July 23, 2026

BSE Limited
Listing Department
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, 5th floor
Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra(East
Mumbai 400 051

Dear Sir/Madam,

Please find attached the transcripts of the call with media and of earnings call with analysts and investors on the financial results for the quarter ended June 30, 2026.

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

Sr. No	Particulars	Link
1.	Transcript of the Media Conference Call	https://www.icici.bank.in/about-us/news-room/2026/interaction-with-media-on-icici-banks-financial-performance-in-the-quarter-ended-june-30-2026
2.	Transcript of the Earnings Call with Analysts and Investors	https://www.icici.bank.in/about-us/qfr

This is for your records and information.

Yours sincerely,

For ICICI Bank Limited

VIVEK RANJAN Digitally signed by VIVEK RANJAN Date: 2026.07.23 18:44:58 +05'30'

Vivek Ranjan
Leadership Team

Encl.: as above

Copy to-

(i) New York Stock Exchange (NYSE)
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ICICI Bank Limited

Media conference call for quarter ended June 30, 2026

On July 18, 2026

Moderator:

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

Sandeep Batra:

Thank you. Good evening, everyone, and thank you all for joining us today. I know it is going to be a busy afternoon for all of you.

Amidst the global uncertainties, the Indian economy continues to be resilient as reflected by high frequency indicators, backed by various initiatives taken by the policy makers. We continue to monitor the developments closely and remain focussed on our long-term strategy, aligned with India's evolving economic landscape.

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

Our Board has approved the financial results of ICICI Bank for the quarter ended June 30, 2026. I would like to highlight some key numbers:

First, moving on to profit and capital

A. Profit and capital

1. Net interest income grew by 12.7% year-on-year to ₹24,384 crore in Q1-2027
2. Net interest margin was 4.36% in Q1-2027 compared to 4.32% in Q4-2026
3. Fee income grew by 23.5% year-on-year to ₹7,286 crore in Q1-2027
4. Operating expenses grew by 10.4% year-on-year to ₹12,574 crore in Q1-2027
5. Core operating profit grew by 15.6% year-on-year to ₹20,235 crore in Q1-2027
6. Core operating profit excluding dividend from subsidiaries grew by 18.3% year-on-year to ₹19,125 crore in Q1-2027
7. Provisions (excluding provision for tax) were ₹1,260 crore in Q1-2027
8. Profit before tax excluding treasury grew by 20.9% year-on-year to ₹18,975 crore in Q1-2027
9. Profit after tax grew by 15.9% year-on-year to ₹14,805 crore in Q1-2027
10. Standalone RoE was 17.1% in Q1-2027
11. At June 30, 2026, the Bank had net worth of about ₹3.5 lakh crore. CET-1 ratio was 16.19% and total capital adequacy ratio was 16.84% at June 30, 2026

Moving on to deposit growth

B. Deposit growth

1. Total period-end deposits increased by 14.0% year-on-year and 2.2% quarter-on-quarter at June 30, 2026
2. Average deposits increased by 14.0% year-on-year and 6.1% sequentially during Q1-2027
3. Average current and savings account deposits increased by 12.1% year-on-year
4. The Bank opened 97 branches during Q1-2027 and had a network of 7,608 branches and 12,190 ATMs and cash recycling machines at June 30, 2026

Moving on to loan growth

C. Loan growth

1. The total loan portfolio grew by 19.6% year-on-year and 5.0% quarter-on-quarter at June 30, 2026
2. The retail loan portfolio grew by 12.0% year-on-year. Including non-fund outstanding, the retail loan portfolio was 41.1% of the total portfolio. The mortgage portfolio grew by 14.6% year-on-year. The personal loan portfolio grew by 12.9% year-on-year. The credit card portfolio declined by 1.9% year-on-year. The rural portfolio grew by 35.4% year-on-year. The business banking portfolio grew by 28.2% year-on-year. Growth in the domestic corporate portfolio was 18.5% year-on-year at June 30, 2026
3. About 71.9% of the corporate loan portfolio was rated 'A- and above' at June 30, 2026

Now, moving to asset quality

D. Asset Quality

1. Net NPA ratio was 0.35% at June 30, 2026 compared to 0.33% at March 31, 2026 and 0.41% at June 30, 2025
2. During Q1-2027, there were net additions to gross NPAs of ₹2,707 crore
3. Gross NPA additions were ₹5,552 crore in Q1-2027. Recoveries and upgrades of NPAs, excluding write-offs and sale, were ₹2,845 crore in Q1-2027
4. Gross NPAs written off were ₹1,673 crore in Q1-2027
5. There was sale of NPAs of ₹239 crore for cash in the current quarter
6. Provisioning coverage ratio on non-performing loans was 74.7% at June 30, 2026
7. Total fund based outstanding to all borrowers under resolution as per the various extant regulations was ₹1,363 crore
8. Loans and non-fund based outstanding to performing corporate borrowers rated BB and below were ₹3,485 crore at June 30, 2026
9. The total provisions during Q1-2027 were ₹1,260 crore or 6.2% of core operating profit and 0.32% of average advances
10. The Bank continues to hold contingency provisions of ₹13,100 crore at June 30, 2026

At ICICI Bank, customers remain at the heart of every initiative. I would like to share some of the latest updates on AI that we are making to make banking simpler, safer, and more convenient.

ICICI Bank has established a structured and disciplined approach to scale AI, with a focus on long-term value creation, risk management and enterprise-wide adoption. The Bank has invested in an enterprise AI platform, which serves as a secure environment for development, hosting and deployment of AI and Generative AI use cases.

The Bank continues to invest in AI and Generative AI use cases across areas such as portfolio monitoring, customer onboarding, fraud detection, document extraction and summarisation, and customer servicing among others. These capabilities empower the Bank to enhance customer communication, improve efficiency, achieve faster turnaround time, support decision-making across functions and deliver seamless customer experiences.

Our approach places emphasis on information security, data privacy and responsible AI governance. We have implemented a comprehensive framework of guardrails, including defining ringfenced areas for AI usage, human-in-the-loop oversight, stringent data access controls and effective model governance protocols. Parallelly, the Bank continues to invest in internal capability building, with focussed upskilling initiatives across business, digital and technology teams intended to strengthen enterprise-wide readiness and support sustainable scaling of AI capabilities across the organisation.

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

With this, I conclude my opening remarks. 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 their telephone. If you wish to remove yourself from the question queue, you may press '*' and '2'. Today's announcement is on the bank's financial performance; hence we would like to request you to ask questions related to that. Please 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:

Good evening, Mr. Batra and Mr. Banerjee. First, I wanted to start by asking about your margins that really stood out, especially compared to almost all other banks that have reported numbers today. This further expansion, you have been able to achieve now at almost 4.36%. Is this the normalised rate we should look at? How sustainable are these levels? Do you have levers to further expand? That was the first part.

Second, this rise in slippages that we have seen substantially in the quarter from about ₹4,200-odd crore to about ₹5,500 crore. How much of this is seasonal? And are you seeing any stress on account of what is happening in West Asia because this is the first quarter when we have seen some of that impact come through?

