



January 22, 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 nine months ended December 31, 2025.

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

Sr. No	Particulars	Link
1.	Transcript of the Media Conference Call	https://www.icici.bank.in/about-us/news-room/2026/interaction-with-media-on-icici-bank-financial-performance-in-the-quarter-ended-december-31-2025
2.	Transcript of the Earnings Call with Analysts and Investors	https://www.icicibank.com/about-us/qfr

This is for your records and information.

Yours sincerely,
For ICICI Bank Limited

Vivek Ranjan
Associate Leadership Team

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 December 31, 2025

On January 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:

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

Ladies and gentlemen, we welcome you all to ICICI Bank's Results Conference Call with Mr. Sandeep Batra – Executive Director, ICICI Bank; and Mr. Anindya Banerjee – Group Chief Financial Officer, ICICI Bank.

Mr. Batra will now give you an overview of the Results which will be followed by a Q&A session. Thank you and over to you, sir.

Sandeep Batra:

Good evening everyone. Thank you all for joining us today.

The Indian economy continues to be resilient, supported by a series of structural reforms implemented over the past years and continuing policy measures taken by government and regulators. We continue to remain focused on our long-term strategy, aligned with India's evolving economic landscape and growth potential, while being mindful of global risks and volatilities.

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

Our Board has today approved the financial results of ICICI Bank for the quarter ended December 31, 2025. I would like to highlight some key numbers:

First, moving on to profit and capital

A. Profit and capital

1. Net interest income increased by 7.7% year-on-year to ₹21,932 crore in Q3-2026
2. Net interest margin was 4.30% in Q3-2026 compared to 4.30% in Q2-2026
3. Fee income grew by 6.3% year-on-year to ₹6,572 crore in Q3-2026
4. Operating expenses increased by 13.2% year-on-year to ₹11,944 crore in Q3-2026. This includes the impact of additional operating expenses of ₹145 crore provisions on an estimated basis pursuant to the new Labour Codes
5. Core operating profit grew by 6.0% year-on-year to ₹17,513 crore in Q3-2026
6. Provisions (excluding provision for tax) were ₹2,556 crore in Q3-2026. Following its annual supervisory review, RBI has directed the Bank to make a standard asset provision of ₹1,283 crore in respect of a portfolio of agricultural priority sector credit facilities wherein the terms of the facilities were found to be not fully compliant with the regulatory requirements for classification as agricultural priority sector lending. There is no change in asset classification or in the terms and conditions applicable to the borrowers or in the repayment behaviour of borrowers as per these terms. The Bank has been originating this portfolio since 2012 and will work to bring it in conformity with regulatory expectations. This additional standard asset provision will continue until the loans are repaid or renewed in conformity with the PSL classification guidelines. Excluding the additional standard asset provision, the total provisions were ₹1,273 crore in Q3-2026
7. Profit before tax excluding treasury was ₹14,957 crore in Q3-2026
8. Profit after tax was ₹11,318 crore in Q3-2026
9. Adjusting for additional standard asset provisioning, the profit before tax excluding treasury would have increased by 6.2% year on year to ₹16,240 crore and similarly, profit after tax would have increased by 4.1% year on year to ₹12,280 crore in Q3-2026
10. At December 31, 2025, the Bank had a net worth over ₹3.23 lakh crore. Including profits for 9M-2026, CET-1 ratio was 16.46% and total capital adequacy ratio was 17.34%

Moving on to deposit growth

B. Deposit growth

1. Average deposits increased by 8.7% year-on-year to ₹15,86,088 crore during Q3-2026
2. Average current and savings account deposits increased by 8.9% year-on-year
3. The Bank continued to see healthy growth in current account deposits and individual term and savings deposits
4. Total period-end deposits increased by 9.2% year-on-year to ₹16,59,611 crore at December 31, 2025
5. The Bank opened 402 branches during 9M-2026 and had a network of 7,385 branches and 11,983 ATMs and cash recycling machines at December 31, 2025

Moving on to loan growth

C. Loan growth

1. The domestic loan portfolio grew by 11.5% year-on-year at December 31, 2025
2. The retail loan portfolio grew by 7.2% year-on-year. Including non-fund outstanding, the retail loan portfolio was 42.2% of the total portfolio. The mortgage portfolio grew by 11.1% year-on-year. The business banking portfolio grew by 22.8% year-on-year. Growth in the domestic corporate portfolio was 5.6% year-on-year at December 31, 2025
3. About 71% of the corporate loan portfolio was rated 'A- and above' at December 31, 2025

Moving on to asset quality

D. Asset Quality

1. Net NPA ratio was 0.37% at December 31, 2025 compared to 0.39% at September 30, 2025
2. During Q3-2026, there were net additions to gross NPAs of ₹2,074 crore
3. Gross NPA additions were ₹5,356 crore in Q3-2026. Recoveries and upgrades of NPAs, excluding write-offs and sale, were ₹3,282 crore in Q3-2026
4. Gross NPAs written off were ₹2,046 crore in Q3-2026
5. There was sale of NPAs of ₹120 crore for cash in the current quarter
6. Provisioning coverage ratio on non-performing loans was 75.4% at December 31, 2025
7. Total fund based outstanding to all borrowers under resolution as per the various extant regulations was ₹1,666 crore or about 0.1% of advances at December 31, 2025
8. Loans and non-fund based outstanding to performing corporate borrowers rated BB and below were ₹3,392 crore at December 31, 2025 or about 0.2% of advances at December 31, 2025
9. The total provisions during Q3-2026 were ₹2,556 crore or about 14.6% of core operating profit and about 0.71% of average advances. Excluding the additional standard asset provision, the total provisions were ₹1,273 crore or 7.3% of core operating profit and 0.36% of average advances

10. The Bank continues to hold contingency provisions of ₹13,100 crore at December 31, 2025

Customers are at the heart of what we do and providing them a safe environment is paramount. I would like to share some of the recent initiatives on our customer centricity.

1. **Banking with Care for Senior Citizens:** To empower senior citizen customers with knowledge and confidence in their daily banking, we continue to engage with them through SMS, emails, social media videos, and on-ground awareness sessions. In Q3 alone, we conducted over 250 awareness programmes in housing societies nationwide, helping them recognise prevalent frauds and safeguard their accounts. We also provide them the convenience of digital banking services, including online submission of Form 15H, Life Certificates, and digital Interest Certificates.
2. **Secured Banking for Customers:** The Bank has introduced SmartLock on iMobile, a unique safety feature that empowers customers to lock or unlock access to internet banking, UPI, credit and debit cards, with a single click. This puts convenience and control directly in their hands while ensuring stronger protection. In addition, the Bank has launched a new domain- www.icici.bank.in – in line with regulatory guidelines. The domain enhances authenticity, safeguards customers from fake websites, and delivers a seamless digital banking experience with added layers of security. To further protect customers from fraud, the Bank has begun using 1600-series phone numbers for out-bound calls. This initiative helps customers to easily identify genuine communication from the Bank and avoid responding to fraudulent calls, thereby reducing the risk of scams.
3. **Digital Lending Enhancement:** Existing Loan Against Securities customers can now increase overdraft limits entirely online and pledge shares seamlessly through the Bank's digital channels. This significantly reduces turnaround time and enhances the customer-friendly lending experience.

Through these continuous innovations in service quality, digital security, and awareness, we strive to safeguard our customers, promote awareness, and design thoughtful solutions that meet their needs.

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

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

Moderator:

Thank you very much, sir. We will now begin the Q&A session with Mr. Batra and Mr. Banerjee. Anyone who wishes to ask a question may press '*' and '1' on the telephone. If you wish to remove yourself from the question queue, you may press '*' and '2'.

Today's announcement is on the Bank's financial performance. Hence, we would like to request you to ask questions related to that. Please write to the Corporate Communications team separately for any other queries.

