loans to agri?

Anindya Banerjee:

No, not really. The asset quality remains totally stable across, including agri.

Ashokamithran T:

What is the growth rate of rural alone, Y-o-Y and Q-o-Q?

Sandeep Batra:

We have now given the retail and rural portfolio combined. If I look at farmer finance, that year-on-year book has grown by about close to 4%. Our jewel loan book has grown by about 79%, that is what got called out. Jewel loan is a mix of rural and urban. We really do not give specific rural numbers, of course farmer finance is pure rural, and which is the number I gave.

Moderator:

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

Atmadip Ray:

Thank you for this opportunity, Mr. Batra. A couple of queries. First, as you said that the leverage for FCNR (B) is about \$10 billion, so that has impacted your credit growth this quarter. So, do you expect a moderation in credit growth from the 30% you recorded this time? Number one.

And number two is an associated question. What is the corporate pipeline you have at this point? Number two is, you have this FCNR (B) has helped you shed bulk deposits. Can you throw a number, how much bulk deposit could you shed? And as you said, write-off amount is ₹1,500 crore. What are the segments? Can you give us a breakup on this?

Sandeep Batra:

On FCNR (B), I think I did mention, even if I exclude the FCNR (B) deposits, the loans grew by a healthy 23.9% year-on-year and 7.2% sequentially. As you are aware, loan growth has picked up over the last three or four quarters across segments. This is largely a reflection of the continuing momentum of economic activity as well as impact from very supportive policy measures by government and RBI. We participate in these opportunities within our risk and return threshold and also keep looking at opportunities. Within this, the retail growth has been supported by mortgage, personal loans, and jewel loans. Similarly, the loan growth on business banking has been pretty healthy, the corporate loan book, I did talk about. It has been across segments and there are various reasons to it, which I have already spoken about. From a bank's perspective, we continue to look at customer 360, look at our credit and delivery focussed for all customers, and try to focus on simplifying processes and look at opportunities within the risk and return framework.

In terms of the NPA movement, I think I have already called out the numbers. There have been gross additions of NPAs for about ₹4,800 crore during the quarter, and there have been recoveries of about ₹3,600 crore. So, the net addition has been about ₹1,200 crore. We have had a write-off of about ₹1,600 crore and a sale of NPA of about ₹133 crore during the quarter.

Atmadip Ray:

So, you do not expect a moderation in credit growth number, right?

Sandeep Batra:

We do not give a forward-looking statement, Atma. We just look at the risk and return opportunities. As long as the customers meet our threshold, we are happy to grow.

Atmadip Ray:

How much bulk deposit did you shed using this FCNR (B) cushion?

Sandeep Batra:

We have not given that number separately, Atma.

Atmadip Ray:

Okay.

Moderator:

Thank you. We will take our next question from Benn from New Indian Express. Please go ahead.

Benn:

I just need a clarification. You said that, of the \$18 billion, \$10 billion came from the NRI deposits. What was the overall leveraged lending you undertook since then? What was the amount? I could not hear the amount.

Sandeep Batra:

We gave this as part of the release. About \$10 billion is leverage and then partner leverage is about close to \$4 billion, and pure retail customers is about \$4 billion.

Benn:

Okay. Can I have one more question?

Sandeep Batra:

Go ahead. Go ahead.

Benn:

You had a loss in the treasury book and the bond yields increased by 44 bps during the quarter. What is your outlook on the fixed income and your treasury income in the next quarter? Is the yield to continue...?

Sandeep Batra:

We keep on assessing the situation on a regular basis, and our treasury looks at opportunities and risks at various points of time. It is a pretty dynamic process. It is very difficult to give an outlook on anything which is market-facing.

Benn:

Bond outlook. What is your outlook on the bond?

Sandeep Batra:

Very difficult for us to give an outlook. It is a function of many factors, including macro, FX flows, and demand and supply. We just keep on monitoring the situation and look at opportunities within this framework.

Benn:

Thank you, Batra.

Moderator:

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

ICICI Bank Limited

Earnings conference call - Quarter ended September 30, 2026 (Q2-2027)

October 17, 2026

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

This release does not constitute an offer of securities.