And if I may add a question on loan growth as well, which has been pretty strong. Corporate also seems to be doing well. What are the segments, of course, within your risk-calibrated view, that you think are seeing higher credit demand that you believe will drive incremental credit growth for the bank?

Sandeep Batra:

Thank you, Ritu. There are lots of questions. First of all, I will start with the NIM question that you asked. As we have reported the NII increased by about 12.7% year-on-year and about 6.1% sequentially. This quarter we had the benefit of income tax refunds which helped in the margin improvement. This was about eight basis points compared to about five basis points in the previous quarter and seven bps in the Q1 of last year. The margins in Q1 are also reflective of the benefits due to repricing of term deposits, impact of higher interest refunds, offset partially by higher interest reversal on KCC portfolio. To your point on outlook, I think the NIM trajectory would depend on a number of factors which includes, the geopolitical developments, monetary policy, liquidity, loan growth, and loan pricing. Our expectation of NIM is that, in FY27, it should be range-bound assuming no rate movements. Of course, there will be some impact on account of FCNR(B) deposit programme and loans against FCNR deposits, which could be slightly NIM dilutive. But overall, as a bank, we would continue to look at leveraging growth, and as you have rightly pointed out, risk-calibrated profits through optimising various levers where NIM is clearly one of them.

Coming to your point on slippage, I think it will be better if we compare that number in Q1’26 over Q1’27. I think there are seasonality impacts. If you look at that number, in Q1 2026 it was about ₹62 billion, which is now down to ₹55 billion.

Moving on to loan growth, as you are aware, we are seeing loan growth across all the segments. In particular, corporate loans, we have seen some amount of sequential pickup. From our point of view, we continue to have active engagements with our corporate clients, and we continue to seek opportunities whichever meet within our risk and reward thresholds. During the current quarter, in particular, I think there was a little more demand on account of working capital and also, we have seen some kind of a moderation in the bond markets and equity markets which has been an opportunity for us to capitalise. So, I presume I have answered all your...

Ritu Singh:

Mr. Batra, if you could also answer, the reason why there was a sequential rise in slippages and even on FCNR since you bring it up, what is the target you think, how much could the bank raise and what kind of leverage are you offering?

Sandeep Batra:

So, that is seasonal. The first one is seasonal, so, I do not think so I would like to call out anything specific on the quarter. So, it is just a question of seasonality. If you have to actually....I mean, the difference is because of Kisan Credit Cards.

So, on FCNR(B), since we are talking about the subject, it is a great measure from a government point of view and, of course it is still in the early stages, and this will evolve over the couple of months. And, as you are aware, we will be tapping on the Indian diaspora. We have got a large international presence, and we will leverage all our international branches, especially those in West Asia. We have also tied up with various partners for providing leverages. We will be raising bonds. We do expect the momentum to pick up as we go along and, of course, we are committed to make this initiative of RBI, a success.

Ritu Singh:

But no amount, Mr. Batra, you could share?

Sandeep Batra:

No, we cannot. It is very difficult to say at this point of time.

Ritu Singh:

Alright, thank you.

Moderator:

Thank you. Next question is from Siddhi Nayak from Bloomberg. Please go ahead.

Siddhi Nayak:

Hi. I just wanted to take some of Ritu's questions forward. The 20% loan growth that we have seen for you, I think it is among the highest in last few quarters. I wanted to understand how sustainable is that and are you foreseeing any risks that could hamper this kind of credit growth for ICICI and for the banking sector as well?

Sandeep Batra:

I think the growth is reflective of the continuous momentum of economic activity and also the impact of various policy initiatives which have been taken by the policymakers. From our point of view, we continue to see growth across segments, whether it is mortgages, rural portfolio, personal loans. We have also seen healthy growth in business banking and for this quarter, as I already mentioned, there has been a good sequential pickup in corporate loans. So, we continue to engage with the entire spectrum and wherever we get opportunities, which meet our risk thresholds and meet the pricing framework that we have, we are happy to lend. From our perspective, it is not only about the loan growth, we look at customers on a 360 basis and the overall relationship with the customer and within that framework we take various calls. So, we do have a strong balance sheet, and we will continue to look at various opportunities as they come along.

Siddhi Nayak:

Understood. On the FCNR part, if I may ask, sir, what is the kind of leverage that you are offering and what is the indicative demand looking like? I mean, there are some conflicting reports about inflows being very slow, some say, they have received lot of inflows. You being the second largest private bank in the country, what is the demand on ground that you are seeing for FCNR flows and if you could also share the leverage that you are offering, sir, through this product?

Sandeep Batra:

We will offer leverage based on the customer profile and whatever leverage our partners are willing to offer. So, we are not giving any specific numbers at this point of time. But rest assured, I think the customers will get a reasonable return, and from our point of view, as I did mention, we are committed to making this scheme of the government and RBI a success and we will continue to remain focussed on it. I think the rates will evolve over a period of time. As you are reading various newspaper reports of various competitive activities, from our point of view, as I mentioned, we are looking at leverage from both our partner banks as well as raising bonds from our side and which will help our customers. We do expect a decent pickup to happen over the next couple of weeks and months.

Siddhi Nayak:

Sir, lastly, is there scope for you to raise or do you see the need to raise these FCNR deposit rates beyond 6%.

Sandeep Batra:

At this point of time, I do not think so there is any need. I mean, we will see how it goes along.

Siddhi Nayak:

Sure. Thank you so much.

Moderator:

Thank you. Next question is from Sangita Mehta from Economic Times. Please go ahead.

Sangita Mehta:

Thank you, sir. Sir, wanted to know what the estimated provision for ECL is. And the other thing is that what is the corporate pipeline looking like, because you have already had 20% in first quarter. So, specifically corporate pipeline, and third is that what is the max leverage that ICICI would be willing to provide to the best-rated customers?

Sandeep Batra:

ECL is effective from 1st of April next year. Those are the numbers that we will start sharing from a next year basis. At this point of time, we do not see a material impact on an ongoing basis. As we mentioned in the last call, there would be some marginal impact during the transition period for which we have got adequate provisions in place. We will see. That is as far as ECL is concerned. Sorry, the second question was on?

Sangita Mehta:

Corporate pipeline.

Sandeep Batra:

As I mentioned, we have been engaging with our corporate customers over a long period of time and whenever we get opportunities which meet our risk and reward thresholds, we are happy to lend to them. So, there are adequate opportunities and this quarter did open up fairly good number of opportunities. So, we will continue to engage with our corporate customers and as I have always mentioned, it is not necessarily about the loan pipeline, we look at the overall 360 relationship with all customers, and in particular corporate customers, and look at the whole ecosystems and take a decision based on that.

Sangita Mehta:

And sir, what is the max leverage that you would be willing to offer?

Sandeep Batra:

We have not called that out at present.

Anindya Banerjee:

Well, it will be at calibrated levels, and we will look at what is the leverage that we will provide, and as Sandeep mentioned, what our partner banks may provide and there will, of course, be some unleveraged inflows as well.

Sangita Mehta:

Have you tied up any line of credit or bilateral loans in the last 1 month?

