



Performance review H1-FY2019

October 19, 2018

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ICICI Securities: Natural beneficiary of transforming savings environment

Largest equity broker in India¹ powered by ICICIdirect

Strong online presence aided by pan India distribution

2nd largest non - bank mutual fund distributor²

Garnering scale in wealth management business

Leading investment bank in equity capital market³

1. By brokerage revenue and active customers on the NSE

2. Source: AMFI (in terms of revenue), period: FY18

3. Equity Capital Market (ECM): IPO/FPO/InvIT, QIP/IPP, Rights issue, Offer for sale



Agenda

Key highlights

Business performance and strategy

Industry



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Business performance and strategy

Industry



Key highlights : H1-FY2019

Sustained revenue and profit given muted market and high base

- 4% increase in consolidated revenues
 - Broking : ~1%, Distribution : 18%, Corporate Finance : (17)%
 - Brokerage revenues contribution 53% compared to 55%
- 8% increase in profit after tax
 - Sustained cost to income ratio

Continued traction in retail clients acquisition and engagement

- 2.2 lac new clients acquired
- 22% increase in active clients on NSE
- 35% Triggered SIPs count up from 5.2 lac to 7.0 lac

Growth ahead of market in retail businesses; robust IB deal pipeline

- 8.9% blended broking market share (8.8%: H1-FY2018)
- 25% increase in Mutual Fund average AUM vs. Market 18%
- 13 completed Investment Banking deals, increased traction in advisory

Period: H1-FY2019 vs H1-FY2018



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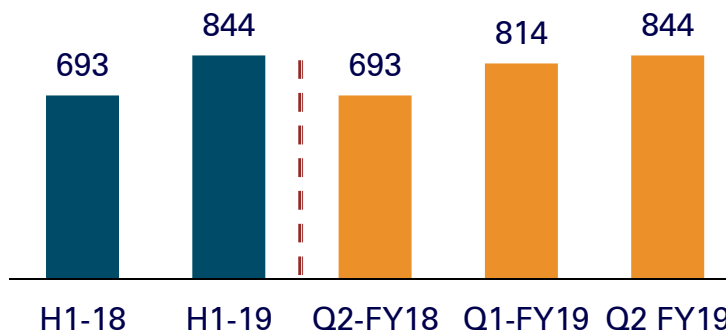


Sustained broking market share

- Maintained leadership in terms of active clients with 22% growth in active clients on NSE
- 4.2 million strong base of operational accounts with 2.2 Lacs new client acquisition in H1-FY19
- 8.9% market share, ADTO grew at 58% compared to market 57%

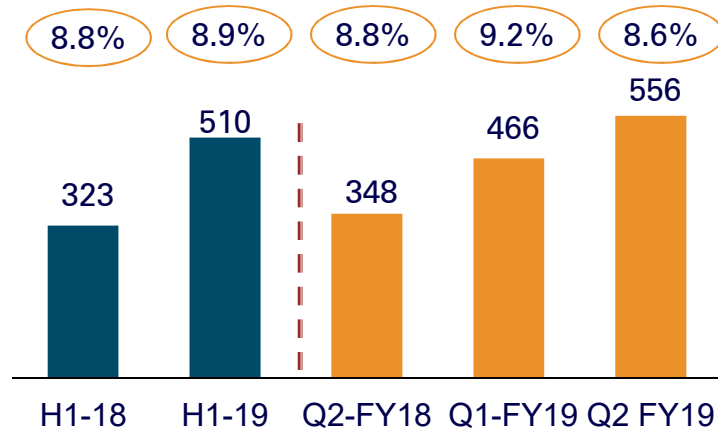
Active clients on NSE

In thousands



Volume and market share (%)