Moderator:

Ladies and gentlemen, good day, and welcome to ICICI Bank Limited Q2 FY27 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Mr. Bakhshi's opening remarks:

Thank you. Good evening to all of you and welcome to the ICICI Bank Earnings Call to discuss the results for Q2 of FY2027. 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 micro-markets.

The profit before tax excluding treasury grew by 23.4% year-on-year to 199.54 billion Rupees in this quarter. The core operating profit increased by 21.8% year-on-year to 208.05 billion Rupees in this quarter. The core operating profit excluding dividend from subsidiaries increased by 25.0% year-on-year to 203.42 billion Rupees in this quarter. The profit after tax grew by 20.1% year-on-year to 148.43 billion Rupees in this quarter.

Total deposits grew by 27.1% year-on-year and 11.8% sequentially at September 30, 2026. Average deposits grew by 21.2% year-on-year and 8.0% sequentially and average current and savings account deposits grew by 10.7% year-on-year and 1.4% sequentially during this quarter. The Bank has mobilised gross FCNR

(B) deposits of about 18 billion USD, pursuant to Reserve Bank of India's swap facility. Excluding FCNR (B) deposits, total period-end deposits grew by 17.0% year-on-year and 3.1% sequentially at September 30, 2026. The Bank's average liquidity coverage ratio for the quarter was about 126%.

The overall loan portfolio including the international branches portfolio grew by 30.0% year-on-year and 12.3% sequentially at September 30, 2026. Excluding loans provided by international branches of the Bank against FCNR (B) deposits, total loans grew by 24.1% year-on-year and 7.3% sequentially. The retail and rural portfolio grew by 14.8% year-on-year and 3.2% sequentially. Including non-fund based outstanding, the retail and rural portfolio was 43.0% of the total portfolio. The business banking portfolio grew by 33.8% year-on-year and 11.1% sequentially. The domestic corporate portfolio grew by 30.6% year-on-year and 10.4% sequentially. The domestic loan portfolio grew by 22.8% year-on-year and 6.8% sequentially at September 30, 2026. The overseas loan portfolio was 7.8% of the overall loan book at September 30, 2026.

The net NPA ratio was 0.30% at September 30, 2026 compared to 0.35% at June 30, 2026 and 0.39% at September 30, 2025. During the quarter, there were net additions of 12.13 billion Rupees to gross NPAs, excluding write-offs and sale. The total provisions during the quarter were 8.51 billion Rupees or 4.1% of core operating profit and 0.20% of average advances. The provisioning coverage ratio on non-performing loans was 75.0% at September 30, 2026. In addition, the Bank continues to hold contingency provisions of 131.00 billion Rupees or about 0.7% of total advances at September 30, 2026.

The capital position of the Bank continued to be strong with a CET-1 ratio of 16.01% and total capital adequacy ratio of 16.68% at September 30, 2026. The Bank purchased 2% additional shareholding in ICICI Life Insurance Limited for consideration of 14.70 billion Rupees during the quarter.

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

We have revised the presentation of loans to reflect a consolidated view of the retail and rural portfolio with additional product wise details. The comparable data for previous periods have been provided on slides 64 to 65 of the investor presentation.

Coming to the growth across retail and rural products, the mortgage portfolio grew by 15.3% year-on-year and 3.5% sequentially. Vehicle loans grew by 7.8% year-on-year and 1.4% sequentially. Personal loans grew by 16.6% year-on-year and 4.7% sequentially. The credit card portfolio declined by 9.7% year-on-year and 0.2% sequentially. Jewel loans grew by 79.4% year-on-year and 4.5% sequentially.

Within the corporate portfolio:

- The total outstanding to NBFCs and HFCs was 1,033.78 billion Rupees at September 30, 2026 compared to 920.52 billion Rupees at June 30, 2026. The total outstanding loans to NBFCs and HFCs were about 4.3% of our advances at September 30, 2026.

- The builder portfolio including construction finance, lease rental discounting, term loans and working capital was 788.52 billion Rupees at September 30, 2026 compared to 747.21 billion Rupees at June 30, 2026. The builder loan portfolio was 4.0% 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 0.5% of the builder portfolio at September 30, 2026 was either rated BB and below internally or was classified as non-performing.

