

Management Discussion

Sandeep Bakhshi - Managing Director and Chief Executive Officer, ICICI Bank Limited

Thank you. Good evening to all of you and welcome to the ICICI Bank earnings call to discuss the results for Q2 of FY27. 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. Profit before tax excluding treasury grew by 23.4% year-on-year to INR199.54 billion in this quarter. The core operating profit increased by 21.8% year-on-year to INR208.05 billion in this quarter. The core operating profit excluding dividend from subsidiaries increased by 25% year-on-year to INR203.42 billion in this quarter. The profit after tax grew by 20.1% year-on-year to INR148.43 billion in this quarter.

Total deposits grew by 27.1% year-on-year and 11.8% sequentially at September 30, 2026. Average deposits grew by 21.2% year-on-year and 8% sequentially, and average current and savings accounts deposits grew by 10.7% year-on-year and 1.4% sequentially during this quarter. The bank has mobilized gross FCNR (B) deposits of about USD18 billion, pursuant to RBI swap facility. Excluding FCNR (B) deposits, total period-end deposits grew by 17% year-on-year and 3.1% sequentially at September 30, 2026.

The bank's average liquidity coverage ratio for the quarter was about 126%. The overall loan portfolio, including the international branches, grew by 30% year-on-year and 12% sequentially at September 30, 2026. Excluding loans provided by international branches of the bank against FCNR (B) deposits, total loans grew by 24.1% year-on-year and 7.3% sequentially. The retail and rural portfolio grew by 14.8% year-on-year and 3.2% sequentially. Including non-fund-based outstanding, the retail and rural portfolio was 43% of the total portfolio.

The business banking portfolio grew by 33.8% year-on-year and 11.1% sequentially. The domestic corporate portfolio grew by 30.6% year-on-year and 10.4% sequentially. The domestic loan portfolio grew by 22.8% year-on-year and 6.8% sequentially at September 30, 2026. The overseas loan portfolio was 7.8% of the overall loan book at September 30, 2026. The net NPA ratio was 0.3% at September 30, 2026, compared to 0.35% at June 30, 2026, and 0.39% at September 30, 2025.

During the quarter, there were net additions of INR12.13 billion to gross NPAs, excluding write-offs and sales. The total provisions during the quarter were INR8.51 billion, or 4.1% of core operating profit and 0.2% of average advances. The provisioning coverage ratio on non-performing loans was 75% at September 30, 2026. In addition, the bank continues to hold contingency provisions of INR131 billion or about 0.7% of total advances at September 30, 2026.

The capital position of the bank continued to be strong with a CET1 ratio of 16.01% and total capital adequacy of 16.68% at September 30, 2026. The bank purchased 2% additional shareholding in ICICI Life Insurance Limited for consideration of INR14.7 billion during the quarter. Looking ahead, we see many opportunities to drive risk-calibrated profitable growth and grow market share across key segments. We remain focused on maintaining a strong balance sheet, prudent provisioning, and healthy levels of capital while delivering sustainable and predictable returns to our shareholders.

I now hand the call over to Anindya.

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

Thank you, Sandeep. I will talk about loan growth, credit quality, P&L details, and the performance of subsidiaries. On loan growth, we have revised the presentation of loans to reflect a consolidated view of the retail and rural portfolio with additional product-wise details. The comparable data for previous periods have also been provided on slides 64 and 65 of the investor presentation.

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

Within the corporate portfolio, the total outstanding to NBFCs and HFCs was INR1,033.78 billion at September 30, 2026, compared to INR920.52 billion at June 30, 2026. The total outstanding loans to NBFCs and HFCs were about 4.3% of our advances at September 30, 2026. The builder portfolio including construction finance, lease rental discounting, term loans, and working capital was INR788.52 billion at September 30, 2026, compared to INR747.21 billion at June 30, 2026. The builder loan portfolio was 4% of our total loan portfolio. Our portfolio largely comprises well-established builders, and this is also reflected in the sequential increase in the portfolio. About 0.5% of the builder portfolio at September 30, 2026, was either rated BB and below internally or was classified as non-performing.

Moving on to credit quality. The gross NPA additions were INR48.33 billion in the current quarter compared to INR50.34 billion in Q2 of last year. Recoveries and upgrades from gross NPAs excluding write-offs and sale were INR36.20 billion in the current quarter compared to INR36.48 billion in Q2 of last year. The net additions to gross NPAs were INR12.13 billion in the current quarter compared to INR13.86 billion in Q2 of last year. The gross NPA additions from the retail and rural portfolio were INR37.09 billion in the current quarter compared to INR40.49 billion in Q2 of last year.