ADTO in ₹ bn



ADTO : Turnover on NSE and BSE excluding proprietary

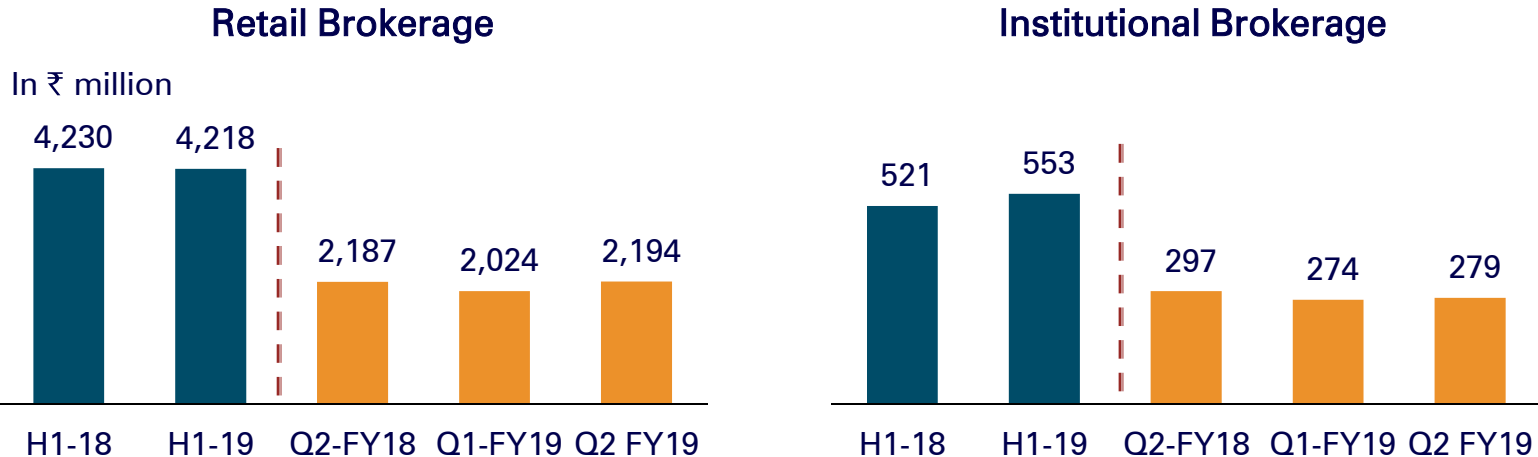
Market share : The ratio of our ADTO to the sum of the ADTO on NSE and BSE excluding proprietary turnover

Period: H1-FY18 vs. H1-FY19



Maintained revenue despite volatility

- Revenues flat despite retail investors' muted participation
- Market delivery turnover contribution to equity turnover decreased from 31% to 27%
- 6% institutional broking revenue growth despite of decline in institutional flows particularly in Q2-FY2019