Due to time constraints, I request all of you to ask two questions at a time. If you have additional queries, you may join the queue again, if time permits. Thank you.

We will take our first question from Ritu Singh from CNBC-TV18. Please go ahead.

Ritu Singh:

Hi. Thank you very much for taking our questions. Mr. Batra, first, that additional provision that you had to make, are RBI directing the bank to make this ₹1,283 crore provision for the agriculture portfolio, where some of the facilities were found to be non-compliant with the PSL classification norms. Could you first, just simply explain what the bank was doing and what RBI required them to do differently? What has prompted this kind of a change? And secondly, are you re-looking at this portfolio? Is it a one-time thing or do you think there could be additional provisions you would have had to make as you go through this?

Secondly, if you could also explain to us, Mr. Bakhshi getting a two-year extension, it was long awaited by the Street, but why specifically only the two-year term? Typically, we have seen the Bank go with three-year terms.

And if you could clarify your slippages, there's a seasonality factor and agriculture slippages that the Bank typically sees in the third quarter. What else has led to the contribution to this ₹5,356 crore gross slippage number, where has it come from and any topics you may want to call out, specifically with MSME for instance, with any U.S. tariff threats, or the unsecured book, what are the signs you see? Thank you.

Sandeep Batra:

Ritu, that is four questions. So, let me still try to take all of them.

First of all, RBI, as you are aware, does an annual inspection as part of the cycle. We have been doing this portfolio since 2012, and RBI has made an assessment that the terms of the facilities were not fully in compliance with the regulatory requirement for PSL. I also want to categorically state there is no change of asset classification, or in terms and conditions applicable to the borrowers, or in repayment behaviour of the borrower as per these terms. So, we are very comfortable with the quality of the book that we have done. We will work towards repayment and renewal of these loans to make them in conformity with the PSL guidelines, and our endeavour would be to minimise the PSL and provisioning impact.

Coming on to Mr. Bakhshi's reappointment. I think there was a discussion with the Board along with the MD, and it was felt appropriate that a two-year term is what it is at. But just wanted to clarify, it is nearly three years from today. It is starting from October of '26 and goes on till October '28. So, it is nearly three years from now.

The other question was around gross slippages. The gross slippages are actually fine.

There was something around business banking. I think our business banking portfolio continues to do well, and we have grown that portfolio by about 22% during the quarter. In terms of slippages, I think if you see the numbers, they have actually gone down compared to Q3 of 2025. The gross additions in the current quarter were ₹5,356 crore as against ₹6,085 crore. In fact, the recoveries are largely at a similar level. It was ₹3,392 crore in Q3-2025. Now they are ₹3,282 crore in Q3-2026. So, the net additions, in this quarter, is about ₹2,074 crore as against ₹2,693 crore in Q3-2025, if you are comparing with Q2 of 2026, that is the seasonal impact of rural slippages. Beyond that, I think we are very happy with the numbers over here.

Ritu Singh:

But Mr. Batra, the question was also whether you have evaluated your MSME book? What kind of exposure they have to the U.S. because of the tariff issue, if there could be any stress? and unsecured what you are seeing... And, to what you responded on the agriculture PSL provisions. Just to clarify again, this is a one-time activity. You do not expect any further provisions that the bank will have to make on this portfolio.

Sandeep Batra:

On this portfolio, this was an exercise done for the period ended March 2025. RBI does annual exercises. For this period, we have made an assessment, and I have already made my comments relating to that.

On business banking, the portfolio continues to do well. We are very happy with the quality of the book that we have done, and we have grown that book.

We continue to assess our portfolio. As you are aware, India is largely a domestically focused economy, and we made an assessment of the impact of US tariffs. Of course, when we are assessing our customers, we prioritise resilience through strong balance sheet from a customer perspective, and we continue to leverage these... we continue to believe that the quality of book that we have built is very comfortable.

I think the impact of US tariffs is a little... Sorry, go ahead, Ritu.

Ritu Singh:

No, please go ahead. And if you could also add, because of ECL as well, have you made an assessment of the additional provision you will have to make?

Sandeep Batra:

ECL is still an internal assessment. Whenever the regulations come into place, we will be compliant with that. So, that is something the future.

Ritu Singh:

Okay sure sir.

Sandeep Batra:

Okay? Thank you, Ritu.

Moderator:

Thank you.

We will take our next question from Vishwanath Nair from NDTV Profit. Please go ahead.

Vishwanath Nair:

Hi, Mr. Batra. Just following up on what Ritu was pointing out about the provision factor as well. Is your 4% dip on the net profit, largely because of this one-time hit? And again, is there an expected hit that is going to follow in the fourth quarter? That is question number 1.

Question number 2, I want to take that question about the CEO forward. See, the reason we are asking that is because three years is what one is usually used to, whenever the Board recommends a term for a CEO's extension. So, two years seems like we are preparing the system for a potential change. So, is that something that we should watch out for at all? Thank you.

Sandeep Batra:

The Board, in its wisdom, in discussion with the Managing Director decided that two years, and I just wanted to clarify again, that it's an extension from October 2026. So, it is nearly three years at this point of time. So, we have informed the market well in advance. And secondly, I thought I will just clarify, in case if this specific provision was not there, instead of a minus 4%, we would have had a plus 4.1% on PAT.

Vishwanath Nair:

Okay. The quick question also is on the net interest margin, NIM has more or less stabilised around this 4.2%-4.3% level. But the impact of the December rate-cut is likely to flow in again, during the current quarter. Do you expect any moderation going ahead?

Sandeep Batra:

Looking ahead, we do expect NIMs to remain more or less range bound, reflecting the repricing of the external benchmarks on loans and investments, as you rightly pointed out. And of course, competition intensity. This would get offset by retail term repricing

and we will continue to watch the market conditions, and if there are any further changes in monetary policy, that will impact the NIM trajectory. From our perspective, we are focused on maximising all levers of profits, and where NIM is certainly one of the important levers.

Vishwanath Nair:

Sorry, just to close us off, 11.5% is still close to the system on the advances growth. Is this the level that we are expecting for this financial year or because that growth has been a question for ICICI Bank.

Sandeep Batra:

No, you have to look at the overall franchise, the way it has been growing. We do believe that our recent policy is supportive. We do believe that we will continue to evaluate customers, we do not give any specific targets of what we are going to be growing. Our focus is to maximize PBT in a risk calibrated fashion, and that is what we will continue to do.

Vishwanath Nair:

Thank you.

Moderator:

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

Shayan Ghosh:

Hi, Mr. Batra. Two questions. One is, what is the size of this portfolio that RBI has said it's not fully compliant and was it some sort of a misclassification because you said it's been there since 2012. Did RBI find that the classification that you have made is not what it would like it to be?

Second is on the two-year term, I know you have answered, but is it because Mr. Bakhshi doesn't want a full term? Because under regulation, he still has up to 70. So, why the two-year term is what we were wondering? I know you said three years.

Sandeep Batra:

I will repeat what I said. The Board, in its wisdom, in consultation with the Managing Director, decided to give a two-year term..

Moving to the point about the size of the portfolio, the standard asset provisions, the total portfolio required to be reviewed from an agriculture priority sector lending was in the region of about ₹20,000 crore to ₹25,000 crore. The Bank has been originating this portfolio, as I said, since 2012. And we will work towards bringing this in conformity with regulatory expectations.

I repeat, these loans are standard and secured in nature. And the standard asset provisions will continue until the assets are repaid or renewed in conformity with the PSL guidelines. So, from a customer angle, we are very happy. As you are aware, the provisioning requirement for a PSL portfolio is slightly different from normal. It is about classification thereof; it does not in any way reflect the quality of the borrower.

Shayan Ghosh:

All right. And because you have been on this portfolio for 13-14 years, has it ever been pointed out earlier? Or because something changed in FY25, is what I am trying to understand.