Anindya Banerjee:

So, these are all evolving things, and this is an activity which has started effectively only towards the end of June, once all the FAQs etc. had come out. So, it will evolve over the second quarter and, of course, when we do the second quarter results, we will have a full picture.

Sangita Mehta:

Okay. Just one last thing, can you share how much you have raised so far in the last 1 month under FCNR(B)?

Anindya Banerjee:

As I said, these details would be shared in the second quarter. Maybe at some point of time, during the quarter as this evolves, because it is still very early days. Maybe some systemic numbers will start getting published, but from our perspective, it is a quarterly result angle.

Sangita Mehta:

Okay. Thank you.

Moderator:

Thank you. We will take our next question from Shivam Khilar from NDTV Profit. Please go ahead.

Shivam Khilar:

My question is on the corporate loan book growth and target going forward....working capital requirement. So, what will be the growth rate that the bank is targeting?

Sandeep Batra:

Shivam, as we have always said that we do not have any targets across any segment, and in particular, corporate loan as well. We look at opportunities and, at the cost of repeating, whenever we find opportunities which meet our risk and reward and pricing thresholds, we are happy to lend, and we are focussed on customer 360 and try to access the overall ecosystem.

Shivam Khilar:

And sir, my second question is regarding the margin's trajectory going forward. As management was expecting that the margins could be in range-bound level previously, but recently the margins have seen a slight improvement. So, what could be the margin trajectory going forward from here on?

Sandeep Batra:

As I mentioned earlier, this is going to be range-bound and I think I have already responded to that question, so at the cost of repeating I will mention. We do expect it to be range-bound and of course it is going to get impacted by many things like monetary policy, liquidity, etc. It could well be a little bit diluted because of the FCNR deposits that we are going to be raising. But we will continue to leverage. As far as we are concerned, we are looking at increasing the risk-calibrated profit using all the levers which go into it and, in particular, NIM is an important part of that.

Shivam Khilar:

And sir, if I could squeeze one more question in regarding the cost of funds. Do you see the cost of funds trajectory declining, going forward?

Sandeep Batra:

It is very difficult to make that statement. It again depends on all the things that I really talked about. At this point of time, we expect this to be range-bound.

Moderator:

Thank you. Next question is from Mayur Shetty from Times of India. Please go ahead.

Mayur Shetty:

Thank you. I had a question on gold loans. Could you share the size of your gold loan book and also the year-on-year growth rate?

Sandeep Batra:

Mayur, we do not give specifically, but this is part of our rural portfolio. A substantial part of our rural portfolio is actually gold loan. The overall rural portfolio has grown by 35% year-on-year. And, from our perspective, gold loan is just a product. We are focussed more on the customer. Whenever we get opportunities to give loans to good customers, there are various products and options which are available. So, this is part of that overall customer-centric approach that we have been talking about.

Mayur Shetty:

So, it is not a part of the personal loans?

Sandeep Batra:

No, it is part of the rural portfolio that we are giving, and a substantial portion of that you can attribute to gold.

Mayur Shetty:

Okay. Okay. Thank you.

Moderator:

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

Hamsini Karthik:

Hi, sir. Good evening. Two questions. One, for almost four quarters in a row, ICICI Bank's corporate loan growth has sort of exceeded the retail book's performance. Would it be fair to say that, at a bank level, you are more comfortable today with corporate portfolio versus retail, that is also where the strategy is largely getting headed to. Would that be a reasonable assumption to make? I will come back with my next question, sir

Sandeep Batra:

Okay. Hamsini, as we have been talking about, for a bank, we look at cash flows. Our objective is to look at good quality customers, whether they come from corporate, business banking, or retail is not so important. Whichever segment gives results which meets the credit parameters, which meets the return parameters, we are happy to grow. What you are seeing is more an outcome of working with good quality customers. We do not have any particular target like what portion of our book should be corporate or retail or business banking. These numbers can well be varied. Corporate loans had not been growing in the past for various reasons which we have talked about. Recently, of course, there have been opportunities, which is a function of the increased working capital requirement by the corporate books as well as moderation, which we have seen in the equity markets as well as in the bond markets. Further, I think the corporate book also, we have to get a reasonable pricing, and it has to meet our credit thresholds. As long as these two things are met, we are happy to lend to that segment.

Hamsini Karthik:

So, you are comfortable on the pricing side as well in the corporate segment?

Sandeep Batra:

We will not lend if we are not comfortable.

Hamsini Karthik:

Fair point. My next question pertains to FCNR(B). I have heard out whatever you said but let me try asking it a little differently. Most of the banks currently are offering leverage between 9% to 11%, 12%. The kind of leverage that ICICI Bank offers, would it be at par with what your competitors are offering or are you a little more cautious than what the current run rate is? And as an add-on to that particular question, do you expect your cost of funds to come down maybe two quarters or three quarters down the line, because there is a possibility of you to replenish some high-cost bulky deposits with these FCNR(B)s?

Sandeep Batra:

Hamsini, in a way we answered this when I was responding to the NIM question. Overall, FCNR deposit programme would be marginally NIM dilutive. So, that is about it.

Anindya Banerjee:

On the leverage question, it will be calibrated. We are not giving a particular number because it is also early days, yet we will see how this thing evolves. But as in all our businesses, we will be calibrated and reasonable about it. On the NIM, as Sandeep explained in detail, we expect it to be range-bound. What the impact of the FCNR (B) programme is, we will have to see. Of course, it will be an earnings accretive programme because of the growth in offshore balance sheet. There may be some marginal impact on NIM.

Hamsini Karthik:

Okay. Thank you.

Moderator:

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

Subrata Panda:

Hi. I had couple of questions. First is on your plans to tap the overseas bond market. You have guided for a $2.5 billion borrowing programme. So, how much of it would be under the RBI's concessional swap window? Also, why have you not tapped the market as of now? We have seen most of your competitors have already. Is the spread more right now? Is that why you are not tapping it? If so, what is your strategy on the acquisition financing front?

Anindya Banerjee:

So, on the first question, each bank has its own timing and its own approach. We are looking at various options, and we have taken this enabling approval. So, we will see how it goes. But there is nothing specific to the timing as such. It is just the normal process of planning and decision-making that would happen in any organisation.

On the acquisition financing, there is nothing specific to say. I mean, again, as in all our businesses, we would be focussed on the counterparty risk. And for counterparties with whom we are fine to do business, we would be fine to do this product as well.

Subrata Panda:

So, there is no specific number as to how much you will raise under the RBI's concessional swap window?

Anindya Banerjee:

No, all these things will evolve over the next two months.

Subrata Panda:

Understood. Thanks.

Moderator:

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

Ashish Agashe:

Thank you so much. Sir, just from the loan growth for FY27 perspective, you mentioned in the context of corporate loans that there is adequate demand which is being seen. So, is this about 20% overall loan growth, how sustainable is it from a fiscal standpoint? And also, where is this demand really coming up from? Is there any bit of greenfield or brownfield there? And given your calibrated approach to lending, what are the segments you are staying away from right now?

