ICICI Bank

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Operator: Ladies and gentlemen, good day and welcome to ICICI Bank Limited Q4 FY26 earnings conference call. As a reminder, all participant lines will be in 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 Bakshi, Managing Director and Chief Executive Officer of ICICI Bank Limited. Thank you and over to you, sir.

Management: Thank you. Good evening to all of you and welcome to the ICICI Bank Limited earnings call to discuss the results for Q4 FY26. Joining us today on this call are Sandeep Batra, Rakesh, Ajay, Anindya, and Abhinayak. At ICICI Bank Limited, our strategic focus continues to be on growing profits before tax, excluding treasury, through a 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, decent coverage, and enhancing delivery capabilities with a focus on simplicity and operational resilience are key drivers for our risk-calibrated profitable growth.

The profit before tax, excluding treasury, grew by 10.1% year-on-year to 182.09 billion rupees in this quarter and by 7.1% year-on-year to 650.21 billion rupees in FY26. The core operating profit increased by 5.1% year-on-year to 183.05 billion rupees in this quarter and by 7.7% year-on-year to 704.01 billion rupees in FY26. The profit after tax grew by 8.5% year-on-year to 137.02 billion rupees in this quarter and by 6.2% year-on-year to 501.47 billion rupees in FY26. The consolidated profit after tax grew by 9% year-on-year to 147.55 billion rupees in this quarter and by 6.2% year-on-year to 542.08 billion rupees in FY26. The board has recommended a dividend of 12 rupees per share for FY26, subject to requisite approvals.

The domestic deposits grew by 11.4% year-on-year and 8.1% sequentially as of March 31, 2026. Average current account and savings account (CASA) deposits grew by 11.3% year-on-year and 2.7% sequentially during this quarter. The bank's average LCR for the quarter was about 126%. The overall loan portfolio, including the international branches' portfolio, grew by 15.8% year-on-year and 6% sequentially as of March 31, 2026. The retail loan portfolio grew by 9.5% year-on-year and 4.2% sequentially. Including non-fund-based outstanding, the retail portfolio accounted for 41.7% of the total portfolio.

The rural portfolio, including gold loans, grew by 25.6% year-on-year and 18% sequentially. The business banking portfolio grew by 24.4% year-on-year and 7.6% sequentially. The domestic corporate portfolio grew by 9% year-on-year and 3.1% sequentially. The domestic loan portfolio grew by 15.3% year-on-year and 5.6% sequentially as of March 31, 2026. The overseas loan portfolio was 2.7% of the overall loan book as of March 31, 2026.

The net NPA ratio was 0.33% as of March 31, 2026, compared to 0.37% as of December 31, 2025, and 0.39% as of March 31, 2025. The total provisions during the quarter were 0.96 billion rupees, or 0.5% of core operating profit and 0.03% of average advances. The provisioning coverage ratio on non-performing loans was 75.8% as of March 31, 2026. In addition, the bank continues to hold contingency provisions of 131 billion rupees, or about 0.9% of total advances, as of March 31, 2026.

The capital position of the bank continued to be strong with a CET1 ratio of 16.35% and a total capital adequacy of 17.18% as of March 31, 2026, after reckoning the impact of proposed dividends. Looking ahead, we see many profit 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.

Management: Thank you, Sandeep. I will talk about loan growth, credit quality, P&L details, portfolio trends, and the performance of subsidiaries. Sandeep covered the loan growth across various segments. Coming to the growth across retail products, the mortgage portfolio grew by 13.2% year-on-year and 4.7% sequentially. Auto loans grew by 1.7% year-on-year and 1.4% sequentially. The commercial vehicles and equipment portfolio grew by 11.6% year-on-year and 6.4% sequentially. Personal loans grew by 7.2% year-on-year and 5.2% sequentially. The credit card portfolio declined by 5.6% year-on-year and 1.3% sequentially.