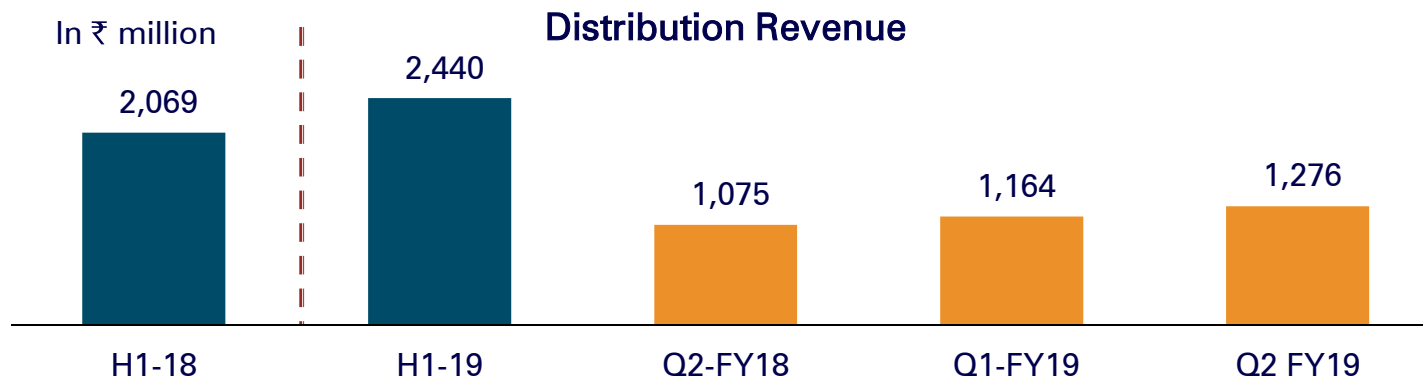


Period: H1-FY18 vs. H1-FY19



Diversified revenues reducing volatility

- 18% distribution revenue growth
 - 23% growth in MF revenue
 - 18% growth in Life Insurance revenue
- Revenue contribution increased to 27% from 24%



Strong online presence aided by pan India distribution

- Presence over 75+ cities with ~200 branches,
- 1,450+ relationship managers & product specialists
- Wealth management solutions for HNIs/Family offices
 - 350+ member team
- ~ 6,200+ sub-brokers, authorized persons, IFAs & IA's
- Presence in 3,000+ ICICI Bank branches

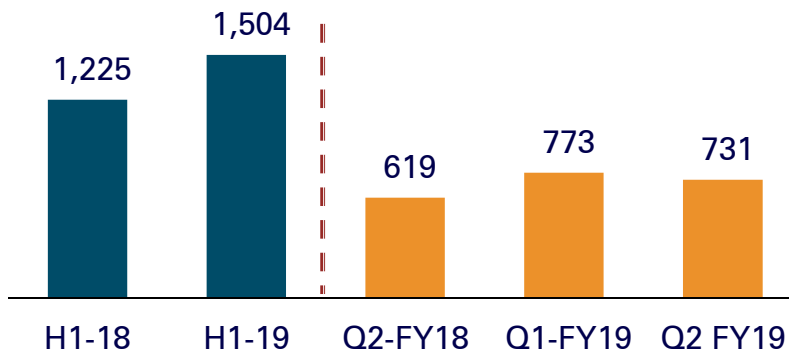


Period: H1-FY18 vs. H1-FY19

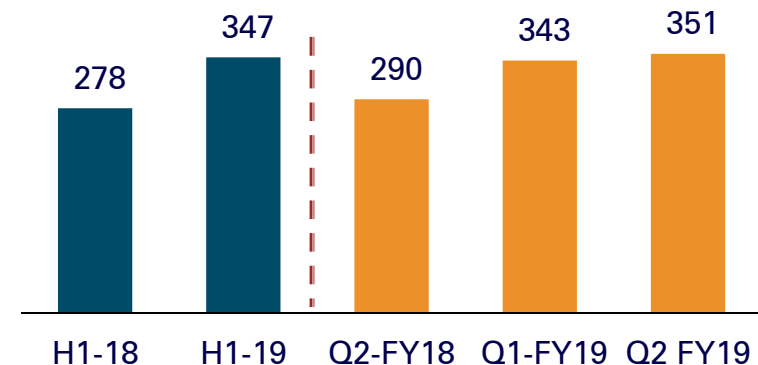
Leading non-bank MF distributor

- 23% growth in MF revenues
 - MF revenue contribution increased to 17% from 14%
- 25% growth in MF average AUM vs. 18% in Market
- 35% growth in SIP count¹ from 0.52 mn to 0.70 mn
 - Trailing 12 months SIP count increased from 0.82 mn to 1.15 mn

Mutual Fund revenue (In ₹ million)



Mutual Fund Average AUM (In ₹ billion)