Sandeep Batra:

We look at good quality customers. Coming from any particular segment, as long as we are able to find good quality customers across segments, we are able to lend. We really do not give a guidance on how it will shape out in the future. This quarter there were opportunities, we have been able to seize them, and we will see how it goes along in the future. So, there is nothing specific to call out. There is no change of strategy, and we will continue to scan the markets, we will continue to calibrate our risk and wherever we see opportunities, we are happy to lend.

Ashish Agashe:

Okay, sir. Earlier in your initial comments, you spoke about a bank-wide upskilling programme on AI and how you have invested on the AI front. So, what sort of impact would it have on hiring, replacement of retiring employees going forward, sir? Should we look at a leaner organisation going ahead? How expensive is this entire AI bit, such that, even the leaner aspect does not really accrue in cost to income gains?

Sandeep Batra:

Because these are early days in AI. As I did mention, we have calibrated our approach. We look at cost, we look at the risk, and we look at the benefits. Our final objective is to make the journeys of our customers simpler. I think there are enough opportunities out there. I do not think so there is going there is going to be any material impact on employees per se on this. This is still early days. We are focussed more on the governance side at this point of time. We are looking at long-term value creation. But we do see a fair bit of opportunities coming across and I did mention about various areas that we are focussed on. Finally, the numbers will have to get reflected in the PBT number and that is essentially that we are focussed on. The rest are actually inputs. It is just one of the levers that we are using. As you are aware, over decades we have used technology largely to benefit our customers and improve our efficiencies across. That approach will continue to remain there. I do not think so anyone can take away the importance of a human relationship and, more particularly, in a banking kind of a relationship. So, we continue to invest in our human capital as well as technology capital. At the intersection of both of it, we do expect we will be able to deliver a decent value to our customers.

Ashish Agashe:

Sir, just a quick follow-up. There are these worries over the expensiveness of tokenisation and other things coming in from the tech front and probably the naysayers would also be questioning the entire efficacy from a spend perspective on AI. Early days, I agree, but how do you look at this right now?

Sandeep Batra:

Whenever new technology comes, you have to look at the cost, you have to look at the risk, and you have to look at the benefits and continue to make investments in these and calibrate your way across. So, we do not really have to be in a hurry of being a pioneer here. But I mean, over a reasonable period of time, we think we have been able to assess areas where we can actually benefit over a longer-term perspective. We remain invested in it. If the cost becomes too high, we will recalibrate our strategy. This is a continuous exercise which happens with any technology deployment and that includes for AI as well.

Ashish Agashe:

Thank you so much.

Moderator:

Thank you. Next question is from Aryan Khanna from Informist. Please go ahead

Aryan Khanna:

Sir, congratulations on a great quarter. Do you see any levers that you can tap for better profitability in the rest of the financial year, including maybe some high-yielding loan portfolio considering that there is a risk to from the FCNR deposits that are going to be coming in?

Sandeep Batra:

Aryan, I think we are focussed on increasing our PBT number per se, and for that there are multiple levers which includes NIM, fees, expenses, provisions etc. So, we look at all the levers and finally we would really like to add value to our customers. So, that is the overall framework that we have been working on, and we hope to continue to remain focused on that framework. Within that, wherever opportunities do come, we would capitalise on the same.

Aryan Khanna:

Okay sir, perfect. My second question being, if you could lend some colour to the NPA trajectory for the rest of the financial year, especially as the West Asia situation, has continued to flare up and remain uncertain. So, the last two quarters have been really good, both in the March quarter and June. In June quarter we saw a Y-o-Y fall in recoveries and then the net NPA ratio has sort of inched up sequentially. So, have we bottomed out on NPAs, and do you see an expansion in the rest of the FY?

Sandeep Batra:

It is difficult to make that assessment. I know because the geopolitical developments, as you yourself have said, is uncertain. In terms of outlook, if you see, we have gone through fair bit of challenges over the last year as well. It is not that this has been the first time that we have got those challenges. But we continue to monitor our asset quality, and we will continue to closely look at all the developments which have been happening over this period of time, and work closely with our customers. So, I do not think so I can add much more to that. Anindya, in case you want to add?

Anindya Banerjee:

Yeah. So, first of all, there is really no inching up of NPAs or anything in the ratio. Seasonally, in Q1 and Q3 of every year, we do see higher NPAs from the agri-related lending and the credit costs are slightly higher. But they even out over the rest of the year. And even in this quarter, our net credit cost is just about 30, 32 basis points of average loans. As far as the outlook is concerned, if you look at the government, RBI etc. have taken a number of measures to make sure that the Indian economy stays resilient, which is reflected in all the high-frequency indicators as well as the NPL performance across banks. I mean all the results which have come so far. How it will evolve, we will have to see, but as of today, I do not think based on the current set of information or borrower behaviour, we have any specific concern. These things are very difficult to predict. So, the only way to handle them is to maintain a strong balance sheet which we have.

Moderator:

Thank you.

Aryan Khanna:

Got it. Thanks.

Moderator:

Next question is from Manju AB from Financial Express. Please go ahead.

Manju AB:

Good afternoon. I wanted to ask you how will you bridge the gap between the deposit and the credit growth and how sustainable is the credit growth?

Sandeep Batra:

So, Manju, credit and deposit growth will have to go hand in hand. I mean, there could be a quarter or so where there is a gap, but finally credit and deposit grow hand in hand. Advances also get supported by the increase in net worth and there could be some amount of opportunities on borrowings which we can take out, but over a period of time they have to balance. It is mathematically impossible for the two to not go hand in hand.

Manju AB:

And how much of your....I am not asking about the target that you have for the FCNR(B) deposits, but how much of those deposits would help you to reduce your wholesale deposit? And can you give a colour on your deposit base? how much is term deposit, wholesale and CASA?

Sandeep Batra:

Manju, we just look at money in the bank and wherever we can, whether it is CASA or FDs and clearly the preference is within getting CASA and retail deposits. In case we need more funding, that gets topped up by wholesale deposits. That is the approach that we have been following for some time, and we will continue to remain focussed on that.

Manju AB:

And the ₹5,500 crores of NPAs, the fresh addition, from where is it coming from, which segment? Is it more retail or?

Anindya Banerjee:

This is a pretty normal trend. So, if we look at on a year-on-year basis, you know, the retail NPL formation has actually come down, principally in the unsecured segment. Other segments were anyway quite stable. And business banking and rural are at similar levels as they were. Corporate, there is virtually no new NPL formation.

Manju AB:

Okay. Thank you.

Moderator:

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

Falaknaaz Syed:

The banks you have tied up with, international banks you have tied up for FCNR mobilisation?

Anindya Banerjee:

As we said, these are all evolving issues, and we will report the outcomes at the appropriate time. Nothing really to announce as of now.

Falaknaaz Syed:

And recovery pipeline, what is it like?

Anindya Banerjee:

Well, that is an ongoing process, you know, from the retail and SME portfolios, there is always an inflow and outflow of NPLs. On the corporate side, there are, some recoveries that also keep coming through out of the older portfolio whenever there is a settlement or some NCLT judgment and so on. So, that is there. No specific pipeline that we can talk of.

Falaknaaz Syed:

I see. And this ₹5,500 crore NPAs, so there is no new from the corporate side, so mostly largely they have come from the retail sector?