Recoveries and updates from the retail and rural portfolio were INR26.04 billion in the current quarter compared to INR26.10 billion in Q2 of last year. The net additions to gross NPAs in the retail and rural portfolio were INR11.05 billion in the current quarter compared to INR14.39 billion in Q2 of last year.

The gross NPA additions from the corporate and business banking portfolios were INR11.24 billion in the current quarter compared to INR9.85 billion in Q2 of last year. Recoveries and upgrades from the corporate and business banking portfolios were INR10.16 billion in the current quarter compared to INR10.38 billion in Q2 of last year. There were net additions to gross NPAs of INR1.08 billion in the current quarter in the corporate and business banking portfolios compared to net deletions of INR0.53 billion in Q2 of last year. The gross NPAs written-off during the quarter was INR15.92 billion. Further, there was sale of NPAs of INR1.33 billion for cash in the current quarter.

The non-fund-based outstanding to borrowers classified as non-performing was INR22.51 billion as of September 30, 2026, as compared to INR22.07 billion as of June 30, 2026, and INR23.22 billion as of September 30, 2025. The loans and non-fund-based outstanding to performing corporate borrowers rated BB and below was INR35.47 billion at September 30, 2026, as compared to INR34.85 billion at June 30, 2026, and INR36.61 billion at September 30, 2025. This portfolio was about 0.2% of our advances at September 30, 2026.

The total fund-based outstanding to all standard borrowers under resolution as per various guidelines declined to INR11.85 billion at September 30, 2026, from INR13.63 billion at June 30,

2026, and INR16.24 billion at September 30, 2025. At the end of September, the total provisions other than specific provisions on fund-based outstanding to borrowers classified as non-performing were INR238.15 billion or 1.3% of loans. This includes the contingency provisions of INR131 billion 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 the BB and below portfolio.

The bank also continues to hold additional standard asset provision of INR12.83 billion made in Q3 of FY 2026 as directed by RBI in respect of the agricultural priority sector portfolio till completion of the review process.

Moving on to the P&L details. Net interest income increased by 17.7% year-on-year and 3.9% sequentially to INR253.39 billion in this quarter. The net interest margin was 4.18% in this quarter compared to 4.36% in the previous quarter and 4.30% in Q2 of last year. Excluding the benefit of interest on tax refund, the net interest margin would have been 4.28% in the previous quarter. The domestic NIM excluding benefit of interest on income tax refund was 4.32% in the current quarter compared to 4.36% in the previous quarter and 4.37% in Q2 of last year. The cost of deposits was 4.50% in this quarter compared to 4.41% in the previous quarter and 4.64% in Q2 of last year.

The increase in proportion of the assets of overseas branches in the total assets and the large sequential increase in the retail term deposit base have led to a moderation in margins, and the full impact would reflect in the third quarter, after which we expect the margins to start moving back up even based on the current level of policy rates. Of the total domestic loans, interest rates on about 57% of the loans are linked to the repo rate and other external benchmarks, 14% to MCLR and other older benchmarks, and the remaining 29% of loans have fixed interest rates.

Non-interest income excluding treasury grew by 12.5% year-on-year to INR82.77 billion in Q2 of FY 2027. Fee income increased by 20.1% year-on-year to INR77.95 billion in this quarter. Fees from retail, rural, and business banking customers constituted about 75% of the total fees in this quarter. Fee income for the quarter includes fee for providing lending facilities against FCNR (B) deposits.

Dividend income from subsidiaries was INR4.63 billion in this quarter compared to INR8.1 billion in Q2 of last year, primarily reflecting the shift in timing of dividend declaration from quarterly to half-yearly basis by ICICI Prudential AMC Limited.

On cost, the bank's operating expenses increased by 8.5% year-on-year and 1.9% sequentially in this quarter. Employee expenses increased by 35 -- 13.5% year-on-year. Non-employee expenses increased by 5.6% year-on-year. Our branch count has increased by 145 in H1 of 2027. We had 7,656 branches as of September 30, 2026. The technology expenses were about 11.2% of our operating expenses in H1 of the current year.