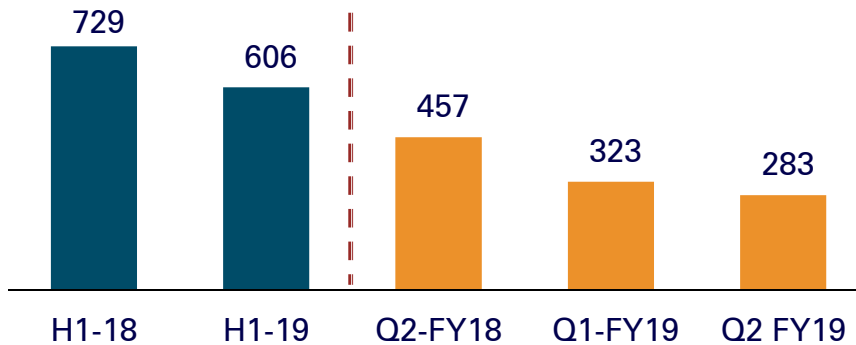


1. Triggered as on last month of period
Period: H1-FY18 vs. H1-FY19














Leading Investment Bank in India

Corporate Finance revenue (in ₹ million)



- 17% decline in revenues
 - Market ECM issuance mobilization down by 68% from ₹ 817 bn to ₹ 259 bn
- Increased traction in advisory business
- Robust deal pipeline

IPO/ FPO/ InvIT		Advisory		Buy Back		
 INDINFRAVIT INDINFRAVIT TRUST ₹ 31.5 bn	INDINFRAVIT Trust	 FEDERAL BANK YOUR PERFECT BANKING PARTNER ₹ 4.0 bn	Federal Bank	 AkzoNobel ₹ 2.4 bn	Akzo Nobel India Ltd	
 HDFC ASSET MANAGEMENT COMPANY LIMITED ₹ 28.0 bn	HDFC AMC Co. Ltd.	 KIMS HOSPITALS™ ₹ 8.5 bn	KIMS Hospitals	 Dainik Jagran No.1 ₹ 2.9 bn	Jagran Prakashan Ltd.	
 GrameenKoota ₹ 11.3 bn	Credit access Grameen Ltd.	<th>Open Offer</th> <td> Radio City ₹ 0.6 bn</td> <td>Music Broadcast Ltd.</td>		Open Offer	 Radio City ₹ 0.6 bn	Music Broadcast Ltd.
 Aavas ₹ 16.4 bn	Aavas Financiers Ltd.			 SQS ₹ 1.3 bn	SQS India BFSI Ltd.	

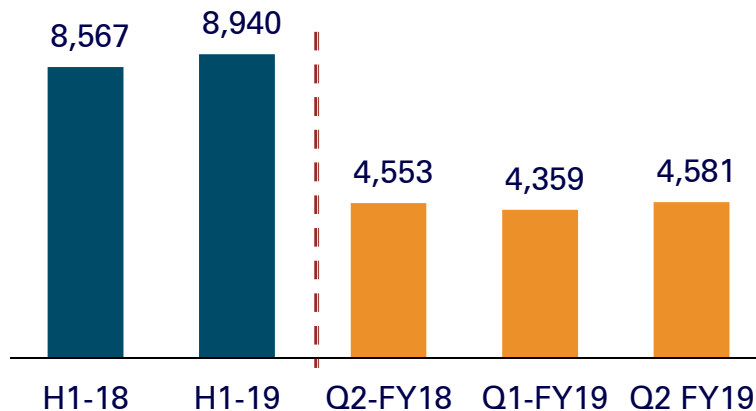
ECM : Includes IPO/FPO/InvIT, QIP/IPP, Rights Issue, Offer for Sale, Source: Primedatabase
Period: H1-FY18 vs. H1-FY19