Anindya Banerjee:

Yeah, it would, and that has been the case for the last four, five years also.

Falaknaaz Syed:

So, can you give a breakup, is it from home loans?

Anindya Banerjee:

No, we do not give that breakup.

Falaknaaz Syed:

Okay. Thank you.

Moderator:

Thank you. Next question is from Ram Kumar from Hindu Business Line. Please go ahead.

Ram Kumar:

Sir, how much surplus SLR are you having right now and what was it in the year-ago period actually?

Anindya Banerjee:

No, we do not really give any surplus SLR. I think the LCR for the quarter, which is really the operative liquidity metric, was at 124%.

Ram Kumar:

Okay. How much is the LCR if you could share that?

Anindya Banerjee:

124%.

Ram Kumar:

And what was it in the year-ago period, sir?

Anindya Banerjee:

128%.

Ram Kumar:

Okay. How much of your total deposits is on account of non-resident Indians actually?

Anindya Banerjee:

No, we have not given that.

Ram Kumar:

And whether that portion is going to change?

Anindya Banerjee:

We have not given that breakup and I guess as the FCNR(B) flows start and pick up, that number will go up.

Ram Kumar:

Thank you.

Moderator:

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

ICICI Bank Limited

Earnings conference call - Quarter ended June 30, 2026 (Q1-2027)

July 18, 2026

Moderator:

Ladies and gentlemen, good day, and welcome to ICICI Bank Limited Q1-FY2027 Earnings Conference Call. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touch-tone phone. Please note that this conference is being recorded. 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 Q1 of FY2027. Joining us today on this call are Sandeep Batra, Rakesh, Ajay, Anindya and Abhinek.

At ICICI Bank, our strategic focus continues to be on growing profit before tax excluding treasury through the 360-degree customer centric approach and by serving opportunities across ecosystems and micro-markets.

The profit before tax excluding treasury grew by 20.9% year-on-year to 189.75 billion Rupees in this quarter. The core operating profit increased by 15.6% year-on-year to 202.35 billion Rupees in this quarter. The core operating profit excluding dividend from subsidiaries increased by 18.3% year-on-year to 191.25

billion Rupees in this quarter. The profit after tax grew by 15.9% year-on-year to 148.05 billion Rupees in this quarter.

Total deposits grew by 14.0% year-on-year and 2.2% sequentially at June 30, 2026. Average deposits grew by 14.0% year-on-year and 6.1% sequentially and average current and savings account deposits grew by 12.1% year-on-year and 4.7% sequentially during this quarter. The Bank's average liquidity coverage ratio for the quarter was about 124%.

The overall loan portfolio including the international branches portfolio grew by 19.6% year-on-year and 5.0% sequentially at June 30, 2026. The retail loan portfolio grew by 12.0% year-on-year and 2.7% sequentially. Including non-fund based outstanding, the retail portfolio was 41.1% of the total portfolio. The rural portfolio, including gold loan grew by 35.4% year-on-year and 6.2% sequentially. The business banking portfolio grew by 28.2% year-on-year and 6.9% sequentially. The domestic corporate portfolio grew by 18.5% year-on-year and 6.9% sequentially. The domestic loan portfolio grew by 18.8% year-on-year and 4.6% sequentially at June 30, 2026. The overseas loan portfolio was 3.1% of the overall loan book at June 30, 2026.

The net NPA ratio was 0.35% at June 30, 2026 compared to 0.33% at March 31, 2026 and 0.41% at June 30, 2025. During the quarter, there were net additions of 27.07 billion Rupees to gross NPAs, excluding write-offs and sale. The total provisions during the quarter were 12.60 billion Rupees or 6.2% of core operating profit and 0.32% of average advances. The provisioning coverage ratio on non-performing loans was 74.7% at June 30, 2026. In addition, the Bank continues to hold contingency provisions of 131.00 billion Rupees or about 0.8% of total advances at June 30, 2026.

The capital position of the Bank continued to be strong with a CET-1 ratio of 16.19% and total capital adequacy ratio of 16.84% at June 30, 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. I will 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 14.6% year-on-year and 3.2% sequentially. Auto loans grew by 3.6% year-on-year and 1.2% sequentially. The commercial vehicles and equipment portfolio grew by 12.8% year-on-year and 2.2% sequentially. Personal loans grew by 12.9% year-on-year and 4.0% sequentially. The credit card portfolio declined by 1.9% year-on-year and 1.7% sequentially.

Within the corporate portfolio:

- The total outstanding to NBFCs and HFCs was 920.52 billion Rupees at June 30, 2026 compared to 859.04 billion Rupees at March 31, 2026. The total outstanding loans to NBFCs and HFCs were about 4.5% of our advances at June 30, 2026.

- The builder portfolio including construction finance, lease rental discounting, term loans and working capital was 747.21 billion Rupees at June 30, 2026 compared to 714.21 billion Rupees at March 31, 2026. 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 0.7% of the builder portfolio at June 30, 2026 was either rated BB and below internally or was classified as non-performing.

B. Credit quality

The gross NPA additions were 55.52 billion Rupees in the current quarter compared to 62.45 billion Rupees in Q1 of last year. There were gross NPA additions of 7.06 billion Rupees from the kisan credit card portfolio in the current quarter. We typically see higher NPA additions from the kisan credit card portfolio in the first and third quarter of a fiscal year. Recoveries and upgrades from gross NPAs, excluding write-offs and sale, were 28.45 billion Rupees in the current quarter compared to 32.11 billion Rupees in Q1 of last year. The net additions to gross NPAs were 27.07 billion Rupees in the current quarter compared to 30.34 billion Rupees in Q1 of last year.

The gross NPA additions from the retail and rural portfolios were 43.31 billion Rupees in the current quarter compared to 51.93 billion Rupees in Q1 of last year. These include the KCC NPAs mentioned earlier. Recoveries and upgrades from the retail and rural portfolios were 22.10 billion Rupees in the current quarter compared to 25.25 billion Rupees in Q1 of last year. The net additions to gross NPAs in the retail and rural portfolios were 21.21 billion Rupees in the current quarter compared to 26.68 billion Rupees in Q1 of last year.

The gross NPA additions from the corporate and business banking portfolios were 12.21 billion Rupees in the current quarter compared to 10.52 billion Rupees in Q1 of last year. Recoveries and upgrades from the corporate and business banking portfolios were 6.35 billion Rupees in the current quarter compared to 6.86 billion Rupees in Q1 of last year. There were net additions to gross NPAs of 5.86 billion Rupees in the current quarter in the corporate and business banking portfolios compared to 3.66 billion Rupees in Q1 of last year.

The gross NPAs written-off during the quarter were 16.73 billion Rupees. Further, there was sale of NPAs of 2.39 billion Rupees for cash in the current quarter.

The non-fund based outstanding to borrowers classified as non-performing was 22.07 billion Rupees as of June 30, 2026 as compared to 21.74 billion Rupees as of March 31, 2026 and 32.98 billion Rupees as of June 30, 2025.

The loans and non-fund based outstanding to performing corporate borrowers rated BB and below was 34.85 billion Rupees at June 30, 2026 as compared to 35.19 billion Rupees at March 31, 2026 and 29.95 billion Rupees at June 30, 2025. This portfolio was about 0.2% of our advances at June 30, 2026.