B. Credit quality

The gross NPA additions were 48.33 billion Rupees in the current quarter compared to 50.34 billion Rupees in Q2 of last year. Recoveries and upgrades from gross NPAs, excluding write-offs and sale, were 36.20 billion Rupees in the current quarter compared to 36.48 billion Rupees in Q2 of last year. The net additions to gross NPAs were 12.13 billion Rupees in the current quarter compared to 13.86 billion Rupees in Q2 of last year.

The gross NPA additions from the retail and rural portfolio were 37.09 billion Rupees in the current quarter compared to 40.49 billion Rupees in Q2 of last year. Recoveries and upgrades from the retail and rural portfolio were 26.04 billion Rupees in the current quarter compared to 26.10 billion Rupees in Q2 of last year. The net additions to gross NPAs in the retail and rural portfolio were 11.05 billion Rupees in the current quarter compared to 14.39 billion Rupees in Q2 of last year.

The gross NPA additions from the corporate and business banking portfolios were 11.24 billion Rupees in the current quarter compared to 9.85 billion Rupees in Q2 of last year. Recoveries and upgrades from the corporate and business banking portfolios were 10.16 billion Rupees in the current quarter compared to 10.38 billion Rupees in Q2 of last year. There were net additions to gross NPAs

of 1.08 billion Rupees in the current quarter in the corporate and business banking portfolios compared to net deletions of 0.53 billion Rupees in Q2 of last year.

The gross NPAs written-off during the quarter were 15.92 billion Rupees. Further, there was sale of NPAs of 1.33 billion Rupees for cash in the current quarter.

The non-fund based outstanding to borrowers classified as non-performing was 22.51 billion Rupees as of September 30, 2026 as compared to 22.07 billion Rupees as of June 30, 2026 and 23.22 billion Rupees as of September 30, 2025.

The loans and non-fund based outstanding to performing corporate borrowers rated BB and below was 35.47 billion Rupees at September 30, 2026 as compared to 34.85 billion Rupees at June 30, 2026 and 36.61 billion Rupees at September 30, 2025. This portfolio was about 0.2% of our advances at September 30, 2026.

The total fund based outstanding to all standard borrowers under resolution as per various guidelines declined to 11.85 billion Rupees at September 30, 2026 from 13.63 billion Rupees at June 30, 2026 and 16.24 billion Rupees at September 30, 2025.

At the end of September, the total provisions, other than specific provisions on fund-based outstanding to borrowers classified as non-performing, were 238.15 billion Rupees or 1.3% 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 BB and below portfolio. The Bank also continues to hold additional standard asset provision of 12.83 billion Rupees made in Q3 of FY2026 as directed by RBI in respect of the agricultural priority sector portfolio till completion of the review process.

Moving on to the P&L details:

C. P&L details

Net interest income increased by 17.7% year-on-year and 3.9% sequentially to 253.39 billion Rupees in this quarter. The net interest margin was 4.18% in this quarter compared to 4.36% in the previous quarter and 4.30% in Q2 of last year. Excluding the benefit of interest on tax refund, the net interest margin would have been 4.28% in the previous quarter.

The domestic NIM excluding benefit of interest on income tax refund was 4.32% in the current quarter compared to 4.36% in the previous quarter and 4.37% in Q2 of last year. The cost of deposits was 4.50% in this quarter compared to 4.41% in the previous quarter and 4.64% in Q2 of last year.

The increase in proportion of the assets of overseas branches in the total assets and large sequential increase in the retail term deposit base have led to a moderation in margins, and the full impact would reflect in the third quarter, after which we expect the margins to start moving back up, even based on the current level of policy rates.

Of the total domestic loans, interest rates on about 57% of the loans are linked to the repo rate and other external benchmarks, 14% to MCLR and other older benchmarks and the remaining 29% of loans have fixed interest rates.

Non-interest income, excluding treasury, grew by 12.5% year-on-year to 82.77 billion Rupees in Q2 of FY2027.

- Fee income increased by 20.1% year-on-year to 77.95 billion Rupees in this quarter. Fees from retail, rural and business banking customers constituted about 75% of the total fees in this quarter. Fee income for the quarter includes fee for providing lending facilities against FCNR (B) deposits.