Sandeep Batra:

Shayan, this is an annual exercise which RBI does and the discussions with them are confidential. As I said, this portfolio, we have been having it for long period of time, and we are happy with the quality of the book.

Shayan Ghosh:

Okay. All right. Thanks.

Moderator:

Thank you. Next question is from the line of Priyasmita Dutta from the Informist. Please go ahead.

Priyasmita Dutta:

Hello.

Moderator:

Yes, we can hear you. Please go ahead.

Priyasmita Dutta:

Yes. Hi. Thank you for the opportunity. My question is with regards to the treasury loss of ₹157 crore that we saw in the December quarter, I just wanted to know what can we expect from the treasury income head in Q4 and if you can give your view on how you see it progressing in FY27, given the review in mind? And secondly, I just wanted to understand one thing, I may have missed it when it was mentioned before, that is for how long do you have to hold these additional provisions? Thank you.

Sandeep Batra:

First on the treasury, I think the treasury loss of ₹157 crore against a gain of about ₹220 crore in the Q2 of current year is primarily reflecting the mark-to-market movements. Going forward, I think you will also have to see the numbers in the context of the NIM that we earned. We look at economic returns over a longer period of time, rather than

booking gains from an accounting point of view. The second question was again on, I mean, this is a standard asset provisions and as I said earlier, we will continue to work towards repayment and renewal of these loans in conformity with the PSL classification guidelines, and our endeavour would be to minimise the PSL and provisioning impact.

Moderator:

Priyasmaita, does that answer your question?

Priyasmaita Dutta:

Yes, thank you.

Moderator:

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

Subrata Panda:

Hi, thank you for taking my question. My question is again on Mr. Bakhshi's re-appointment. Are we to understand this is Mr. Bakhshi's last term as the MD-CEO of ICICI Bank and if so, has the Bank formed a committee to look at internal candidates or external candidates for his successor?

Sandeep Batra:

This is three years away, and I have already answered this question. There are no further comments on this.

Subrata Panda:

No, we understand what you have said, but just as we need a bit more clarity as to, if the bank is looking for a successor?

Sandeep Batra:

This is the maximum clarity I can provide at this point of time. We are very clear. The Bank has got enough strength at this point of time and there is enough continuity from that perspective.

Anindya Banerjee:

I think maybe just to add, as Sandeep mentioned, his present term itself is till October and this is a two-year term on top of that, which takes it to almost three years from now, and there is no need to speculate so far into the future.

Subrata Panda:

Understood. Thank you.

Moderator:

Thank you. Next question is from Joel Rebello from Economic Times. Please go ahead.

Joel Rebello:

I just want to clarify, if you cure whatever the infirmities in this agriculture portfolio, will you be able to write back the provisions or how does it work? I just wanted to understand that.

Sandeep Batra:

As I already mentioned, we would be working towards repayment or renewal of these loans to make them in conformity with PSL classifications, and our endeavour, as I said, is to minimise the impact of this provision.

Joel Rebello:

So, which means that if it is in conformity, you can write back the provisions later?

Sandeep Batra:

Yes.

Joel Rebello:

Is my understanding correct?

Sandeep Batra:

Yes.

Joel Rebello:

The second question is on the terms of margin, sir. You are one of the few banks who have been able to maintain your margins. It is better than last year, and I think it is at the same level as the previous quarter. What is behind this? Is it that you all have been able to manage your cost of funds better? Can you give us some perspective?

Sandeep Batra:

We have a disciplined approach on this, Joel. We focus on averages; we focus on working with customers. I think that is part of our overall strategy. I do believe our digital offerings also help. We grow our book in a fairly disciplined manner. I think that strategy has been working for us very well. And incidentally, internally, we drive PBT as a metric, of course, meeting the customer's needs and ensuring the customer services of the highest order. Within that framework, we look at it more as long-term economic relationships, and accounting becomes less important in the overall scheme of things. And there are multiple factors over here, trying to have a more efficient treasury, having a product mix which meets both the customer requirements, and also having a risk calibrated

approach. We have been doing this for some time, and we will continue to be on this path.

Joel Rebello:

Sir, one question on corporate banking. Retail has been the growth engine for banks for many months now. What is the outlook on the corporate side? What are you seeing on the corporate side?

Sandeep Batra:

We have seen a bit of an increase on the corporate side in the current quarter. As you are aware, there has been some significant pickup. We focus on corporate clients and if you are aware, corporate clients have got multiple options including getting money from equity and they also have a very healthy internal accruals. We work with them on a 360 basis and from our point of view, we do not target any particular mix. Wherever we are able to get opportunities, we are happy to grow. If you see, we have been growing our business banking book, which is also in a way, includes small and medium corporates. That book, during the current quarter itself, has grown by about 22.8%. Retail book has been growing well. And as you rightly pointed out, we have had an increase of 5.6% on the domestic corporate side. So, wherever we get opportunities in a risk calibrated basis and it meets our profitability thresholds, we are happy to live.

Joel Rebello:

Thank you, sir. All the very best. Thank you.

Moderator:

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

Ira Dugal:

Sir, I am sorry to dwell on this, but your comments are just not clear on this priority sector loans. Firstly, just repeat the size of the loan portfolio where there is misclassification. The numbers are pretty large, and it would be a significant share of your outstanding agriculture portfolio, if you could share that. I have a follow up question on that. But first, I just want to make sure we all have the numbers right.

Sandeep Batra:

No, we shared the numbers.

Ira Dugal:

So, what did you say? Can you just repeat that number? The size of the loan book?

Sandeep Batra:

The size of the loan book was about ₹20,000-₹25,000 crore approximately. We are not getting into that.

Ira Dugal:

That would be a significant share of your agriculture book, right? Because your rural loans are how much? About three times, a little bit more than that, maybe?

Sandeep Batra:

It is what it is. The rural book is about ₹83,000 crore.

Ira Dugal:

That is a significant amount. Then, I mean the way you have...

Sandeep Batra:

We have been doing this since 2012 and we have made these provisions, and I again repeat, I mean, I think it is important to note that there is no change in the asset class.

Ira Dugal:

No, we get that these are standard assets. We completely understood that. I understand that absolutely. But what is not clear is the way you are framing it, that this is the provision for this period or the period the RBI assessed. So, it is not clear to me that you have made all the provisions required on this entire ₹20,000-₹25,000 crore book, which is not being classified accurately or will more follow?

Anindya Banerjee:

So, the provisioning amount of ₹12.83 billion is as directed by the Reserve Bank of India and that is the provision we have made in this quarter.

Ira Dugal:

Not for this year, on the entire portfolio going back to whatever is existing on here. So, this is fully outstanding?

Anindya Banerjee:

The provisioning amount is as directed by the Reserve Bank of India. As we have said quite clearly that we are following the supervisory review—the regulator has directed that this provision be made, which we have made.

Ira Dugal:

Anything you can tell us on... what these loans were, that so far back more than 10 years, you said you have been doing this business since then. So, it suggests that it has been

misclassified since then? It seems like a really long period, and it is difficult to understand why it wouldn't have been caught earlier and corrected.

Sandeep Batra:

Ira, we have got no further comments on this.

Ira Dugal:

Okay, sure.

Moderator:

Thank you. We will take our next question from Hamsini Karthik from Moneycontrol. Please go ahead.

Hamsini Karthik:

Yes, thank you. I am going to ask a question which would possibly sit a little polite with you first, and then press on a point which has been spoken about earlier. You have added another ₹500 crore of equity into ICICI Home Finance this quarter that makes it the second infusion possibly into the subject in the last two years. I just wanted to understand, what is the rationale for the infusion? How is the health of ICICI Home Finance? It did have a bit of an NPA-related issue, where do we stand on that? And I will go with my next question, sir.