The total fund based outstanding to all standard borrowers under resolution as per various guidelines declined to 13.63 billion Rupees at June 30, 2026 from 14.96 billion Rupees at March 31, 2026 and 17.88 billion Rupees at June 30, 2025.

At the end of June, the total provisions, other than specific provisions on fund-based outstanding to borrowers classified as non-performing, were 229.63 billion Rupees or 1.4% of loans. This includes the contingency provisions of 131.00 billion Rupees as well as general provision on standard assets, provisions held for non-fund based outstanding to borrowers classified as non-performing, fund and non-fund based outstanding to standard borrowers under resolution and BB and below portfolio. The Bank also continues to hold additional standard asset provision of 12.83 billion Rupees made in Q3 of FY2026 as directed by RBI in respect of the agricultural priority sector portfolio.

Moving on to the P&L details:

C. P&L details

Net interest income increased by 12.7% year-on-year and 6.1% sequentially to 243.84 billion Rupees in this quarter. The net interest margin was 4.36% in this quarter compared to 4.32% in the previous quarter and 4.34% in Q1 of last year. The cost of deposits was 4.41% in this quarter compared to 4.43% in the previous quarter and 4.85% in Q1 of last year. The benefit of interest on tax refund was 8 basis points in the current quarter compared to 5 basis points in the previous quarter and 7 basis points in Q1 of last year. Excluding the benefit of interest on tax refund, the net interest margin would have been 4.28% in this quarter, 4.27% in previous quarter and 4.27% in Q1 of last year.

Of the total domestic loans, interest rates on about 57% of the loans are linked to the repo rate and other external benchmarks, 13% to MCLR and other older benchmarks and the remaining 30% of loans have fixed interest rates.

Non-interest income, excluding treasury, grew by 16.0% year-on-year to 84.25 billion Rupees in Q1 of FY2027.

- Fee income increased by 23.5% year-on-year to 72.86 billion Rupees in this quarter off a low base of Q1 of last year. Fees from retail, rural and business banking customers constituted about 72% of the total fees in this quarter.

- Dividend income from subsidiaries was 11.10 billion Rupees in this quarter compared to 13.36 billion Rupees in Q1 of last year.

On Costs: The Bank's operating expenses increased by 10.4% year-on-year in this quarter compared to 11.5% year-on-year in FY2026. Employee expenses increased by 5.5% year-on-year in this quarter, reflecting mainly the impact of annual increments and promotions that take place during the first quarter of every fiscal year. Non-employee expenses increased by 13.8% year-on-year in this quarter. Our branch count has increased by 97 in the first quarter. We had 7,608 branches as of June 30, 2026. The technology expenses were about 11.4% of our operating expenses in this quarter.

The total provisions during the quarter were 12.60 billion Rupees or 6.2% of core operating profit and 0.32% of average advances compared to the provisions of 18.15 billion rupees in Q1 of last year.

The profit before tax excluding treasury grew by 20.9% year-on-year to 189.75 billion Rupees in Q1 of this year.

There was a treasury gain of 1.51 billion Rupees in this quarter as compared to loss of 1.06 billion Rupees in the previous quarter and a gain of 12.41 billion Rupees in Q1 of last year.

The tax expense was 43.21 billion Rupees in this quarter compared to 41.63 billion Rupees in the corresponding quarter last year. The Bank has written back tax provision of 4.46 billion Rupees, pursuant to favourable tax orders.

The profit after tax grew by 15.9% year-on-year to 148.05 billion Rupees in this quarter.

D. Consolidated results

The consolidated profit after tax grew by 13.9% year-on-year to 154.40 billion Rupees in this quarter.

The details of the financial performance of key subsidiaries are covered in slides 33 to 35 and 54 to 59 in the investor presentation.

The annualised premium equivalent of ICICI Life increased to 21.36 billion Rupees in Q1-2027 from 18.64 billion Rupees in Q1-2026. The value of new business increased to 5.71 billion Rupees in Q1-2027 from 4.57 billion Rupees in Q1-2026. The value of new business margin was 26.7% in Q1-2027 compared to 24.7% in

FY2026. The profit after tax of ICICI Life increased to 3.86 billion Rupees in Q1-2027 from 3.02 billion Rupees in Q1-2026.

Gross Direct Premium Income of ICICI General increased to 83.18 billion Rupees in Q1-2027 from 77.35 billion Rupees in Q1-2026. The combined ratio stood at 107.2% in Q1-2027 compared to 102.9% in Q1-2026. The profit after tax was 4.03 billion Rupees in Q1-2027 compared to 7.47 billion Rupees in Q1-2026. The results for the quarter include the impact of an increase in reserves pursuant to a recent judicial pronouncement.

The profit after tax of ICICI AMC, as per Ind AS, increased to 9.65 billion Rupees in this quarter from 7.84 billion Rupees in Q1 of last year.

The profit after tax of ICICI Securities, as per Ind AS on a consolidated basis, was 4.19 billion Rupees in this quarter compared to 3.91 billion Rupees in Q1 of last year.

ICICI Bank Canada had a profit after tax of 5.3 million Canadian dollars in this quarter compared to 7.8 million Canadian dollars in Q1 of last year.

ICICI Bank UK had a profit after tax of 7.2 million US dollars in this quarter compared to 5.9 million US dollars in Q1 of last year.

As per Ind AS, ICICI Home Finance had a profit after tax of 2.00 billion Rupees in the current quarter compared to 2.14 billion Rupees in Q1 of last year.

With this, we conclude our opening remarks, and we will now be happy to take your questions.

Moderator:

We'll take our first question from the line of Mahrukh Adajania from Tara Capital. Please go ahead.

Mahrukh Adajania:

Congratulations. I had a question on your loan growth outlook, given that you already achieved such good loan growth in a seasonally weak quarter. Do you find this sustaining, say, a high-teen loan growth through the year? Is there enough visible demand across your segments? So that's my first question.

And then on FCNR (B), if you have a target in mind and how much you've already mobilized? And what is the cost effectiveness of FCNR (B) relative to your domestic term deposits?

And also, just one more question. The foreign loans, they've grown quite aggressively this quarter. So, any comments on that?

Anindya Banerjee:

Yes. So, on the first one, I think it's partly really reflective of what has happened in the system where loan growth has picked up over the last 2-3 quarters as the various policy measures, both on the fiscal side and the monetary side have taken effect. And I think not just loan growth, but a range of other high-frequency indicators are showing positive momentum. We are sort of participating in that, and we will keep looking at opportunities as they come. And the momentum continues to be pretty good as far as we can see it.

On the second question on FCNR (B), we don't really have any target or so on that we put out. I think it's a good scheme, and we will look to mobilize as much as we can, but it is very early days yet. This is something that will really play out over the next maybe 8 -10 weeks or so. So, nothing that can be said on that just now.

From a cost effectiveness perspective, 6%. If you look at kind of the all-in cost after hedging the coupon, etc., it will be somewhere maybe 6.30-6.40%, which is, of course, lower than wholesale rates and it will be competitive compared to the wholesale rates. Of course, there will be an incremental loan growth opportunity also as these funds start getting deployed.