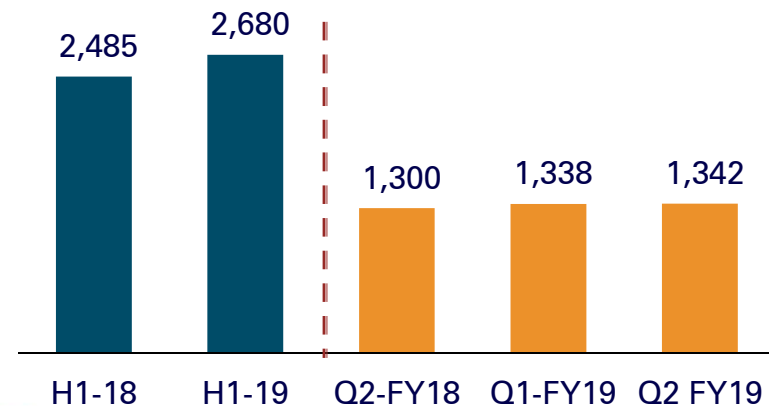
Financial performance

- 4% growth in consolidated revenue
- 8% growth in consolidated PAT
- Return on equity (annualized): H1-FY19 : ~ 59%
- Sustained cost to income ratio : H1-FY19 : ~54%,

Consolidated Revenue ₹ million



Profit after tax (PAT) ₹ million



Return on equity = PAT : Average networth excluding Other Comprehensive Income and Translation reserve



Consolidated P&L: Y-o-Y

(₹ million)

Particulars	H1-FY19	H1-FY18	Y-o-Y%	FY18
Revenue	8,940	8,567	4%	18,610
Expenses				
Employee benefits expenses	2,801	2,850	(2)%	5,504
Operating expenses	592	639	(7)%	1,677
Finance costs	239	224	7%	495
Other expenses	1,205	1,045	15%	2,410
Total Expenses	4,837	4,758	2%	10,086
Profit before tax	4,103	3,809	8%	8,524
Tax expense	1,423	1,324	7%	2,989
Profit after tax	2,680	2,485	8%	5,535
Other comprehensive income (OCI)	(16)	(23)	(30)%	(16)
Total comprehensive income (TCI)	2,664	2,462	8%	5,519



Period: H1-FY18 vs. H1-FY19

Consolidated P&L: Quarterly

(₹ million)

Particulars	Q2-FY19	Q1-FY19	QoQ%	Q2-FY18	YoY%
Revenue	4,581	4,359	5%	4,553	1%
Expenses					
Employee benefits expenses	1,435	1,367	5%	1,540	(7)%
Operating expenses	341	252	35%	313	9%
Finance costs	108	131	(18)%	123	(12)%
Other expenses	620	583	6%	567	9%
Total Expenses	2,504	2,333	7%	2,543	(2)%
Profit before tax	2,077	2,026	3%	2,010	3%
Tax expense	735	688	7%	710	4%
Profit after tax	1,342	1,338	-	1,300	3%
Other comprehensive income (OCI)	#	(16)	-	5	-
Total comprehensive income	1,342	1,322	2%	1,305	3%

amount less than ₹ 1 million

Period: Q2-FY18 vs. Q2-FY19



Segment performance: Y-o-Y

(₹ million)

Particulars	H1-FY19	H1-FY18	Y-o-Y%	FY18
Segment Revenue				
Broking & commission	8,208	7,677	7%	16,882
Advisory services	606	729	(17)%	1,440
Investment & trading	126	161	(22)%	288
Total Revenue	8,940	8,567	4%	18,610
Segment Result				
Broking & commission	3,704	3,391	9%	7,747
Advisory services	315	352	(11)%	657
Investment & trading	84	66	27%	120
Total Result	4,103	3,809	8%	8,524

Period: H1-FY18 vs. H1-FY19



Segment performance : Quarterly

(₹ million)

Particulars	Q2-FY19	Q1-FY19	Q-o-Q%	Q2-FY18	Y-o-Y%
Segment Revenue					
Broking & commission	4,241	3,967	7%	4,018	6%
Advisory services	283	323	(12)%	457	(38)%
Investment & trading	57	69	(17)%	78	(27)%
Total Revenue	4,581	4,359	5%	4,553	1%
Segment Result					
Broking & commission	1,904	1,801	6%	1,720	11%
Advisory services	144	170	(15)%	264	(45)%
Investment & trading	29	55	(47)%	26	12%
Total Result	2,077	2,026	3%	2,010	3%