Sandeep Batra:

I think ICICI Home Finance has been doing exceedingly well. We are happy to infuse the capital to meet the regulatory requirement and expansion that is required from their business point of view. So, it is an important subsidiary. They have improved their NPA provisions, and just to maintain a healthy capital adequacy ratio over there. We are happy... this, we will continue to invest in this business. So, that is fine. Whenever they will need capital, we will be happy to support them, because the business is profitable and they have substantially addressed the NPA issue, which was there in the past.

Hamsini Karthik:

So, even if adjusted for the RBI-led provisioning, PAT growth at 4%, as you mentioned earlier, for a very long time, we are seeing ICICI come out with single-digit PAT growth. Is size catching up with you all? Are you comfortable with this pace of growth? It has been oscillating between 4% and 9%, in a very good quarter, 10%. Are you happy with these numbers internally?

Sandeep Batra:

Of course, we can do much better. I hope we do much better. So, to that extent, we are never happy with the results that we get. We would like to do more, and of course, this year's growth has to be structurally seen in the context of RBI reprice, the monetary policy which has taken place, as you are aware, over the last year or so, the repo rate

has been cut by 125 basis points and a very large book is linked to external benchmarks. I think we have guided this almost a year back that, whenever the interest rate cycle changes—which has changed—there would be an impact, which is sort of playing out. Once this settles in, we should be back to a better growth of profits, but as I said, we are focused on ensuring few things—one, we have a customer-centric approach; two, ensuring that we are fair to our customers and fair to the Bank—and within that framework, we will grow our profits. So, it has to be on a risk calibrated basis. The strategy, as I am probably repeating this for the Nth time, the strategy is working with us, and to give a short answer to your question—can we do better? We can obviously always do better.

Anindya Banerjee:

Maybe if I could just add that, we primarily focus on the operating numbers and related outcomes. So, if you look at, for example, the current quarter, we have not been booking significant treasury gains, so, the PAT is really an outcome of the operating performance of the Bank. Similarly, we continue to hold significant additional provisions on the balance sheet. Even apart from what has been mandated this quarter, we hold about ₹131 billion of contingency provisions. So, I think the earnings growth is a reflection of the operating performance without being dependent on capital market or fixed income market, while maintaining an extremely strong balance sheet.

Hamsini Karthik:

Lovely. Last question, sir.

Sandeep Batra:

We have got a healthy ROA. It is over 2%. Even after adjusting for this, we are going to report 2.11% ROA, in Q3-2026. Taking this one-off, it will move to about 2.29% in 9M-2026. It is a healthy number.

Hamsini Karthik:

On the CEO appointment, in one of the questions, Mr. Batra's response was that the board in consultation with Mr. Bakhshi felt that it would be appropriate to give a two-year tenure or felt appropriate that a two-year term would be good. Was this decision also taken to ensure that the second level of leaders are also given the opportunity to rise up? What was the thought process, sir?

Sandeep Batra:

We have already shared whatever we needed to share. I do not have any more comments to give on this.

Moderator:

Thank you. Next question is from Benn from the New Indian Express. Please go ahead.

Benn:

No, I am passing the question. I am done. Thank you.

Moderator:

Thank you. We will take our next question from the line of Hersh Sayta from ET Now. Please go ahead.

Hersh Sayta:

Hi. Thank you. Just wanted to understand and maybe delve in further, what is the duration of the Agri-PSL book?

Anindya Banerjee:

These are largely in the nature of working capital limits. So, these are not term loans in that sense.

Hersh Sayta:

Understood, and they are fully secured, I hear?

Anindya Banerjee:

Yes.

Hersh Sayta:

Perfect. And does anything change...So, I gather from you that you all are completely comfortable with the way the book is behaving otherwise. I am trying to understand whether anything changes for you in terms of recognition, even from an ECL or from a conservativeness standpoint? Does it at all, change the way you all recognise the provisioning—maybe trying to be more conservative going forward in this book?

Sandeep Batra:

One, from a conservative point of view, our provisioning norms are slightly tighter than what RBI prescribes. We also hold large contingency provisions of ₹13,100 crore, which we have talked about. As far as this thing is concerned, this provision is coming because the provision requirement for this category is different from normal. Based on the revised understanding with RBI, they treated this as normal and accordingly, additional provision was made. As I said, it doesn't affect the asset classification at all.

Hersh Sayta:

Yes, I fully gather that. Again, I am sorry, I am not trying to understand your conversations with the RBI, I am trying to understand the way you all recognise provisioning in this book, and how it changes for you, going forward. I don't think so, basis whatever you all are saying.

Sandeep Batra:

As long as it is a PSL book, it will get classified in a certain fashion. If it is a non-PSL book, it will get classified as certain other categories. That is about the only thing. We are very much in compliance with the regulatory requirement in both the cases.

Hersh Sayta:

Perfect. Thank you so much. Very helpful.

Sandeep Batra:

Thank you.

Moderator:

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

Ashish Agashe:

Just a small bit on this PSL front. So, does it change anything on your PSL commitment?

Sandeep Batra:

Not at all, not in the least manner. We will continue to work to meeting our PSL requirements and wherever there is a need, and in fact, the rural economy is doing well, and if opportunity is there, we will continue to pursue them.

Ashish Agashe:

And sir, will there be? Because you are carrying a bit of book ahead as well, and there would be right classification from here on, so, would there be more provisioning to do for the Agri-book here on, sir? This is not about the past assets, but in the future as well.

Sandeep Batra:

No, the additional provisions will continue until the loans are repaid or renewed in conformity with the PSL classification guidelines. This is what I mentioned, and we will work towards the same. Based on our current assessments, we do not see any major incremental provisions going forward.

Ashish Agashe:

Sir, this second question is based a bit on the perception. And especially given whatever has been happening in the banking sector in the past, especially you have to do with private sector leadership appointment, was there a consideration that, okay, let us have the three-year appointment in mind so that we convey the right message rather than leading to a lot of other questions by restricting it to two years, sir?

Sandeep Batra:

I have got no further comments on what I have already said. Mr. Bakhshi was appointed in 2018. It has been a sufficiently long period of time. As I did mention, the board in consultation with him has made a decision and which we have conveyed to the exchange and yourself.

Ashish Agashe:

Thank you so much.

Moderator:

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

Ram Kumar:

I just wanted to understand, PSL loans for which you have made standard asset provisioning. Were they originated by the BoR they have been like, direct assignment or PTCs or co-lending model? How did you get these loans actually on board?

Anindya Banerjee:

These would have been direct origination.

Ram Kumar:

Direct origination by the Bank?

Anindya Banerjee:

Yes.

Ram Kumar:

All of it?

Anindya Banerjee:

Yes, pretty much, I think, yes.

Ram Kumar:

And sir, coming to this point...a gap between deposit growth and credit growth, persists. In your case, it is over 200 basis points. So, what are you doing to manage this gap, or to bridge this gap?

Anindya Banerjee:

In the current quarter, as you are aware, there was a reduction in the CRR requirement. So, you would have seen the credit-deposit ratio go up across the system, and for most

banks, for whose numbers are available, barring maybe one or two. So, that is a very natural thing to happen. From our perspective, I think we are comfortably funded with healthy retail deposit growth. So, we don't have any concerns on that account.

Ram Kumar:

Okay. And this 15% capital adequacy ratio that you have—is it good enough to support further growth in loans? Or you will have to hit the market again for raising capital?

Sandeep Batra:

No, this is very much adequate.

Anindya Banerjee:

Actually, including profits for the quarter, we are at a total capital adequacy of about 17.3%, which is including profits for April to December. We are at a total capital adequacy of 17.3%, which is very comfortable.

Ram Kumar:

Yes. Thank you so much.

Moderator:

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

Falaknaaz Syed:

Sir, have you acquired the pension fund business from your subsidiary?

Sandeep Batra:

Yes, we have.

Falaknaaz Syed:

Sir, what is the idea and what is the strategy plan of action for that business, which is a subsidiary of your subsidiary?