The total provisions during the quarter were INR8.51 billion or 4.1% of core operating profit and 0.2% of average advances compared to the provisions of INR9.14 billion in Q2 of last year. Adjusting for one-off corporate recoveries, standard asset provision on loans provided against FCNR (B) deposits, and seasonality of KCC provisioning, the normalized credit cost to advances would be about 50 basis points.

The profit before tax excluding treasury grew by 23.4% year-on-year to INR199.54 billion in Q2 of this year. There was a treasury loss of INR2.3 billion in this quarter as compared to a gain of INR1.5 billion in the previous quarter and INR2.2 billion in Q2 of last year, reflecting market movements. The tax expense was INR48.81 billion in this quarter compared to INR43.21 billion in the previous quarter

and INR40.25 billion in Q2 of last year. In the previous quarter, the bank had written back tax provision of INR4.46 billion pursuant to favorable tax orders.

The profit after tax grew by 20.1% year-on-year to INR148.43 billion in this quarter. The consolidated profit after tax grew by 22.3% year-on-year to INR163.33 billion in this quarter. The details of the financial performance of key subsidiaries are covered in slides 37 to 39 and 58 to 63 in the investor presentation.

The annualized premium equivalent of ICICI Life increased to INR49.35 billion in H1 of this year from INR42.86 billion in H1 of last year. The value of new business increased to INR12.83 billion in H1 of this year from INR10.49 billion of H1 of last year. The value of new business margin was 26% in H1 of this year compared to 24.7% in FY 2026 and 24.5% in H1 of last year. The profit after tax of ICICI Life increased to INR7.6 billion in H1 of this year from INR6.01 billion in H1 of last year and INR3.74 billion in this quarter from INR2.99 billion in the second quarter of FY 2026.

Gross direct premium income of ICICI General increased to INR67.92 billion in Q2 2027 from INR65.96 billion in Q2 2026. The combined ratio stood at 107% in Q2 2027 compared to 105.1% in Q2 2026. Excluding the impact of CAT losses of INR1.18 billion in Q2 2027 and INR0.73 billion in Q2 2026, the combined ratio was 105.3% and 103.8%, respectively. The profit after tax increased to INR9.46 billion in Q2 2027 from INR8.2 billion in Q2 2026.

The profit after tax of ICICI AMC as per Ind-AS increased to INR8.89 billion in this quarter from INR8.38 billion in Q2 of last year. The profit after tax of ICICI Securities as per Ind-AS on a consolidated basis increased to INR4.39 billion in this quarter from INR4.25 billion in Q2 of last year. ICICI Bank Canada had a profit after tax of CAD5 million in this quarter compared to CAD6.3 million in Q2 of last year. ICICI Bank UK had a profit after tax of USD6.5 million in this quarter compared to USD6.4 million in Q2 of last year. As per Ind-AS, ICICI Home Finance profit after tax increased to INR2.2 billion in the current quarter from INR2.03 billion in Q2 of last year.

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

Questions & Answers

Operator

Thank you very much. We will now begin the question-and-answer session. [Operator Instructions] We'll take our first question from the line of Mahrukh Adajania from Tara Capital. Please go ahead.

Mahrukh Adajania - Analyst, Tara Capital

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

Secondly, on provisions. So we've seen credit costs lower than the new normal in the last two quarters. And then in the third quarter of last year, there was also this agri provision of around INR13 billion. And when does that get reversed? And what was -- was there a big corporate recovery you did mention? So that continued -- I mean, there was a big corporate recovery even this quarter like there was in the last. Is that true? That's what I wanted to know.

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

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

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

What is driving it, I think, is a mix of factors, working capital requirements, some shift from bond markets some shift from foreign currency borrowing markets and some amount of investment activity. So we don't have a particular view on the mix between retail and corporate going forward. We are -- the franchise is open on both fronts and whatever comes in and meets our risk/reward kind of threshold we would be quite happy to do and we have the capital and funding for that. Yeah, so that would be the response. It's not really in terms of our thinking a temporary thing from a liquidity perspective.

While we're on the subject of loan growth, I'll also just cover the business banking piece where we have seen pretty strong growth. Partly, of course, over the last few quarters there have been draws on the ECLGS front. But aside from that, also the underlying growth in terms of both new customer acquisition by us as well as the same increase in working capital or a fresh expansion of business-led activity also continues. And as you would have seen from the NPL numbers across all these segments, the portfolio performance continues to be extremely healthy. So that is the way we would look at it.