Within the corporate portfolio, the total outstanding to NBFCs and HFCs was 859.04 billion rupees as of March 31, 2026, compared to 791.18 billion rupees as of December 31, 2025. The total outstanding loans to NBFCs and HFCs were about 4.6% of our advances as of March 31, 2026. The builder portfolio—including construction finance, lease rental discounting, term loans, and working capital—was 714.21 billion rupees as of March 31, 2026, compared to 680.83 billion rupees as of December 31, 2025. This builder loan portfolio was 4.2% of our total loan portfolio. Our portfolio largely comprises well-established builders, and this is reflected in the sequential increase in the portfolio. About 0.9% of the builder portfolio as of March 31, 2026, was either rated BB and below internally or was classified as non-performing.

On credit quality, the gross NPA additions were 42.42 billion rupees in the current quarter compared to 51.42 billion rupees in Q4 of last year. Recoveries and upgrades from gross NPAs, excluding write-offs and sales, were 30.68 billion rupees in the current quarter compared to 38.17 billion rupees in Q4 of last year. The net additions to gross NPAs were 11.74 billion rupees in the current quarter compared to 13.25 billion rupees in Q4 of last year.

The gross NPA additions from the retail and rural portfolios were 31.45 billion rupees in the current quarter compared to 43.39 billion rupees in Q4 of last year. Recoveries and upgrades from the retail and rural portfolios were 22.93 billion rupees in the current quarter compared to 30.39 billion rupees in Q4 of last year. The net additions to gross NPAs in these portfolios were 8.52 billion rupees in the current quarter compared to 13 billion rupees in Q4 of last year.

The gross NPA additions from the corporate and business banking portfolios were 10.97 billion rupees in the current quarter compared to 8.03 billion rupees in Q4 of last year. Recoveries and upgrades from these portfolios were 7.75 billion rupees in the current quarter compared to 7.78 billion rupees in Q4 of last year. There were net additions to gross NPAs of 3.22 billion rupees in the current quarter in the corporate and business banking portfolios compared to 0.25 billion rupees in Q4 of last year.

The gross NPAs written off during the quarter were 17.68 billion rupees. Further, there was a sale of NPAs for 1.12 billion rupees entirely in cash during the current quarter. The non-fund outstanding to borrowers classified as non-performing was 21.74 billion rupees as of March 31, 2026, compared to

22.29 billion rupees as of December 31, 2025. The loans and non-fund outstanding to performing corporate borrowers rated BB and below was 35.19 billion rupees as of March 31, 2026, compared to 33.92 billion rupees as of December 31, 2025. This portfolio was about 0.2% of our advances as of March 31, 2026.

The total fund-based outstanding to all standard borrowers under resolution declined to 14.96 billion rupees as of March 31, 2026, from 16.66 billion rupees as of December 31, 2025. At the end of March, the total provisions other than specific provisions on fund-based outstanding to borrowers classified as non-performing were 227.1 billion rupees, or 1.5% of loans. This includes the contingency provisions of 131 billion rupees, as well as general provision on standard assets, provisions held for non-fund-based outstanding to borrowers classified as non-performing, and outstanding to standard borrowers under resolution and the BB and below portfolio. The bank also continues to hold an additional standard asset provision of 12.83 billion rupees made in Q3 as directed by RBI in respect of the agricultural priority sector portfolio.

Moving on to the P&L details, net interest income increased by 8.4% year-on-year and 4.8% sequentially to 229.79 billion rupees in this quarter. The net interest margin was 4.32% in this quarter compared to 4.30% in the previous quarter. The cost of deposits was 4.43% in this quarter compared to 4.55% in the previous quarter. The benefit of interest on tax refunds was 5 basis points in the current quarter compared to 1 basis point in the previous quarter. The margins for the quarter reflect the impact of external benchmark-linked loan repricing, repricing of term deposits, and seasonally lower interest reversal on the KCC portfolio. The net interest margin in FY26 was 4.32%, similar to FY25.