Period: Q2-FY18 vs. Q2-FY19

Consolidated balance sheet

(₹ million)

ASSETS	At March 31, 2018	At Sept 30, 2018
A. Non-Current Assets	2,585	2,720
1. Fixed assets	421	454
2. Financial Assets	322	460
3. Deferred tax assets (net)	666	647
4. Other non-current assets	1,176	1,159
B. Current Assets	26,154	25,512
a) Cash/Bank and cash equivalents	15,426	16,648
b) Short-term loans & advances and other current assets	10,728	8,864
Total	28,739	28,232
Equity & Liabilities		
	At March 31, 2018	At Sept 30, 2018
A. Equity	8,477	9,659
B. Non-Current Liabilities	1,222	1,099
C. Current Liabilities	19,040	17,474
a) Short-term borrowings	6,724	5,204
b) Trade Payables	7,737	8,023
c) Other current liabilities and short-term provisions	4,579	4,247
Total	28,739	28,232



Key strategy

Strengthen our leadership position in the brokerage business

Continue investing in technology and innovation

Strategically expand our financial product distribution business through cross-selling

Leverage our leadership in equity capital markets to strengthen our financial advisory businesses

Diversify our revenue streams and continue reducing revenue volatility



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Key highlights

Business performance and strategy

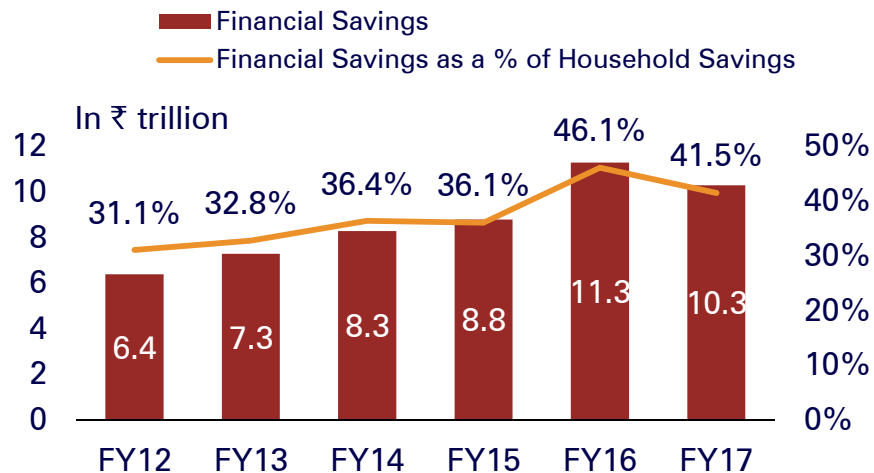
Industry



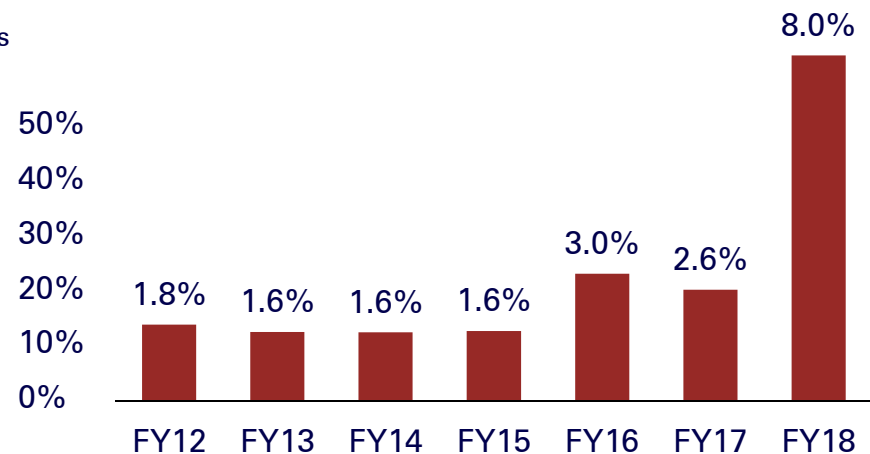
Increasing share of Financial Savings

- Increased from 31.1% in FY 12 to 41.5% in FY 17
- Household savings are increasingly shifting from physical assets to financial assets – a fundamental change in behavior
 - In FY18, investment in shares & debentures increased to 8.0%

Financial Savings as a proportion of household saving



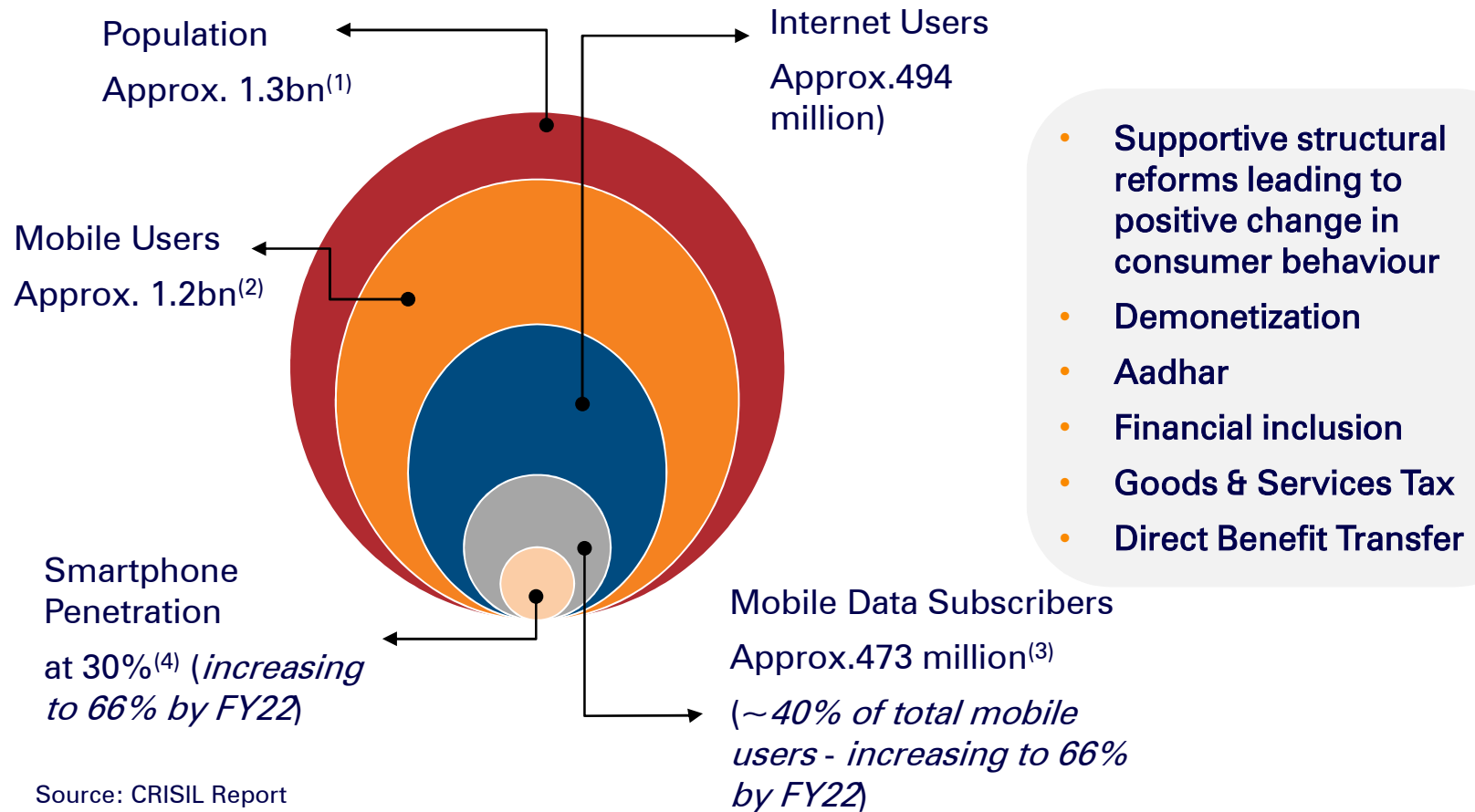
Incremental investments in shares & debentures