On your -- and that takes us into your second question on provisioning. I think on the -- if we look at it on the NPL formation in the corporate side, new NPL formation on the corporate side is pretty negligible. On business banking, it continues to be quite low, and on retail it is pretty stable. Actually, if we look back over the past four to six quarters, it has come down because of the reduction in NPL formation in personal loans and cards. And that is really feeding into the provisioning number.

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

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

Mahrukh Adajania - Analyst, Tara Capital

Okay. Thanks a lot. Thank you.

Operator

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

Nitin Aggarwal - Analyst, Motilal Oswal

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

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

So as far as the credit card book is concerned, I think we are fully engaged in the business and we are, as you would have seen, launching some of the new products and variants aimed at particular customer segments as well. And we are increasingly looking at it as a shifting from a product lens to a customer lens in this product and looking at it as part of the overall bouquet of our services to customers, a high-touch product that helps us try and establish primariness with the customer. So that is the broad approach.

I think the spends piece will keep moving up and down. I mean, the specific reason for the decline this quarter was that last year there was a buildup of the book towards the end of September, which this year that will happen during the third quarter and not at the end of Q2. So that's more of a seasonal effect, but I don't think the -- underlying in terms of growth, things are okay, maybe marginally positive. The decline is more of just a date and base issue.

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

Nitin Aggarwal - Analyst, Motilal Oswal

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

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

No, I think when you -- when we look at the bank, I think we have a very strong franchise across customer segments. So we have access to all growth opportunities that come up as we serve the customers. At different points of time, we may have a different view on either pricing or the rate environment or the rate cycle and may calibrate our growth accordingly. But as we have gotten comfortable with, as we have spoken in the past, the point of the rate cycle or the level of pricing in the market we have picked up the growth. But that is the way we would continue to look at it.

I think for banks in general and for us, of course, growth is supported currently by some of the

factors that we mentioned earlier, including some amount of shift from bond markets as well as some amount of shift from offshore to onshore rupee markets. So we will keep taking those opportunities as we go along, but fundamentally I think the franchise is fully open and capable of delivering very robust levels of growth.

Nitin Aggarwal - Analyst, Motilal Oswal

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

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

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

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

But...

Nitin Aggarwal - Analyst, Motilal Oswal

Got it.

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

...from an overall perspective, as we have said before, this sort of decline in margins for a quarter or two quarters on an optical basis doesn't worry us at all, because we believe that we have raised a very large quantum of fixed-rate funding which will support our growth and the expansion of our franchise over a period of time. And also given the fact that interest rates are certainly unlikely to go down and probably likelier to go up, that gives a cushion to the profitability as well. So from a timing balance sheet construct and just pure franchise perspective, we saw this as a big opportunity. And the small movement in margins, which anyway continue to be pretty healthy at the absolute level, while there is a shift from quarter-to-quarter, did not -- was not really something that concerned us too much.

Nitin Aggarwal - Analyst, Motilal Oswal

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

Operator

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

Kunal Shah - Analyst, Citigroup

Yeah. Thanks for taking the question and congratulations for good set of numbers. So on overseas

margins, if I look at it, it has gone up sequentially. The base has obviously widened, and I believe that incremental INR90,000 odd crores, that would have -- that would be at a much lower margin compared to 1% which is there on the overseas business. So didn't get actually as to how it's moving up during the quarter and maybe to what level can it actually settle once we see the full impact of the overseas FCNR leveraged book? So that's the first question.

And secondly, in terms of the FCNR, given that we have raised the substantial chunk, so one of the banks quantified 11 basis points of impact due to FCNR. Maybe if you look at it, 4.95%-odd increase in the overseas and just multiply the difference, that itself is the margin impact, but if you can quantify how much is the FCNR impact in margin during the quarter? And when do we see this utilization coming through to the average yield on interest earning assets at 8.1% or maybe yield on advances at 8.8%-odd? How long would the entire utilization take place, yeah?

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

So overseas margins are not affected only by the margins on FCNR. Interest rates have gone up in dollar markets over the last three, four months, and that also results in an increase in margins because you earn a higher spread on the deposits, particularly the float deposits that are there in any bank, including in the operations of our overseas branches. I would not want to get into projecting overseas margins separately. I think on an overall basis, what I have said is that the full impact of this increase in the term deposit denominator and its impact on the CASA ratio and its -- and the increase in the proportion of the overseas book which earns a 1% thereabouts margin compared to the 4% plus margin on the domestic book will just mathematically be fully seen in the averages in Q3. And thereafter I think we should start seeing a pickup back -- a pretty healthy pickup from Q4 onwards. So that is the way it would work.