- Dividend income from subsidiaries was 4.63 billion Rupees in this quarter compared to 8.10 billion Rupees in Q2 of last year primarily reflecting the shift in timing of dividend declaration from quarterly to half-yearly basis by ICICI Prudential AMC Limited.

On Costs: The Bank's operating expenses increased by 8.5% year-on-year and 1.9% sequentially in this quarter. Employee expenses increased by 13.5% year-on-year in this quarter. Non-employee expenses increased by 5.6% year-on-year in this quarter. Our branch count has increased by 145 in H1 of 2027. We had 7,656 branches as of September 30, 2026. The technology expenses were about 11.2% of our operating expenses in H1 of the current year.

The total provisions during the quarter were 8.51 billion Rupees or 4.1% of core operating profit and 0.20% of average advances compared to the provisions of 9.14 billion rupees in Q2 of last year. Adjusting for one-off corporate recoveries, standard asset provision on loans provided against FCNR (B) deposits and seasonality of KCC provisioning, the normalized credit cost to advances would be about 50 basis points.

The profit before tax excluding treasury grew by 23.4% year-on-year to 199.54 billion Rupees in Q2 of this year.

There was a treasury loss of 2.30 billion Rupees in this quarter as compared to a gain of 1.51 billion Rupees in the previous quarter and 2.20 billion Rupees in Q2 of last year reflecting market movements.

The tax expense was 48.81 billion Rupees in this quarter compared to 43.21 billion Rupees in previous quarter and 40.25 billion Rupees in Q2 of last year. In previous quarter, the Bank had written back tax provision of 4.46 billion Rupees, pursuant to favourable tax orders.

The profit after tax grew by 20.1% year-on-year to 148.43 billion Rupees in this quarter.

D. Consolidated results

The consolidated profit after tax grew by 22.3% year-on-year to 163.33 billion Rupees in this quarter.

The details of the financial performance of key subsidiaries are covered in slides 37 to 39 and 58 to 63 in the investor presentation.

The annualised premium equivalent of ICICI Life increased to 49.35 billion Rupees in H1 of this year from 42.86 billion Rupees in H1 of last year. The value of new business increased to 12.83 billion Rupees in H1 of this year from 10.49 billion Rupees in H1 of last year. The value of new business margin was 26.0% in H1 of this year compared to 24.7% in FY2026 and 24.5% in H1 of last year. The profit after tax of ICICI Life increased to 7.60 billion Rupees in H1 of this year from 6.01 billion Rupees in H1 of last year and 3.74 billion Rupees in this quarter from 2.99 billion Rupees in Q2 of last year.

Gross Direct Premium Income of ICICI General increased to 67.92 billion Rupees in Q2-2027 from 65.96 billion Rupees in Q2-2026. The combined ratio stood at 107.0% in Q2-2027 compared to 105.1% in Q2-2026. Excluding the impact of CAT losses of 1.18 billion Rupees in Q2-2027 and 0.73 billion Rupees in Q2-2026, the combined ratio was 105.3% and 103.8% respectively. The profit after tax increased to 9.46 billion Rupees in Q2-2027 from 8.20 billion Rupees in Q2-2026.

The profit after tax of ICICI AMC, as per Ind AS, increased to 8.89 billion Rupees in this quarter from 8.38 billion Rupees in Q2 of last year.

The profit after tax of ICICI Securities, as per Ind AS on a consolidated basis, increased to 4.39 billion Rupees in this quarter from 4.25 billion Rupees in Q2 of last year.

ICICI Bank Canada had a profit after tax of 5.0 million Canadian dollars in this quarter compared to 6.3 million Canadian dollars in Q2 of last year.

ICICI Bank UK had a profit after tax of 6.5 million US dollars in this quarter compared to 6.4 million US dollars in Q2 of last year.

As per Ind AS, ICICI Home Finance profit after tax increased to 2.20 billion Rupees in the current quarter from 2.03 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 the question-and-answer session. We'll take our first question from the line of Mahrukh Adajania from Tara Capital. Please go ahead.

Mahrukh Adajania:

Congratulations. I just had a couple of questions. Firstly, on the corporate growth, is it just temporary parking of FCNR funds? Or do we see corporate growth remaining high in the future quarters? I mean, what is the kind of retail corporate mix, because retail growth looks a bit softer than usual and corporate growth is very strong. So, how do you see it in the future quarters? That's my first question.