Sandeep Batra:

It was a step-down subsidiary. We explained this, I think, about two quarters back when we made the decision. We do believe that the synergy with the Bank will be better and the business will be able to expand in a much better fashion. So, it is essentially about synergizing with the banking set of customers and which we hope to achieve in the coming quarter.

Falaknaaz Syed:

Thank you.

Moderator:

Thank you.

Sandeep Batra:

Thank you very much for being with us on a Saturday afternoon.

Moderator:

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 December 31, 2025 (Q3-2026)

January 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 Q3-FY2026 Earnings Conference Call. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

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

Mr. Bakhshi's opening remarks

Thank you. Good evening to all of you and welcome to the ICICI Bank Earnings Call to discuss the results for Q3 of FY2026. Joining us today on this call are Sandeep Batra, Rakesh, Ajay, Anindya and Abhinek.

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

The core operating profit increased by 6.0% year-on-year and 2.5% quarter-on-quarter to 175.13 billion Rupees in this quarter. The total provisions during the quarter were 25.56 billion Rupees. This includes additional standard asset provision of 12.83 billion Rupees made pursuant to Reserve Bank of India's annual supervisory review, which Anindya will explain later on the call. The profit

before tax excluding treasury was 149.57 billion Rupees in this quarter compared to 152.89 billion Rupees in Q3 of last year. The profit after tax was 113.18 billion Rupees in this quarter compared to 117.92 billion Rupees in Q3 of last year.

Average deposits grew by 8.7% year-on-year and 1.8% sequentially and average current and savings account deposits grew by 8.9% year-on-year and 1.5% sequentially in this quarter. The Bank continued to see healthy growth in current account deposits and individual term and savings deposits. Total deposits grew by 9.2% year-on-year and 2.9% sequentially at December 31, 2025. The Bank's average LCR for the quarter was about 126%.

The domestic loan portfolio grew by 11.5% year-on-year and 4.0% sequentially at December 31, 2025 compared to 10.6% and 3.3% at September 30, 2025. The retail loan portfolio grew by 7.2% year-on-year and 1.9% sequentially. Including non-fund based outstanding, the retail portfolio was 42.2% of the total portfolio. The rural portfolio grew by 4.9% year-on-year and 7.2% sequentially. The business banking portfolio grew by 22.8% year-on-year and 4.7% sequentially. The domestic corporate portfolio grew by 5.6% year-on-year and 6.5% sequentially. The overall loan portfolio including the international branches portfolio grew by 11.5% year-on-year and 4.1% sequentially at December 31, 2025. The overseas loan portfolio was 2.4% of the overall loan book at December 31, 2025.

The net NPA ratio was 0.37% at December 31, 2025 compared to 0.39% at September 30, 2025 and 0.42% at December 31, 2024. During the quarter, there were net additions of 20.74 billion Rupees to gross NPAs, excluding write-offs and sale. The provisioning coverage ratio on non-performing loans was 75.4% at December 31, 2025. In addition, the Bank continues to hold contingency provisions of 131.00 billion Rupees or about 0.9% of total advances at December 31, 2025.

The capital position of the Bank continued to be strong with a CET-1 ratio of 16.46% and total capital adequacy ratio of 17.34% at December 31, 2025, including profits for 9M-2026.

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

I now hand the call over to Anindya.

Anindya's opening remarks

Thank you, Sandeep. Let me first talk about the additional standard asset provisions.

Following its annual supervisory review, RBI has directed the Bank to make a standard asset provision of 12.83 billion Rupees in respect of a portfolio of agricultural priority sector credit facilities wherein the terms of the facilities were found to be not fully compliant with the regulatory requirements for classification as agricultural priority sector lending. There is no change in asset classification or in the terms and conditions applicable to the borrowers or in the repayment behaviour of borrowers as per these terms. The Bank has been originating this portfolio over some years and will work to bring it in conformity with regulatory expectations. This additional standard asset provision will continue until the loans are repaid or renewed in conformity with the PSL classification guidelines.

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

A. Loan growth

Sandeep covered the loan growth across various segments. Coming to the growth across retail products, the mortgage portfolio grew by 11.1% year-on-year and 3.2% sequentially. Auto loans grew by 0.7% year-on-year and 0.9% sequentially. The commercial vehicles and equipment portfolio grew by 7.9% year-on-year and 3.2% sequentially. Personal loans grew by 2.4% year-on-year and 1.7% sequentially. The credit card portfolio declined by 3.5% year-on-year and 6.7% sequentially. During the quarter, we saw improved growth trends across the mortgage, rural and corporate portfolios. The sequential decline in the credit card portfolio was due to high festive spends towards the end of the previous quarter, which had resulted in high sequential book growth in that quarter, and saw repayments in the current quarter.

Within the corporate portfolio:

- The total outstanding to NBFCs and HFCs was 791.18 billion Rupees at December 31, 2025 compared to 794.33 billion Rupees at September 30, 2025. The total outstanding loans to NBFCs and HFCs were about 4.3% of our advances at December 31, 2025.
- The builder portfolio including construction finance, lease rental discounting, term loans and working capital was 680.83 billion Rupees at December 31, 2025 compared to 635.83 billion Rupees at September 30, 2025. The builder loan portfolio was 4.3% 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 1.1% of the builder portfolio at December 31, 2025 was either rated BB and below internally or was classified as non-performing.

B. Credit quality

The gross NPA additions were 53.56 billion Rupees in the current quarter compared to 60.85 billion Rupees in Q3 of last year. Recoveries and upgrades from gross NPAs, excluding write-offs and sale, were 32.82 billion Rupees in the current quarter compared to 33.92 billion Rupees in Q3 of last year. The net additions to gross NPAs were 20.74 billion Rupees in the current quarter compared to 26.93 billion Rupees in Q3 of last year.

The gross NPA additions from the retail and rural portfolios were 42.77 billion Rupees in the current quarter compared to 53.04 billion Rupees in Q3 of last year. There were gross NPA additions of about 7.36 billion Rupees from the kisan credit card portfolio in the current quarter compared to 7.14 billion Rupees in Q3 of last year. We typically see higher NPA additions from the kisan credit card portfolio in the first and third quarter of a fiscal year. Recoveries and upgrades from the retail and rural portfolios were 25.39 billion Rupees in the current quarter compared to 27.86 billion Rupees in Q3 of last year. The net additions to gross NPAs in the retail and rural portfolios were 17.38 billion Rupees in the current quarter compared to 25.18 billion Rupees in Q3 of last year.

The gross NPA additions from the corporate and business banking portfolios were 10.79 billion Rupees in the current quarter compared to 7.81 billion Rupees in Q3 of last year. Recoveries and upgrades from the corporate and business banking portfolios were 7.43 billion Rupees in the current quarter compared to 6.06 billion Rupees in Q3 of last year. There were net additions to gross NPAs of 3.36 billion Rupees in the current quarter in the corporate and business banking portfolios compared to 1.75 billion Rupees in Q3 of last year.

The gross NPAs written off during the quarter were 20.46 billion Rupees. Further, there was sale of NPAs of 1.20 billion Rupees for cash in the current quarter.

The non-fund based outstanding to borrowers classified as non-performing was 22.29 billion Rupees as of December 31, 2025.

The loans and non-fund based outstanding to performing corporate borrowers rated BB and below was 33.92 billion Rupees at December 31, 2025. This portfolio was about 0.2% of our advances at December 31, 2025.

The total fund based outstanding to all standard borrowers under resolution as per various guidelines were 16.66 billion Rupees or about 0.1% of the total loan portfolio at December 31, 2025.

At the end of December, the total provisions, other than specific provisions on fund-based outstanding to borrowers classified as non-performing, were 226.57 billion Rupees or 1.5% 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. These provisions do not include additional standard asset provision as directed by RBI in respect of a portfolio of agricultural priority sector credit facilities.