And on the utilization piece also, yes, obviously we are carrying some amount of excess liquidity currently, and I would expect that to be kind of deployed over the next two quarters, which is anyway season where traditionally credit growth tends to be strong. On the impact of FCNR, I don't really want to give a number excluding, including. I mean, finally it is something which is there on the balance sheet. So we have kind of explained the trend of how it impacted the margins and what we expect to see going forward. I don't really want to give a pro forma excluding or impact number because that can be calculated in many ways.

Kunal Shah - Analyst, Citigroup

Sure. And fair to assume that...

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

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

Kunal Shah - Analyst, Citigroup

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

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

Yes.

Kunal Shah - Analyst, Citigroup

Okay. Got it. Yeah. Thank you.

Operator

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

Param Subramanian - Analyst, Investec

Yeah. Hi. Good evening. Thanks for taking my question. Firstly, a question on the FCNR itself. So we have -- I mean, relative to our peers as a proportion of our balance sheet, the number is very high that we have raised. So any change in our, say, strategy that has prompted this? As in, are we -- from a strategic perspective, are we now prioritizing NII over NIM or any such thing? Because if I -- the reason I ask is, if I think back to last year when the rate cuts were going on, it almost seemed to indicate that we had slowed down loan growth a bit and were solving for margin. So is that -- is there a strategic direction change as such, yeah?

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

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

And I think it is an outcome that we are very happy with, because if we look at sort of the broad breakup of the deposit mobilization, and we had given this number shortly after the end of August. We made a public disclosure, I'm just rounding off the numbers, about INR18 billion in all, around INR10 billion where we have provided loans to the customers, about INR3.6 billion or so where partner banks have provided loans and upwards of INR4 billion which is really where the customers have put in their own money and we saw that as a very healthy outcome, including in terms of demonstration of the NRI franchise and the opportunity it gave us for engagement with the NRI customers, both existing and new. So I think we just saw it as a big opportunity to garner these resources which would support our growth, which were very cost-effective because there is no regulatory preemption and so on, on these deposits once you bring them onshore. And it just made long-term economic sense to maximize on these.

Param Subramanian - Analyst, Investec

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

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

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

Param Subramanian - Analyst, Investec

Okay. Possible to call that out?

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

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

Param Subramanian - Analyst, Investec

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

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

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

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

Param Subramanian - Analyst, Investec

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

Operator

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

Chintan Joshi - Analyst, Autonomous Research

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

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

No, it doesn't really work like that for a couple of reasons. One, I think in corporate we have -- one, the credit loss that is there in the corporate segment is much lower. I mean, even adjusting for the one-off recoveries, because in the corporate segment by and large our focus on return of capital at the sort of client level is very high. We don't take -- whereas in the granular portfolios, we have to

look at it at a portfolio level and have a certain tolerance for credit loss, whereas in the corporate portfolios, our focus on return of capital is very high. It is like a go/no-go kind of a decision.

So in that sense, I would expect credit costs in the corporate portfolio to sustainably be lower than in retail. And of course, we look at it -- in the case of corporate, there are a lot of ancillary revenue streams, transaction banking, payment collections, et cetera. So we factor all that into account. So just the lending RAROC would not -- may not show it up. So for example, if you look at the very healthy growth in our current account balances over the last year even year-on-year basis, there's substantial -- that a substantial part of that goes to work done on the corporate franchise. So we have to really look at it in totality.

Chintan Joshi - Analyst, Autonomous Research

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

Operator

Ladies and gentlemen, we've lost the management connection. Please stay connected. Ladies and gentlemen, we have the management team back on the call. Chintan, can you just repeat your last part, please?

Chintan Joshi - Analyst, Autonomous Research

Yeah. So hi. Hi, Anindya. So what I was asking is that one of your peers...

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

Yeah. Hi. Sorry, we got cut off. No, to answer your question, corporate is definitely not worse than we did.

Chintan Joshi - Analyst, Autonomous Research

That's good enough. And the second question is, I appreciate all the color on the NIMs. Just kind of extrapolating your comments, it does look like the underlying NIMs excluding FCNR probably improved quarter-on-quarter. Is that a fair observation?

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

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

Chintan Joshi - Analyst, Autonomous Research

Okay. Thank you.

Operator

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

Anindya Banerjee - Group Chief Financial Officer, ICICI Bank Limited

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

Operator

[Operator Closing Remarks]