Secondly, on provisions. So, we've seen credit costs lower than the new normal in the last 2 quarters. And then in the third quarter of last year, there was also this agri provision of around 13 billion Rupees. When does that get reversed and was there a big corporate recovery. You did mention, so that continued. I mean, there was a big corporate recovery even this quarter like there was in the last. Is that true? That's what I wanted to know.

Anindya Banerjee:

So, on the first question, the retail growth has been steadily picking up over the last few quarters. If you look back, maybe 3 or 4 quarters ago, retail loan growth was running in the single digits, and that has picked up now to close to 15%. And within that, in segments like home loans - the mortgages and personal loans, we have seen quite a steady pickup now back to mid-teen kind of levels.

On the corporate side, partly, I guess, because till maybe Q2 last year, our corporate growth was quite subdued. So, maybe the base effect is also there. But I don't think there is anything of temporary parking of FCNR funds, etc. It is really a response to client demand and our view on pricing. Of course, as in any quarter, there is a mix of working capital drawals, short-term lending and long-term lending in the mix of the book growth. It's across all three.

What is driving it, I think, is a mix of factors. Working capital requirements, some shift from bond markets, some shift from foreign currency borrowing markets, and some amount of investment activity.

So, we don't have a particular view on the mix between retail and corporate going forward. The franchise is open on both fronts, and whatever comes in and meets our risk-reward kind of threshold, we would be quite happy to do, and we have the capital and funding for that. Yes, so that would be the response. It's not really in terms of our thinking, a temporary thing from a liquidity perspective.

While we are on the subject of loan growth, I'll also just cover the business banking piece where we have seen a pretty strong growth. Partly, of course, over the last few quarters, there have been drawals on the ECLGS front. But aside from that, the underlying growth in terms of both new customer acquisition by us as well as the same increase in working capital or fresh expansion of business-led activity also continues.

As you would have seen from the NPL numbers across all these segments, the portfolio performance continues to be extremely healthy. So that is the way we would look at it and that takes us into your second question. On provisioning, I think if we look at it on the NPL formation in the corporate side, new NPL formation on the corporate side is negligible.

On business banking, it continues to be quite low. On retail, it is stable. If we look back over the past 4 to 6 quarters, it has come down because of the reduction in NPL formation in personal loans and cards and that is really feeding into the provisioning number.

Yes, in this quarter, there was one relatively chunky recovery on the corporate side. As I mentioned in the opening remarks, we also had some higher general provisioning this quarter because of the expansion of the loan book, particularly the loans against FCNR deposits in the overseas branches, which is more of a one-off. Adjusted for all this, we would continue to believe that the credit cost would be upto 50 basis points.

On the agriculture portfolio related standard asset provisioning, it is still work in process in the sense that, as I had mentioned earlier, we want to be very sure that whatever remediation we have done is to the satisfaction of the regulator. That process is underway. Hopefully, we should have an update on that over the next 2 quarters.

Mahrugh Adajania:

Okay. Thanks a lot. Thank you.

Moderator:

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

Nitin Aggarwal:

Hi, good evening and thanks for the opportunity. So, a couple of questions from my side. One is on the two retail lending product segments. One is the credit card and gold loans. So, credit card, we know that the trend has been running subdued for the industry and for the bank, the book has been declining slightly quarter-over-quarter. Where are we on that and when are we likely to see some recovery in credit card portfolio growth. On the gold loans also this quarter, we have seen a much lower growth per se, like versus what we are seeing with some other banks. So, anything to read into that? What is our aspiration on this portfolio overall over the coming year?

Anindya Banerjee:

So as far as the credit card book is concerned, I think, we are fully engaged in the business, and as you would have seen, launching some of the new products and variants aimed at particular customer segments as well.

We are increasingly looking at it as a shift from a product lens to a customer lens in this product and looking at it as part of the overall bouquet of our services to customers, a high-touch product, that helps us try and establish primariness with the customers. So, that is the broad approach.