Lastly, on the international branches growth, even if you look at the previous quarter, we had a decent momentum. We have been seen both increase in the trade-related book as well as some borrowing by the overseas operations of Indian well-rated companies, and we have been participating in that. As we go forward, there will be some amount of loans against FCNR deposits that will also keep adding to the loan book overseas.

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

Kunal Shah:
So firstly, just a clarification on the NIMs. The overall yields have held on steady despite the reversals on agri. So, was there any offsetting recoveries also during the quarter, which has helped that in terms of sustaining the yields?

Anindya Banerjee:
That's something that keeps happening on an ongoing basis. Overall, the NIM reflects the healthy funding franchise, our disciplined approach consistently on both deposit and loan pricing as well as our management of the government securities book. That is what really held the NIM up. And as for other factors, there is always some amount of collection less or more in each quarter. There was interest on income tax refund, which we have as always specifically called out.

But even if adjusting for that, the NIM is stable both on a year-on-year and on a quarter-on-quarter basis.

Kunal Shah:

Yes. So, question was more on yield because the growth is also coming in from the corporate and all, okay? So, to that extent, yields are still sustained. So that was the question. And secondly, on the agri, so now maybe larger part of the regularization, we have been working all through and would have been interacting with the regulator as well. So how is the approach? And when do we see the recoveries coming through or maybe the reversals of the provision? Is it expected to come through in the second quarter or maybe it might take some time and we should see it more towards the end of the fiscal year?

Anindya Banerjee:

I wouldn't really be able to comment on the timing. But yes, we have been working on the required remediation of the portfolio. We just want to make sure that whatever we have done is correct and signed off and validated before we discuss a write-back of the provision. So, we are in the process and will hopefully work it out over the next few months, but I don't want to give a timeline.

Kunal Shah:

Okay. So that process is already on in terms of the validation and getting the sign-off on?

Anindya Banerjee:

Yes, very much so. It's a granular portfolio. We want to make sure that we are getting it right, and then we want to get it appropriately validated, the work that the field teams have done, and that process is on.

Moderator:

Thank you. Next question is from the line of Rikin Shah from IIFL Capital. Please go ahead.

Rikin Shah:
Thanks for the opportunity. I had five questions. First one is on fee income. It has accelerated significantly from 8% Y-o-Y last year to 23% Y-o-Y this quarter. If you could just throw some colour on what is driving this? And should one expect it to remain closer to the overall balance sheet growth here onwards?

Anindya Banerjee:
So, as I briefly mentioned in our opening remarks, there is some amount of a base effect. Last year, the absolute fee income in Q1 was sequentially lower over the preceding quarters, so there is some amount of base effect as well.

And I think other than that, it really reflects the underlying business momentum. We've seen growth pick up across all business segments, retail and corporate, while business banking has sustained. We would continue to focus on the fee income line item as we go forward.

Rikin Shah:
Got it. The second question on margins, you've managed it extremely well in this cycle and now with loan growth accelerating meaningfully for you, would you continue to maintain your guidance on range-bound margins even going ahead?

Anindya Banerjee:
There are a lot of moving parts to it because it really depends to some extent on systemic liquidity and interest rates where, for example, in the month of May, we had seen a lot of hardening of wholesale rates. That has come off substantially. Based on current conditions and assuming no policy rate movements, I would say it should be range bound.

As we go along, we'll also have to factor in sort of the impact of the FCNR deposit mobilization and the related leverage where there could be some impact on margins, but that is something that will happen over a period of time. In any case, the program itself has significant advantages. So that's something we'll see. But other things being equal, I would still say range bound.

Rikin Shah:
That exactly was my third question. So, could you talk a bit more about potential NIM and profitability profile for FCNR raised via self-leverage and versus via tie-ups with the foreign banks? Is it materially different in terms of the implications on margins and profitability?

Anindya Banerjee:
I think we have just about started that whole process. We'll have to wait and see. It will be a combination of unleveraged deposits, the deposits where we are providing leverage and there may be some fund-raising requirement at our end as well. And there will be other banks providing leverage for deposits into us.

As I said, the best guess we have now is that there could be some impact on the NIM, particularly because, as I mentioned in response to Mahrukh's question, the balance sheet of the international branches will expand materially if we indeed are able to mobilize a significant amount. So that will happen and we'll see it as it comes. But from an earnings perspective, it is quite positive.

Rikin Shah:
Got it. The fourth one is on recoveries. Was there any one-off recovery in this quarter from any accounts?

Anindya Banerjee:

Most of you would all be aware that in one particular case, there was an NCLT judgment, where the company was taken over. So that recovery did come through this quarter. This is an asset that had been previously sold to NARCL.

And then there are some other things in the regular course, but from a credit cost perspective, the reported of 32 basis points, and as we always say, a more normalised level, adjusting for chunky recoveries would be around 50 bps, and that is where it stays.

Rikin Shah:
Got it. Thanks. The last question is on ECL. If you could just talk about the impact on transition from next year, both on onetime basis on net worth and on the recurring credit cost, please?

Anindya Banerjee:
On the net worth, we will not really have any impact. Our assessment based on whatever proforma estimates we have done based on the existing position of the balance sheet or the portfolio is that whatever impact is there will be well absorbed by our provisioning buffers. Of course, it always depends on what is the situation of the portfolio at that point in time.

On an ongoing basis, the fact that we will be providing for Stage 2 will obviously, that is a provision that is currently not made by any bank. So that will result in higher provisions, which will be partly offset by lower provisions on the Stage 3, where currently we follow this percentage-based approach and there it will be much more on a predicted loss kind of approach.

Rikin Shah:
Proforma estimate that you may want to call out, like is it 5 bps, 10 bps or meaningfully higher?

Anindya Banerjee:

No, very difficult to make that estimate because we then actually have to run it based on the new ECL guidelines. We have some assessment of the transition impact. The ongoing impact is something that will come, but it will be a uniform impact across the sector adjusted for portfolio composition.

Rikin Shah:

Right. Thanks, Anindya, and congrats on a very strong quarter.

Anindya Banerjee:

Thank you very much.

Moderator:

Thank you. Next question is from the line of Chintan from Autonomous Research. Please go ahead.

Chintan:

Hi. Thank you for taking my question. We have seen some very strong loan growth, particularly business banking. I'm just wondering, is this the right time to accelerate given we are going through the energy shock and El Niño is upon us.

We are coasting a little bit on the kind of macro tailwinds from last year. But I'm just wondering how you think about the growth opportunity and the evolving environment over the next kind of year or two?

Anindya Banerjee:

We are monitoring this portfolio very closely and factoring in some of these West Asia, etcetera, into our customer selection and onboarding. But fundamentally, we feel quite comfortable with the portfolio and growing it.

The NPL performance is also pretty good and stable. And we will keep adjusting it as we go along. But it is a granular portfolio, reasonably secured portfolio, and we are quite comfortable growing it.

Chintan:
Are you leaning on these credit guarantee funds, like are you leaning on these government schemes to help you grow better or there is no need?

