

Q2 2025

1. Interest and foreign exchange rate impacts

- **Narrative:** Management highlighted the impact of seasonal factors on the net interest margin, specifically noting that the increase observed in the second quarter was partly due to a higher number of days compared to the first quarter. This seasonal effect is expected to reverse in the fourth quarter, impacting the net interest margin.

- **Management's Guidance:**

- Management anticipates that the observed increase in the net interest margin from Q1 to Q2, driven by a higher number of days, will be reversed in Q4, suggesting a potential decline in the margin as the seasonal effect unwinds.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

2. Indian economic resilience

- **Narrative:** Management expressed confidence in the resilience of the Indian economy, highlighting the expected acceleration in growth during the second half of the year. This optimism is attributed to increased spending related to the festive season and planned technology expenditures, suggesting a robust economic environment that could support sustainable growth.

- **Management's Guidance:**

- Management anticipates that the growth rate, which stood at 6.6% year-on-year for the second quarter, will increase slightly in the second half of the year, potentially reaching around 8.5%, influenced by seasonal and technology-related spending.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

3. Future business plans

- **Narrative:** Management highlighted a shift in their portfolio strategy, indicating a trend towards reducing the proportion of certain portfolio segments. This is part of a broader initiative to optimize the company's portfolio structure over the coming quarters.

- **Management's Guidance:**

- Management anticipates a continued downward trend in specific portfolio segments, which they have already reduced from 40% to 17%, with expectations for further reductions in the next few quarters.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

4. Global economic impacts

- **Narrative:** Management emphasized the anticipation of stable margins as a strategic response to global economic conditions, maintaining a steady performance in the second half of the year relative to the first half, until the onset of a rate cut cycle.

- **Management's Guidance:**

- Management expects margins to remain broadly stable in the second half of the year compared to the first half, pending the commencement of a rate cut cycle.

- **Actual Results:**

['Q2', '2025']:

- Anindya Banerjee: The total impact on yield is seven basis points.

- **Evaluation:**

- **Expectations Not Met:** Management expected margins to remain stable in the second half of the year, but the actual results indicated a yield impact of seven basis points, suggesting margin pressure contrary to the guidance.

5. Corporate and SME exposure

- **Narrative:** Management has initiated a new reporting approach for its corporate loan portfolio, specifically targeting the BB and below-rated segments. This strategic move aims to increase transparency and provide better insights into the credit quality of its corporate and SME exposures.

- **Management's Guidance:**

- From the current quarter onwards, the company will disclose the composition of its BB and below-rated corporate portfolio, reflecting a commitment to greater transparency and an enhanced focus on managing credit risk within this segment.

- **Actual Results:**

['Q2', '2025']:

- 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.

- **Evaluation:**

- **Expectations Met:** Management's initiative to disclose the composition of its BB and below-rated corporate portfolio was successfully implemented, with a reduction in outstanding amounts from 41.64 billion Rupees to 33.86 billion Rupees, aligning with the goal of increased transparency and credit risk management.

6. Liquidity coverage ratio

- **Narrative:** The management provided insights into their Liquidity Coverage Ratio (LCR) metric, emphasizing its significance in maintaining the bank's financial stability and operational efficiency. The LCR stood at 120%, indicating a robust liquidity position.

- **Management's Guidance:**

- There was no specific forward-looking statement or qualitative guidance provided by the management for future quarters in the available data.

- **Actual Results:**

['Q2', '2025']:

- The Bank's average liquidity coverage ratio for the quarter was about 120%.

- **Evaluation:**

- Insufficient Info: Data not available.