I think the spend piece will keep moving up and down. I mean the specific reason for the decline this quarter was that last year, there was a build-up of the book towards the end of September, which this year that will happen during the third

quarter and not at the end of Q2. So, that's more of a seasonal effect. But I think the underlying in terms of growth, things are okay, maybe marginally positive. The decline is more of just a date and base issue.

On jewel loans, as you would have seen, the year-on-year growth is very strong. The sequential growth has come off as we have been aligning our processes and the distribution as well as various operational risk management measures towards the new RBI guidelines and making sure that we do the business in full compliance. But I think it's a matter of time, and we would expect volumes to pick up there.

Nitin Aggarwal:

Right and the other question is on the overall growth per se. Like this quarter has been very well supported by FCNR. But do you see any change as such in the business environment that is driving such a strong growth even adjusted for FCNR, like we are reporting a 10% plus corporate growth on a Q-o-Q, which you alluded to is because of the base and you have not grown much in the past. But is there something which is materially changing the growth trajectory for the bank over the coming 1 or 2 years versus how it was in the last year as such?

Anindya Banerjee:

I think when we look at the Bank, I think we have a very strong franchise across customer segments. We have access to all growth opportunities that come up as we serve the customers. At different points of time, we may have a different view on either pricing or the rate environment or the rate cycle and may calibrate our growth accordingly.

But as we have gotten comfortable with, as we have spoken in the past, the point of the rate cycle or the level of pricing in the market, we have picked up the growth. That is the way we would continue to look at it.

I think for banks in general and for us, growth is supported currently by some of the factors that we mentioned earlier, including some amount of shift from bond markets as well as some amount of shift from offshore to onshore rupee markets. So, we will keep taking those opportunities as we go along. But fundamentally, I think the franchise is fully open and capable of delivering robust levels of growth.

Nitin Aggarwal:

Got that and lastly, if I can squeeze one more question. How should one look at the margins now for the next 1 quarter or 2 quarters? Has the impact of FCNR (B) sourcing, which is very heavy for us, has it played out fully in this quarter? Or, we expect some more compression before the journey starts recovering?

Anindya Banerjee:

As I explained, if you look at the numbers, there has been a small reduction in the domestic margin if one leaves out the impact of income tax refund in the previous quarter. The overseas margin has been stable to slightly higher. So, the main impact, which has come, is the fact that the overseas book has expanded as a proportion of the overall book. Also, given the large increase in the term deposit base, that has led to the small reduction in the domestic margin, that I spoke of, because mathematically the average CASA ratio has come down.

The FCNR (B) deposits were raised during Q2. So, the full impact of this on the average balance sheet will come in Q3, and we will see a further moderation in margins, offset a little bit by the rate hike, which has already taken place. But then from Q4, I would expect margins to come back in a healthy way as these factors start to reverse out, even assuming that there are no further rate hikes.

But from an overall perspective, as we have said before, this sort of decline in margins for one or two quarters on an optical basis doesn't worry us at all. We believe that we have raised a very large quantum of fixed rate funding, which will support our growth and the expansion of our franchise over a period of time. Also

given the fact that interest rates are certainly unlikely to go down and probably likely to go up, that gives a cushion to profitability as well.

From the timing, balance sheet construct and pure franchise perspective, we saw this as a big opportunity. The small movement in margins, which continues to be healthy at the absolute level and while there is a shift from quarter-to-quarter, it was not really something that concerned us too much.

Nitin Aggarwal:

Got it. Thank you so much, Anindya. Wish you all the best.

Moderator:

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

Kunal Shah:

Yes, thanks for taking the question and congratulations for the good set of numbers. On overseas margins, if I look at it, it has gone up sequentially. The base has obviously widened. I believe that incremental 90,000-odd crores Rupees that would be at a much lower margin compared to 1%, which is there on the overseas business. So, didn't get as to how it's moving up during the quarter and maybe to what level can it actually settle once we see the full impact of the overseas FCNR leveraged book. So, that's the first question.

Secondly, in terms of the FCNR, given that we have raised a substantial chunk. So, one of the banks quantified 11 basis points of impact due to FCNR. Maybe, if you look at it, 4.9 to 5-odd percent increase in the overseas, and just multiply the difference, that itself is the margin impact. But if you can quantify how much the FCNR impact is in margin during the quarter? When do we see this utilisation coming through to the average yield on interest-earning assets at 8.1% or maybe

yield on advances at 8.8-odd percent, how long would the entire utilisation take place?