Anindya Banerjee:
When applications come under that, we are assessing and going ahead, I mean, it is a scheme that has been created for the benefit of the customers. We are quite open to it. But we are also adding new customers and growing with existing customers in line with their business.

Chintan:
Okay. What would the average loan growth be on a year-on-year basis? I'm just wondering if there's any lumpiness that will run off in this 19.6% number?

Anindya Banerjee:
Average loan growth on a year-on-year basis will be somewhat lower, but as I mentioned earlier, higher loan growth this quarter is reflective of the increase in loan growth in the system and both the banks and the system is off the base of Q1 of last year. So, there could be some base effect, but incremental momentum continues to be pretty strong.

Chintan:
Okay. Thanks. And the final question is just on competitive dynamics. Have you seen any easing off of competitive dynamics from the PSU banks? Or does it

remain intense as ever? They've used up their LCR and LDR buffer substantially. Just wondering if there's been any change in recent months?

Anindya Banerjee:

The way we look at it is what is our existing market share and what is the franchise capable of delivering. Our belief is that our franchise should deliver more. And there is always some set of competition that you have to deal with.

But I think there is enough business for us to do within our frameworks, and we keep calibrating based on sort of the interest rate environment and the competitive environment. We will keep looking at that as we go along, but that is not sort of something that is holding us back currently.

Chintan:

I appreciate looking at yourself and not at others. But the asset pricing kind of gets impacted by those things, right? That's why I was asking that question. So, are you seeing asset pricing improve?

Anindya Banerjee:

It's a large market and there is enough for us to do. We are, for example, some of the rates that get quoted, we are not doing that kind of business, but there is enough other business where we are comfortable with risk-adjusted returns on a customer basis, which we do.

Chintan:

Okay. Thank you so much.

Moderator:

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

Abhishek Murarka:

Good evening and congratulations for the strong quarter. I just wanted to go back to the fee income question. And you mentioned that it is largely disbursement linked and disbursements have gone up.

But if I just look at the overall growth of 23%, assuming card fees is also a chunk of your fee and card balances are lower. Is the rest of it just disbursement linked? Or is there any other fee line item that has picked up significantly? So that's my first question.

Anindya Banerjee:

No. I did not say that it is disbursement linked. I just said that overall business volumes and business growth has gone up. So that will partly reflect in it, particularly the increase, for example, on the corporate side, continued growth on the business banking side and the pickup in retail. Our fee income has a range of components, cards, as you mentioned, the loan processing fees, transaction banking and trade, forex and derivatives. There is all those elements, the deposit-linked fees, all those have seen a growth. And at different times, there may be more opportunity in one segment than the other, which we have to keep making sure that we are there across the opportunity spectrum within our kind of risk framework, which is what we do. And also, as I said, there is some base effect last year because last year, the Q1 was indeed not a good quarter from a fee perspective.

Abhishek Murarka:

Right.

Anindya Banerjee:

If you look at it sequentially, the increase in the fee line June quarter over March quarter is about Rs. 5 billion or so.

Abhishek Murarka:

Yes. Because sequential seasonality would be there, but I'm just trying to wonder in these 5 or 6 buckets that you have highlighted, which are the ones where you see significant opportunity or pickup right now? Are there any 1 or 2 buckets which are contributing a lot right now just because of the market?

Anindya Banerjee:

Opportunity is there across the board. As you said, maybe cards is one area where fee growth is less than what we would want it to be, although at a PBT level, the business has done very well because of the reduction in credit costs. But there is opportunity across the board.

Abhishek Murarka:

Right. Okay. And I wanted to check on cards and PL. How we've been saying that overall, we are comfortable with the environment, but growth has not picked up a whole lot, right?

So, in cards, you were also trying to sort of clean up the portfolio a bit, if I remember correctly. So, can you give an update on how you see the growth in these 2 businesses, let's say, from a next 12-15 months perspective?

Anindya Banerjee:

PL has picked up quite a bit actually, 12% year-on-year and 4% sequential growth. I think it's after a long time that we are seeing those kinds of numbers. Cards, the revolver rates are lower. So that is impacting the book growth. But we'll see how to optimize that as we go along.

Abhishek Murarka:

PL, the growth is sustainable, 4% Q-o-Q kind of run rate?

Anindya Banerjee:

I don't want to really give an outlook per se. We had gone down to a declining portfolio from that, we are at 4% sequential growth. I don't see anything today that will reduce growth, but we will take it as it comes.

Abhishek Murarka:

Got it. And just finally, on ECLGS, how is the offtake? How much disbursements have you done? Can you just give some sort of an update on what kind of uptake you're seeing on that product?

Anindya Banerjee:

No, I think I answered that. We are getting some inquiries, and we are doing some of that. It's part of the increase in the business banking book. So that is something that has been done for the benefit of the customer and wherever it is appropriate, we are doing it.

Abhishek Murarka:

Okay. Alright. Thank you and all the best.

Moderator:

Thank you. Next question is from the line of M.B. Mahesh from Kotak Securities. Please go ahead.

M.B. Mahesh:

Anindya, just a couple of questions. First is on this corporate loans. This recovery in growth that we are seeing in your bank and also in some of the other banks as well. If you could just kind of give us some colour as to how much of it is a demand-led growth that one is seeing because of capex versus probably a credit substitution or a short-term working capital demand that has come through?

Anindya Banerjee:

See, the corporates were always doing what they were doing. They are doing capex to the extent that they were doing capex. But certainly, bond markets this quarter have not favoured the corporate sector. If you see, we have a reasonable increase in our NBFC portfolio as well.

So, part of it is a shift from bond markets, part of it is working capital utilization, part of it may be corporates taking on some borrowings and just maintaining some liquidity buffers as they also want to be sort of have greater resilience in this uncertain environment. And to the extent that they are investing or were investing, that also continues, maybe the source of financing has shifted a little.

M.B. Mahesh:

But you don't see any meaningful increase in, let's say, loan proposals relating to fresh capex over what you've seen earlier? Would that be fair?

Anindya Banerjee:

I'm hesitant to make a comment which can get extrapolated at a system level. We are dealing with our customer base and catering to their needs. The customers are doing a range of things, and they were doing and are doing capex and new investments as well. But obviously, in addition to that, some shift in funding mix is also there. And this quarter, in particular, we saw a healthy pipeline at reasonable rates. So that is what has led to this growth.

M.B. Mahesh:

Perfect. Second question, this pertains to retail side. I know you've done well on loan growth on that part of the market. If you can just kind of comment on this entire IT corridor, both on the asset side as well as on the liability side. How is the demand for retail assets? And have you seen any change on the liability side? Thank you.

Anindya Banerjee:
No, we have not seen any change actually. In terms of inflows into the savings, etc., they are quite stable. We've not seen any change. And as you can see, the performance of the retail portfolio has only improved. In fact, additions have come off and in particular, if you look at it on a year-on-year basis, unsecured additions have come off. I think things are quite stable from that perspective.

M.B. Mahesh:
Okay done. Thank you.

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

Anindya Banerjee:
Thank you very much for making time for the call, and we'll take any other questions that you have as we interact going forward. Thank you.

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