Of the total domestic loans, interest rates on about 56% are linked to the repo rate and other external benchmarks, 13% to MCLR and other older benchmarks, and the remaining 31% have fixed interest rates. Non-interest income excluding treasury grew by 5.6% year-on-year to 74.15 billion rupees in Q4 FY26. Fee income increased by 7.5% year-on-year to 67.79 billion rupees in this quarter. Fees from retail, rural, and business banking customers constituted about 78% of the total fees. Dividend income from subsidiaries was 6.31 billion rupees in this quarter compared to 6.75 billion rupees in Q4 of last year.

On costs, the bank's operating expenses increased by 12% year-on-year in this quarter and 11.5% year-on-year in FY26. Employee expenses increased by 8.8% year-on-year and non-employee expenses increased by 14% year-on-year in this quarter. Our branch count has increased by 126 in Q4 and 528 in FY26. We had 7,511 branches as of March 31, 2026. The sequential increase in operating expenses primarily reflects the impact of market movements resulting in higher provisions for retirement benefits. Technology expenses were about 11% of our operating expenses in FY26.

The total provisions during the quarter were 0.96 billion rupees, or 0.5% of core operating profit and 0.03% of average advances, compared to provisions of 8.91 billion rupees in Q4 of last year, reflecting healthy asset quality and higher recoveries and write-backs. The credit cost was 38 basis points in FY26. Adjusted for the additional standard asset provision in respect of the agricultural priority sector portfolio and corporate recoveries, the credit cost was under 50 basis points in FY26.

The profit before tax, including treasury, grew by 10.1% year-on-year to 182.09 billion rupees in Q4 and by 7.1% year-on-year to 650.21 billion rupees in FY26. There was a treasury loss of 1.06 billion rupees in this quarter, compared to a loss of 1.57 billion rupees in the previous quarter and a gain of 2.99 billion rupees in Q4 of last year, primarily reflecting market movements and the impact of capping FX open positions as per recent RBI guidelines. Tax expense was 44.01 billion rupees in this quarter compared to 41.43 billion rupees in the corresponding quarter last year.

The profit after tax grew by 8.5% year-on-year to 137.02 billion rupees in this quarter and by 6.2% year-on-year to 501.47 billion rupees in FY26. The consolidated profit after tax grew by 9.3% year-on-year to 147.55 billion rupees in this quarter and by 6.2% year-on-year to 542.08 billion rupees in FY26.

Regarding key subsidiaries: The annualized premium equivalent of ICICI Prudential Life increased to 106.41 billion rupees in FY26 from 104.07 billion rupees in FY25. The value of new business (VNB) increased to 26.29 billion rupees in FY26 from 23.70 billion rupees in FY25, with VNB margins at 24.7% compared to 22.8% in FY25. Profit after tax for ICICI Prudential Life increased to 16 billion rupees in FY26 from 11.89 billion rupees in FY25. For ICICI Lombard General Insurance, gross direct premium income increased to 287.12 billion rupees in FY26 from 268.33 billion rupees in FY25, with profit after tax increasing to 27.72 billion rupees in FY26. ICICI AMC's profit after tax increased to 7.63 billion rupees in this quarter, and ICICI Securities reported a consolidated profit after tax of 4.22 billion rupees for the quarter.

ICICI Bank Canada had a profit after tax of 4.4 million Canadian dollars in this quarter, while ICICI Bank UK had a profit after tax of 8 million US dollars. ICICI Home Finance had a profit after tax of 2.49 billion rupees in the current quarter. With this, we conclude our opening remarks and will now be happy to take your questions.

Operator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. Our first question is from the line of Jayant Karote from Axis Capital. Please go ahead.

Jayant Karote – Axis Capital: Thank you for the opportunity and congratulations on the numbers. My first question is on—I'm sorry, can you hear me?

Operator: I'm sorry, the line has disconnected. We will move on to the next question from the line of Kunal Shah from Citigroup. Please go ahead.