Anindya Banerjee:

So, overseas margins are not affected only by the margins on FCNR. Interest rates have gone up in dollar markets over the last 3 to 4 months. That also results in an increase in margins, because you earn a higher spread on the deposits, particularly the float deposits that are there in any bank, including in the operations of our overseas branches.

I would not want to get into projecting overseas margins separately. I think on an overall basis, what I have said is that, the full impact of this increase in the term deposit denominator and its impact on the CASA ratio, and the increase in the proportion of the overseas book, which earns a 1% thereabouts margin compared to the 4% plus margin on the domestic book, will mathematically be fully seen in the averages in Q3. Thereafter, we should start seeing a healthy pickup from Q4 onwards. So that is the way it would work.

And on the utilisation piece, we are carrying some amount of excess liquidity currently, and I would expect that to be kind of deployed over the next two quarters, which is anyway the season where traditionally credit growth tends to be strong.

On the impact of FCNR, I do not really want to give a number excluding. I mean, finally, it is something which is there on the balance sheet. So, we have kind of explained the trend of how it impacted the margins and what we expect to see going forward. I do not really want to give a pro-forma excluding or impact number because that can be calculated in many ways.

It would be a theoretical number. The FCNR deposits are what they are, and the margins are what they are, and we are trying to explain them and also give an outlook on how we expect them to move going forward.

Kunal Shah:

Sure, fair to assume that the repo rate hike, the positive impact of that will be lower than the drag which we would see because of the full quarter FCNR impact getting into Q3, plus there will be seasonal agri also which will come in Q3. So, that's the reason you are indicating that margins should be down in the third quarter?

Anindya Banerjee:

Yes.

Kunal Shah:

Got it. Thank you.

Moderator:

We will take our next question from the line of Param Subramanian from Investec.

Param Subramanian:

Hi, good evening. Thanks for taking my question. Firstly, a question on the FCNR itself. So, relative to our peers, as a proportion of our balance sheet, the number is very high that we have raised.

So, any change in our strategy that has prompted this? As in, from a strategic perspective, are we now prioritizing NII over NIM or any such thing? Because the reason I ask is, if I think back to last year, when the rate cuts were going on, it almost seemed to indicate that we had slowed down loan growth a bit and was solving for margin. So, is there a strategic direction change as such?

Anindya Banerjee:

No, we solve for sustainable earnings growth. And yes, as you said, we have indicated at a time when there was a downward rate cycle and we felt that spreads over the rate levels were not sufficient, we did calibrate our growth and which has changed over the last few quarters. The FCNR opportunity was a one-off opportunity. As I said, it's not something that we weighed in the context of short-term impact on margins, but rather the strength that it gave us in terms of business growth for a period of time going forward and the impact on margins is anyway going to be transient.

It is an outcome that we are very happy with because if we look at sort of the broad breakup of the deposit mobilisation, and we had given this number shortly after the end of August, we made a public disclosure. I am just rounding off the numbers, about USD 18 billion in all, around USD 10 billion where we have provided loans to the customers, about USD 3.6 billion or so where partner banks have provided loans, and upwards of USD 4 billion, which is really where the customers have put in their own money. We saw that as a very healthy outcome including in terms of demonstration of the NRI franchise and the opportunity it gave us for engagement with both existing and new NRI customers.

We just saw it as a big opportunity to garner these resources, which would support our growth, which were very cost effective, because there is no regulatory pre-emption and so on, on these deposits once you bring them onshore. It just made long-term economic sense to maximize on these.

Param Subramanian:

Perfect. Very clear, Anindya. Second question on the fees. Is there any one-off on FCNR that you want to call out in this quarter, because 20% fee income growth is much higher than what any of your peers are reporting?

Anindya Banerjee:

Yes, there is some amount of the processing fees that were charged for the leverage against FCNR. But equally, for example, if you look at the opex, the sequential increase in opex, it's largely due to the cost of the wholesale resources, bonds and loans that we raised during the quarter to fund that leverage. So broadly, the two even each other out.

Param Subramanian:

Okay. Possible to call that out?