Moving on to the P&L details:

C. P&L details

Net interest income increased by 7.7% year-on-year and 1.9% sequentially to 219.32 billion Rupees in this quarter. The net interest margin was 4.30% in this quarter compared to 4.30% in the previous quarter and 4.25% in Q3 of last year. The cost of deposits was 4.55% in this quarter compared to 4.64% in the previous quarter and 4.91% in Q3 of last year. The benefit of interest on tax refund was 1

basis point in the current quarter compared to nil in the previous quarter and 1 basis point in Q3 of last year.

Of the total domestic loans, interest rates on about 56% of the loans are linked to the repo rate and other external benchmarks, 13% to MCLR and other older benchmarks and the remaining 31% of loans have fixed interest rates.

Non-interest income, excluding treasury, grew by 12.4% year-on-year and 2.3% sequentially to 75.25 billion Rupees in Q3 of FY2026.

- Fee income increased by 6.3% year-on-year and 1.2% sequentially to 65.72 billion Rupees in this quarter. Fees from retail, rural and business banking customers constituted about 78% of the total fees in this quarter.
- Dividend income from subsidiaries was 6.81 billion Rupees in this quarter compared to 8.10 billion Rupees in the previous quarter and 5.09 billion Rupees in Q3 of last year. The year-on-year increase in dividend income was primarily due to receipt of interim dividend from ICICI Securities

On Costs: The Bank's operating expenses increased by 13.2% year-on-year and 1.2% sequentially in this quarter. Employee expenses increased by 12.5% year-on-year and 1.8% sequentially in this quarter, including the impact of 1.45 billion Rupees of provisions on an estimated basis pursuant to the new Labour Codes. Non-employee expenses increased by 13.6% year-on-year and 0.8% sequentially in this quarter. Our branch count has increased by 402 in 9M of the current year. We had 7,385 branches as of December 31, 2025. The technology expenses were about 11% of our operating expenses in 9M of the current year.

The total provisions during the quarter were 25.56 billion Rupees. Excluding the additional standard asset provision, the total provisions were 12.73 billion

Rupees or 7.3% of core operating profit and 0.36% of average advances compared to the provisions of 12.27 billion Rupees in Q3 of last year.

The profit before tax excluding treasury was 149.57 billion Rupees in this quarter compared to 152.89 billion Rupees in Q3 of last year.

There was a treasury loss of 1.57 billion Rupees in Q3 of the current year as compared to gain of 2.20 billion Rupees in Q2 of current year and gain of 3.71 billion Rupees in Q3 of the previous year primarily reflecting market movements.

The tax expense was 34.82 billion Rupees in this quarter compared to 38.68 billion Rupees in the corresponding quarter last year. The profit after tax was 113.18 billion Rupees in this quarter compared to 117.92 billion Rupees in Q3 of last year.

Adjusting for additional standard asset provisioning, the profit before tax excluding treasury would have increased by 6.2% year on year to 162.40 billion Rupees and similarly, profit after tax would have increased by 4.1% year on year to 122.80 billion Rupees in this quarter. Return on average assets and standalone RoE would have been 2.3% and 15.5% respectively in this quarter.

D. Consolidated results

The consolidated profit after tax was 125.38 billion Rupees in this quarter compared to 128.83 billion Rupees in Q3 of last year.

The details of the financial performance of key subsidiaries are covered in slides 33 to 36 and 55 to 60 in the investor presentation.

The annualised premium equivalent of ICICI Life was 68.11 billion Rupees in nine months ended December 31, 2025 compared to 69.05 billion Rupees in nine

months of last year. The value of new business increased to 16.64 billion Rupees in nine months ended December 31, 2025 from 15.75 billion Rupees in nine months of last year. The value of new business margin was 24.4% in nine months ended December 31, 2025 compared to 22.8% in FY2025 and in nine months of last year. The profit after tax of ICICI Life was 9.92 billion Rupees in nine months ended December 31, 2025 compared to 8.03 billion Rupees in nine months of last year and 3.90 billion Rupees in this quarter compared to 3.26 billion Rupees in Q3 of last year.

Gross Direct Premium Income of ICICI General increased to 70.41 billion Rupees in this quarter from 62.14 billion Rupees in Q3 of last year. The combined ratio stood at 104.5% in this quarter compared to 102.7% in Q3 of last year. The profit after tax was 6.59 billion Rupees in this quarter compared to 7.24 billion Rupees in Q3 of last year.

The profit after tax of ICICI AMC, as per Ind AS, was 9.17 billion Rupees in this quarter compared to 6.32 billion Rupees in Q3 of last year.

The profit after tax of ICICI Securities, as per Ind AS on a consolidated basis, was 4.75 billion Rupees in this quarter compared to 5.04 billion Rupees in Q3 of last year.

ICICI Bank Canada had a profit after tax of 5.4 million Canadian dollars in this quarter compared to 19.6 million Canadian dollars in Q3 of last year.

ICICI Bank UK had a profit after tax of 5.0 million US dollars in this quarter compared to 5.1 million US dollars in Q3 of last year.

As per Ind AS, ICICI Home Finance had a profit after tax of 1.95 billion Rupees in the current quarter compared to 2.03 billion Rupees in Q3 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 will take our first question from the line of Mahruk Adajania from Nuvama. Please go ahead.

Mahruk Adajania:

My first question is on the standard asset provision. So, what is the size of the portfolio on which these provisions were to be made? And what will be the impact on operating expenses now that you have that much lower priority portfolio? Also, what was the classification issue? As in, I mean, what was non-compliant about the classification? So, that's my first question. And my second question is on margins. So, obviously, margins are held steady. There is a rate cut and there is again aggressive competition in mortgage pricing. So, how do you view your margins from here on? Is there some amount of deposit repricing still left, which will help hold up margins at these levels in the near future? So, those were my questions.

Anindya Banerjee:

So, coming to the first set of questions, I think, as we have said, following the supervisory review, the regulator has directed us to make this provision of Rs. 12.83 billion, and that is what has been communicated and we have made it. The underlying portfolio that we need to work out and resolve in terms of ensuring conformity with the PSL guidelines would be between, Rs. 200 to 250 billion or so.

And as far as the cost aspect is concerned, we will be working to bring this portfolio into conformity with the regulatory expectations and thereby minimize both the provisioning and the PSL impact. On the underlying issues, I think those

are really observations made by the regulator as part of its inspection process. So, we wouldn't want to go into those details, but the outcomes are what we have reported.

Coming to your next question on margin, as you rightly said, if we look at the current quarter, Q3, which has gone by, we did have the impact of repricing of loans, both on account of repo and MCLR. And we also had the seasonally higher non-accrual impact on the KCC NPAs. This was offset by some amount of deposit repricing and also the benefit of the CRR cut. If we look ahead into Q4, I think that level of non-accrual will not be there. We will see the impact of the repo repricing as well as MCLR on the floating rate loan book, the repo cut which happened in December in particular. But at the same time, we should continue to see some amount of repricing of the retail deposits. So, overall, we would stay with our view that the NIM should be range-bound from here on.

Mahrukh Adajania:

Okay. Thank you. Thanks a lot.

Moderator:

Thank you. We'll take our next question from the line of Rikin Shah from IIFL Capital. Please go ahead.

Rikin Shah:

I had three questions. So, the first one is on, I just wanted to understand, was there any additional PSL cost due to the declassification of this agri-loans as non-PSL? Was there any cost in the P&L this quarter or any potential cost in operating expenses in the quarters to come? So, that's first.

The second one is on the growth. So, just wanted to get a sense, are you seeing any momentum of growth improving, i.e., even on month-on-month basis during

Q3? And would you expect now the growth to improve from the current levels, within the constraints of your quality and risk framework?