Kunal Shah – Citigroup: Thank you for taking the question. The first question is on the growth side, particularly retail. We have seen good uptake there, with mortgages up almost 4.7%. We have also seen uptake in personal loans and commercial vehicles. In mortgages, is it that competition is coming off or are we getting more aggressive? What is driving this growth on the mortgage side specifically this quarter? Secondly, on deposits, the trend seems slightly slower compared to loan growth. What is our stance on deposit growth next year?

Management: First, regarding growth in mortgages: as we discussed in the past, a few quarters ago we were holding back a little because of benchmark risks and spreads. As the benchmark has settled, it has given us the space to grow that portfolio, which is what you have seen over the last two quarters. It is a competitive market, but we are pricing appropriately while focusing on the customer 360-degree aspect.

On deposits, while average loan growth was 15% and deposit growth was 11%, they are fairly closely matched on an average basis. Our average LCR is very comfortable at about 126% for the quarter. Deposit flows are healthy and more than adequate, so deposit growth will not be a constraint for our loan growth.

Kunal Shah – Citigroup: Also regarding provisioning, it was quite low this quarter. Were there any specific write-backs or releases?

Management: A couple of things on provisioning. On the retail side, net additions are lower, particularly on the unsecured side, which has brought down provisioning requirements. Additionally, we had a higher level of recoveries and write-backs from the corporate portfolio, including recoveries from written-off accounts, which resulted in the low provisioning this quarter. The underlying credit cost remains stable.

Operator: Thank you. The next question is from the line of Nitin Agarwal from Motilal Oswal. Please go ahead.

Nitin Agarwal – Motilal Oswal: Congratulations on the strong performance. Regarding fee income growth, how do you look at this over the coming year? What steps are being taken for better traction? Also, what was the impact of recent RBI foreign currency regulations on other income?

Management: On fee income, we are doing reasonably well in transaction banking, trade, and deposit-linked fees. Credit cards have been a little slow this year in terms of fees, and that is an area for us to focus on. Lending fees have picked up as loan growth improved.

Regarding the treasury results, the net treasury loss of 1.06 billion rupees includes the impact of mark-to-market valuations as of March 31 on spots and forwards, factoring in the new regulations.

Nitin Agarwal – Motilal Oswal: Given the strong pickup in the last two quarters, how do you look at the growth momentum for FY27?

Management: We don't provide specific growth targets. While global uncertainties like the conflict in West Asia exist, our franchise is strong with healthy capital and liquidity. We want to leverage that to grow the business within our risk appetite.

Operator: Next question is from Arup Adajania from Nuvama. Please go ahead.

Arup Adajania – Nuvama: Following the recent geopolitical tensions, have you tightened any credit parameters for FY27? Also, regarding yields on advances, have they bottomed out given the cost of funds has also come down materially?

Management: We haven't specifically tightened parameters due to the conflict, but we continue to monitor sectoral impacts closely. Regarding yields, we saw the impact of the December repo cut. We expect margins to remain broadly range-bound as incremental pricing and deposit repricing play out.

Operator: Next question is from Shishadri Sen from MK Global. Please go ahead.

Shishadri Sen – MK Global: The credit card book is contracting for the second successive quarter. Is this seasonal or a strategic intervention for profitability? Also, what is the medium-term outlook for the corporate loan book?

Management: The Q3 decline was seasonal after the festive spike. The Q4 decline is a function of spends and revolvers. While the decline in revolvers has impacted industry profitability over the last two years, it remains a very profitable business for us. We are focused on acquiring the right set of customers.

For the corporate book, we are focused on counterparty quality. Our funnels are open, and we have seen good accretion over the last two quarters. We will continue to work with better-rated clients regardless of short-term external issues.

Operator: Next question is from Rikesh Shah from IIFL Capital. Please go ahead.

Rikesh Shah – IIFL Capital: OpEx growth was around 11.5% to 12% this year. How should we think about this next year, and have the government CASA balances stabilized?