Anindya Banerjee:

So, as I said, the increase in the opex between Q1 and Q2 can largely be explained by that.

Param Subramanian:

Okay. Perfect. One last question. Your savings growth, if anything, maybe that's the softer savings deposit growth, that's a soft number, 5% Y-o-Y. So, anything to read into that? And, if you can call out the LCR for the month of September separately, because that would be higher than the average for the quarter, right? Yes, that's it from me.

Anindya Banerjee:

On the savings deposit growth, nothing really. I think as we have been saying, there is a sort of move up and down quarter-to-quarter. But in general, there has been a trend of decline in the institutional savings, particularly what comes from the government departments and so on. While the retail savings growth continues to be quite okay. On the retail savings side also, we generally don't really drive the business on savings per se. We drive our business on money in bank. So, the total money that the retail customer is keeping with us both in the form of FDs and savings accounts, the retail MIB as we call it. If I look at the retail MIB accretion, it is stable to slightly better actually if I compare with past quarters.

That is really the way we would look at it. We are not really looking at the headline number.

On the LCR for the month of September, it would not really be too informative, Param, because we could have deployed a lot of the excess liquidity in non-HQLA. For example, papers issued by financial counterparties or money market mutual funds or bank CDs, which are not eligible as HQLA, because given the base level of LCR, there was no need to deploy further in HQLA. There was a need to optimize return on liquidity while investing in safe instruments, which is what we did.

Param Subramanian:

Perfect. Thank you so much. Congrats on the quarter.

Anindya Banerjee:

Thank you.

Moderator:

Thank you. We'll take our next question from the line of Chintan from Autonomous. Please go ahead.

Chintan:

Can I come back to the retail versus corporate debate? Do the two businesses have similar RAROC thresholds that you give out to the businesses? I would assume that the RAROC achieved in retail is higher than in the corporate. So, even if the businesses meet the threshold, is it fair to say there could be some dilution in ROE if you keep doing corporate, or it doesn't work that way? Just would like some color both on the thresholds, but also on achieved RAROCs that you give to retail versus corporate businesses.

Anindya Banerjee:

It doesn't really work like that for a couple of reasons. One, I think in corporate, the credit loss in the corporate segment is much lower. I mean, even adjusting for the one-off recoveries. In the corporate segment, by and large, our focus on return of capital at the sort of client level is very high.

Whereas in the granular portfolios, we have to look at it at a portfolio level and have a certain tolerance for credit loss, whereas in the corporate portfolios, our focus on return of capital is very high. It is like a go, no-go kind of a decision. In that sense, I would expect credit cost in the corporate portfolio to sustainably be lower than in retail.

We look at it in the case of corporate, there are a lot of ancillary revenue streams: transaction banking, payment collections, etc. So, we factor all that into account. Just a lending RAROC would not, may be not show it up. So, for example, if you look at the very healthy growth in our current account balances over the last year, even on year-on-year basis, a substantial part of that owes to work done on the corporate franchise. So, we have to really look at it in totality.

Chintan:

Okay. But they produce similar ROEs for you. Is that a fair assumption? I'm asking because one of your peers had said in a call a couple of quarters ago that the corporate business produces a slightly lower return than the retail business. I just wanted to understand whether that is true or false for ICICI?

Anindya Banerjee:

To answer your question, corporate is definitely not worse than retail.

Chintan:

That's good enough. And the second question is, I appreciate all the color on the NIMs. Just kind of extrapolating your comments, it does look like the underlying

NIMs, excluding FCNR, probably improved quarter-on-quarter. Is that a fair observation?

Anindya Banerjee:

See, I don't, because it's now money which is sitting in the balance sheet. So, we can explain how it has impacted the thing. But we can't really talk about excluding number. But I would say that even if you leave aside this, I guess our ability to raise funding at the most competitive costs and our focus on pricing and our ability to price our loans well has remained the same.

Chintan:

Okay. Thank you.

Moderator:

Ladies and gentlemen, we'll take that as the last question for today. I now hand the conference back to management for closing comments. Over to you, sir.

Anindya Banerjee:

Thank you very much for taking time out on a Saturday evening, and Happy Dussehra in advance. Thank you.

Moderator:

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