And the third one, specifically on the credit card. So, what is weighing on the overall credit card book growth? Is it merely a decline in the share of transactor loans following the festive pick-up in Q2, or there is more to read into it? Those are my questions.

Anindya Banerjee:

So, first, in general, the cost of PSL compliance has been going up. We do meet a part of our PSL obligations by buying the priority sector lending certificates, and the cost of those has steadily gone up over the last few quarters. So, part of the increase, for example, or the level of operating expenses over the last couple of quarters has been due to that. But I would say that is not being done specifically in the context of this regulatory observation. That is something we keep looking at on a totality basis and analysing what is the most efficient thing to do in terms of meeting the priority sector lending requirements.

As far as this particular observation is concerned, as I said, we would be working to kind of bring this portfolio into conformity with the regulatory expectations and thereby minimize the impact. And so, I would not want to call out any additional cost, etc. at this juncture. We will assess it in totality and see where we go, and try to absorb it in the P&L. So, that was the first one.

Your second question was on growth. So, clearly we have seen a pickup in the sequential growth rate in the fourth quarter vis-à-vis the third quarter, despite the rundown in cards, which I will come to separately, certainly there has been a pickup in momentum. And we see that momentum sustaining into the fourth quarter as well. Even the year-on-year growth rate, which is impacted by the trailing four quarters has picked up in the current quarter, reflecting more recent trends. And I would expect that to continue into Q4 as well.

On the credit card specifically, we had a very strong book growth sequentially in Q2 because of the last week festive spends, which were billed and repaid in the current quarter. So, that is the main reason for the movement in the current quarter. We feel that the book should grow from here on.

In both credit cards and PL, one thing, as we have been saying, that the quality of credit has certainly improved. So, if you look at our aggregate retail NPLs, excluding the KCC, have come down in terms of NPL formation. And we are pretty comfortable with the quality now across secured and unsecured.

In personal loans also, a very small uptick, but there has been an uptick in Q3 on the year-on-year growth and the sequential growth. So, we are quite positive on what we are underwriting. And it's a question of leveraging our franchise to grow these businesses. Of course, there is price competition across the board, but that's something we will have to keep optimizing and managing.

Rikin Shah:

So, just a clarification on the first one. While you are not calling out any additional operating expenses-related costs due to this regulatory observation, there would be this Rs. 200 billion-250 billion of the loans which are now declassified as PSL. So, to meet that shortfall, would you be requiring to do more of RIDF bonds or PSLC? Or do you think that the organic PSL generation itself will take care of the shortfall and hence no additional cost impact?

Anindya Banerjee:

So, the first step is that we will work to bring this portfolio into conformity with the PSL requirements. And that is how we will minimize the shortfall and the impact thereof. That would be the first objective. Thereafter, we will assess overall, as we do in any case on an ongoing basis, that to the extent after organic and inorganic generation of priority sector loans, whether we should buy PSLCs or we can live with some amount of RIDF call, that is an analysis that we anyway

do on an ongoing basis. And over the years, we have improved our PSL compliance. So, our RIDF book outstanding currently, on a relatively larger balance sheet, is down to one-third of its peak levels.

Rikin Shah:

Got it, sir. Thank you. And congratulations, Mr. Bakhshi, for the appointment. Thank you.

Sandeep Bakhshi:

Thank you.

Moderator:

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

Kunal Shah:

A couple of questions, sorry, again, to harp upon on the credit card side. But even now, when we look at the portfolio, it is almost at a similar level to where we were in June. In fact, like hardly any growth out there over and above June. And this kind of a trend we had not seen in the earlier years during the festive wherein it tends to run down. So, any particular cohort or maybe like the transactor proportion significantly going up, which is leading to this?

Anindya Banerjee:

So, the transactor portion has gone up for across most players. In our case, there is nothing specific other than the fact that we had an unusually strong growth in Q2, and that has got an offset in Q3.

Kunal Shah:

But how should we compare it with first quarter or maybe Q4 end? Because since Q4 end also, there is a decline in the portfolio, and even from first quarter, it has just been flat over two quarters, despite this trend going up?

Anindya Banerjee:

See, as we have said in the past, we are not looking at credit card just as a product portfolio in itself, but really as part of an overall customer offering, and most of our new launches are aimed at enriching the offering to attract good customers and really be able to bank them on a 360 basis. But as I said, in this quarter, the book decline is more one-off and we should see it gradually improve from here on.

Kunal Shah:

Sure. And secondly, on the corporate side, so significant traction on a quarter-on-quarter basis. And within the risk framework or maybe on a risk-calibrated operating profit level, earlier it was thought that maybe PSU entities would not be giving us that kind of a benefit or operating profit. And we are seeing the increase in the BBB proportion as well. No doubt you have earlier alluded that, that's because of the business banking. But is the larger part of the growth on the corporate also coming in that segment of BBB or not really?

Anindya Banerjee:

No. If we look at our approach to the corporate sector - to the corporate loan growth, one, corporates are well-funded and have multiple sources of funding, to the extent that they are accessing bank funding, we are very happy to participate. It has been very price competitive. So, we do look at what is the overall relationship with the corporate. And wherever we have a franchise and we want to build a franchise, we do participate quite actively.

One of the things that has changed maybe relative to the past couple of quarters is kind of the settling of the benchmark because a lot of the lending is happening at external benchmark linked rates. So, the settling of the benchmark kind of gives us more confidence to price and lend.

From a credit quality perspective, we are quite comfortable with these rating grades. And, we have our own limits on BBB, for example, origination both in terms of aggregate and in terms of borrower size, and we are within those frameworks. So, we are quite comfortable with the quality.

Kunal Shah:

Sure. And lastly, on overall operating expenses growth, now getting closer to like, say, 13% odd, we had seen operating expenses growth being contained almost in a single digit. So, you indicated some cost of compliance being there, but is there any other element? And would we see cost almost settling in a similar level? Or there are maybe cost containment levers which are available and it should grow below the balance sheet growth?

Anindya Banerjee:

We will see whatever is necessary to maximize kind of the overall PPOP. I don't expect, cost to go up at the pace at which they had gone up maybe till a couple of quarters ago. If you would see, sequentially this quarter, other than the impact of the Labour Code, costs would have come down marginally on an absolute basis. So, we will work towards maximizing the PPOP and not really cutting costs per se but definitely leveraging it as well as we can. Of course, one thing is that, as far as the Labour Code is concerned, what we have accounted for is really the additional estimates of liability as they stand today. On an ongoing basis, for all companies and banks, the code will marginally increase the recurring operating costs, but that's something we'll have to just absorb as we go forward.

Kunal Shah:

Okay. Got it. And congratulations Bakhshi sir for the reappointment.

Sandeep Bakhshi:

Thank you.

Moderator:

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

Nitin Aggarwal:

Hi. Good evening and thanks for the opportunity. I have a few questions. One is on the BB segment. And if I look at the growth in the business banking has been like moderating for quite some time now. We have earlier already talked about that it is a conscious kind of a moderation that we are showing to while the quality overall remains strong. But how are we looking at this on an incremental basis? Do we now look to relax some filters? Has the growth rate now bottomed out? Some color around this?

Anindya Banerjee:

No, business banking, we are at full steam. Actually, the moderation in the growth rate is really just a function of the base. Even this quarter, on a year-on-year basis, we have grown at 22%, and even the accretion this quarter is close to the accretion we've seen on the corporate side probably. The portfolio in itself now is actually larger than the corporate portfolio slightly. So, we are not holding back, and we believe that there is enough untapped space for us to do. As the portfolio grows, the growth rate, will normally moderate. The portfolio quality has also held up well. So, we are quite happy with growing this portfolio.

Nitin Aggarwal:

Okay. And likewise on the unsecured, Anindya when you said that growth rates in credit card and PL will get better. Do you see this like now moving above the overall loan growth or it will just be a recovery from where we are? Because we are currently at a very, very muted levels. Some colors to that?