Management: OpEx was largely in line with expectations, though costs related to priority sector compliance and labor code remuneration were higher. Our objective is to keep OpEx growth below top-line growth. Regarding government CASA, those balances are in the low teens as a proportion of total CASA. The run-down has slowed, but we focused on growing the core deposit base for other customers.

Operator: Next question is from Param Subramanian from Investec. Please go ahead.

Param Subramanian – Investec: Rural loans grew 18% sequentially. What is driving that? Also, any update on the priority sector provisions?

Management: Higher demand for gold loans and our enhanced machinery in that segment are the primary drivers. On the agricultural priority sector provision, we are still holding those as of March while we work through the portfolio to bring it into conformity with regulatory requirements. We should have an update in a quarter or so.

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

Operator: Good day and welcome to ICICI Bank Limited Q3 FY24 earnings conference call. Today we have with us Mr. Anindya Banerjee, Joint Managing Director and CFO; Mr. Anup Bagchi, Executive Director; and Mr. Rakesh Jha, Executive Director. This conference is being recorded. I now hand the conference over to Mr. Anindya Banerjee.

Management: Good morning, everyone. I wish everybody a very happy and prosperous New Year. While global growth has moderated, we expect India to demonstrate relative resilience, driven by strong domestic demand and government focus on infrastructure. For Q3, the bank recorded a profit after tax of 102.72 billion rupees against 83.12 billion rupees last year. Core operating profit grew by 10.5% year-on-year. Advances grew by 18.8% year-on-year, excluding the transfer of the ICICI Securities portfolio. The CASA ratio stood at 38.1%, and the net NPA ratio reduced to 0.44%. The consolidated profit after tax for the group was 110.53 billion rupees. I will now hand over to Anup to talk about the business.

Management: Thank you, Anindya. On the deposit side, average CASA grew 11% year-on-year. Retail term deposits grew by 29% year-on-year. The average LCR for the quarter was 122%. Domestic advances grew 20.2% year-on-year. Business banking grew by 30%, rural by 24%, personal loans by 26%, and home loans by 13% year-on-year. On asset quality, gross NPA additions were 72 billion rupees, compared to 58 billion rupees in the previous quarter. Recoveries and upgrades were 31 billion rupees, and write-offs were 51 billion rupees. We are now happy to take questions.

Operator: Thank you. Our first question is from Kiran Karunakaran from CLSA. Please go ahead.

Kiran Karunakaran – CLSA: Congratulations on the quarter. Just a clarification: you mentioned government deposits being in the low teens. Is that a share of total deposits or a share of CASA?

Management: That refers to the portion of CASA deposits.

Kiran Karunakaran – CLSA: Understood. Regarding home loans, is lower prepayment also driving the pickup in growth this quarter, or is it just a push in disbursements?

Management: It is primarily due to a pickup in disbursements.

Operator: Thank you. Next question is from Chintan Joshi from Autonomous Research. Please go ahead.

Chintan Joshi – Autonomous Research: What is the growth outlook for the coming quarters given potential supply shocks? Are you seeing any early indicators of stress in the corporate or business banking books?

Management: It is an evolving situation, but the system has a reasonable degree of resilience. We will wait to see how demand conditions pan out. With our strong capital and liquidity, we will continue to pursue growth while calibrating our risk acceptance. It is currently too early to generalize about any slow-down in production or stress in the book.

Chintan Joshi – Autonomous Research: On the cost of deposits, is there more residual repricing left? And on the cost-income ratio, are you committed to delivering positive jaws next year?

Management: Most of the rate cut impacts have moved through the system, though there was a small cut in December. Overall, we expect margins to be stable from here. Regarding costs, our objective is always to grow revenues ahead of costs, but we focus on profit before tax and core operating profit rather than targeting a specific cost-income metric.

Operator: Thank you. That concludes this conference. You may now disconnect.