Anindya Banerjee:

I think that will take some time. When overall loan growth is 11.5% and personal loan is growing at 2%, it would be foolhardy to say that it will cross that level, but we definitely believe it should pick up from these levels.

Nitin Aggarwal:

Right. And one on this standard provision that has happened, like earlier also we have seen this happening in another bank. So just curious to know, like, are large private banks more vulnerable to this RBI directive? I mean, whatever led to this directive from the RBI, are large private banks more vulnerable? Or you can see some things happening for PSU banks also?

Anindya Banerjee:

I really can't comment. We have to take the observation that has been given to us, comply with it and resolve it as best as we can.

Nitin Aggarwal:

Okay, great. Thank you so much.

Moderator:

Thank you. Next question is from MB Mahesh from Kotak Securities. Please go ahead.

MB Mahesh:

There are just two questions. One is on this low growth in deposits on the savings account side. If you could just kind of comment what's happening there?

Anindya Banerjee:

Yes. So actually, over the last two quarters, our growth in the retail savings account, the individual savings account has continued to be quite strong, adjusted for seasonality. That growth typically is much better in the first and second quarters because the salary accounts see a pickup in terms of the year-end payments and so on. But we, even in this quarter, have seen a pretty strong growth in the retail savings account. Over the last two quarters, we have seen a reduction in balances in what we call the institutional banking savings accounts, which is essentially the government entities, the government schemes or departments that we bank. There the floats, the amounts have come down in absolute terms, which has resulted in a lower growth or flat on the overall savings. But the retail savings continues to do quite well. In fact, both the retail savings and the retail term, as well as the current account, all have done we are quite happy with the way they are performing. The institutional SA has proved a bit of a dampener on the overall numbers. That's not that large a proportion of our deposit base, and hopefully, this impact will moderate going forward, but it has been an issue in the last couple of quarters.

MB Mahesh:

Okay. When you say the corporate deposits are not a large number, it's more than a double-digit number that we are talking about here?

Anindya Banerjee:

Yes, the institutional savings account would be 10%-12% now or definitely less than 15% of the average SA base.

MB Mahesh:

Okay. The second question is the share of AA and let's say, the high investment grade, how much are you willing to take it lower as per your internal expectations?

Anindya Banerjee:

See, we are quite comfortable with the A family and above. I think that historically, those ratings have proved to be reasonably stable and that is also where we find better risk-adjusted return. So, we are not hung up particularly on the AA, AAA part of it. And as I said, on the BBB, we have to do it selectively and really look at the counterparty carefully and operate within our limit framework.

MB Mahesh:

Okay, sir. Thanks a lot.

Moderator:

Thank you. We'll take our next question from the line of Param Subramanian from Investec. Please go ahead.

Param Subramanian:

Congratulations to Mr. Bakhshi. But my first question is related to that. So, what is the thought process behind the Board seeking a two-year extension as opposed to a full three-year extension? Because there is nothing holding us back from a regulatory perspective. So how should the stakeholders read into that? Yes, that's my first question.

Anindya Banerjee:

So, I think the Board in consultation with the CEO have decided on a two-year appointment. As you know the current term itself ends in October 2026. So, from now till the end of the renewed term is almost three years. And nothing really further to add to that.

Param Subramanian:

Fair enough. So just if I can follow up on that. So, one might read into it that this might be his last term. So that's sort of, that's the sort of signal that comes through. So, anything you want to add to that?

Anindya Banerjee:

No, as we said, we have three years to go. So, in a lighter vein, we've hopefully addressed the speculation around October '26. And I think it's too early to speculate about October '28.

Param Subramanian:

Okay. Thank you. Very helpful answer. Second question, this is on the results. So, we saw a quarter-on-quarter yield on advances decline of about 21 basis points. Is this almost entirely the KCC reversal impact? This quarter impact would have been minimal.

Anindya Banerjee:

No, there would have been multiple things. So, for example, if you look at the repo cut, which happened in June, while all loans would have repriced some in July, some in August, and some in September, the portion which repriced in September would have seen only one month of impact in Q2 and two months of impact or the full impact in Q3. Similarly, our MCLRs have also come down. We are down by about 75 basis points in this rate cut cycle. So, that would also have progressively impacted the portfolio as it repriced. So, those would be equally relevant as far as the yield on advances is concerned.

Param Subramanian:

Fair enough. Thanks, Anindya. So, it means the KCC is not as much?

Anindya Banerjee:

As we said, just to be clear, to avoid confusion, the RBI observation on standard asset provisioning has no impact on asset classification. On a regular basis in Q1 and Q3 of every year, we see seasonally higher NPLs on the rural product, which is what leads to the non-accrual, and that has happened this year in Q3 as it happened in Q1 and as it happened in Q3 and Q1 of last year at the normal level. In addition, of course, we have had this whole repricing impact of the loan book, both the external benchmark-linked book and the MCLR linked book.

Param Subramanian:

Got that, Anindya. Very clear. Last question, if I may, on the fees, right? So, I mean, core fee has been sort of soft at 6% YoY. So, how should we look at it? Will this pick up when the retail loan growth eventually starts picking up? Or is unsecured or credit cards the number to track?

Anindya Banerjee:

So, in this quarter, the cards and payments piece has been something which has been a bit of a drag in terms of year-on-year growth in this number, that we hope will pick up. Loan growth also should contribute, although a lot of the loan related fees, the processing fees and so on are under some competitive pressure. But hopefully, we would want to grow this number from here on. One good thing is that it's an extremely granular number. As we have said, 78% of the fees even in this quarter were from the retail, rural and business banking portfolios. And even the corporate fees are transaction banking-oriented fees.

Param Subramanian:

Fair enough. 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 Suresh Ganapathy from Macquarie Capital. Please go ahead.

Suresh Ganapathy:

Yes, Anindya, what is your LCR this quarter?

Anindya Banerjee:

126%.

Suresh Ganapathy:

Okay. And post the new April 2026 guidelines, would it go up or go down?

Anindya Banerjee:

It will be kind of similar.

Suresh Ganapathy:

Okay. Flattish kind of a level. So, would you want to maintain around current levels LCR or what exactly do you guys consider? I mean, the normative level.

Anindya Banerjee:

I think that we kind of have a certain funding structure and we maintain a certain amount of liquidity as a cushion. And that results in this number. So, can it go up down 2-3 percentage points? It could. This is, of course, the number that we report is the average for the quarter. So, in every month, there would be periods when it, for example, goes down to 120 or something like that. But yes, at an average level, this is probably an okay level, somewhere above 120 or higher. We don't have a strict policy on that, but that's where we've been operating.

Suresh Ganapathy:

Okay. So, my final question is related to this, because if you look at it on a YoY basis, the deposit growth has lagged loan growth. We have seen a rising LDR. So, is LDR a constraint or is just a mere outcome? As long as you maintain all these ratios intact, even if it goes up, it doesn't matter for the management or the Board. Is that the way we should look at it?

Anindya Banerjee:

See, LDR is a function of what is the liability structure on the balance sheet and banks with higher capital ratios, higher capital levels, higher net worth as a proportion of loans can afford a higher LDR. And it's also a function of the regulatory pre-emption. So, this quarter, for the entire system and for us and most banks, the LDR would have gone up because of the CRR cut. Given the current level of capital that we hold and the regulatory requirements of liquidity, this is an okay level. I don't see it going up from here. It can moderate marginally, but we are quite comfortable at this level. In terms of our funding side, as we always say, we want to maximize the retail deposits and CASA. And then we look at the different types of wholesale funding available, which could be refinance, bonds, wholesale deposits and so on. And our reliance on wholesale deposits is pretty moderate.

Suresh Ganapathy:

Okay. Thank you, it's clear.

Moderator:

Thank you. 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 joining us on a Saturday evening, and we'll be available to take other questions. Thank you.

Moderator:

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