Include investment in shares and debentures of credit / non-credit societies and investment in mutual funds (other than Specified Undertaking of the UTI) (Source: RBI, MOSPI)



Digital infrastructure set to expand exponentially



Source: CRISIL Report

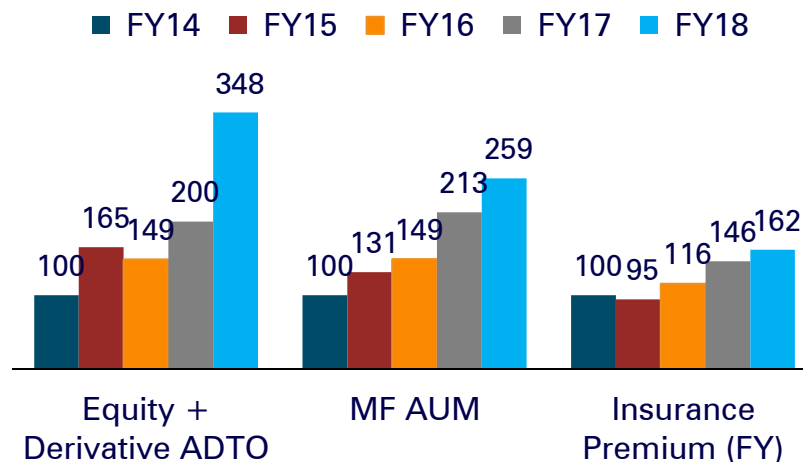
(1) Population in 2016 (Source: EIU); (2) Source: CRISIL Report; (3) Calculated as total mobile users (Approx. 1.2bn) * Share of mobile data subscribers as a proportion of overall mobile users in FY18 (~40%) (Source: TRAI and CRISIL Report); (4) In FY17 (Source: CRISIL Report)



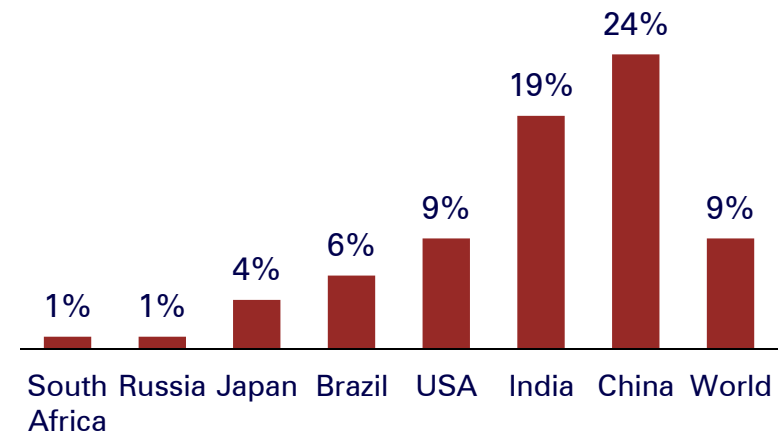
Financial sector being the key beneficiary

- Improved economic conditions and changing savings pattern resulting in to growth across various asset classes
- India has high-savings economy, with household savings as a proportion of GDP at 19%

Growth Across Financial Asset Classes#



Household saving as % of GDP 2016



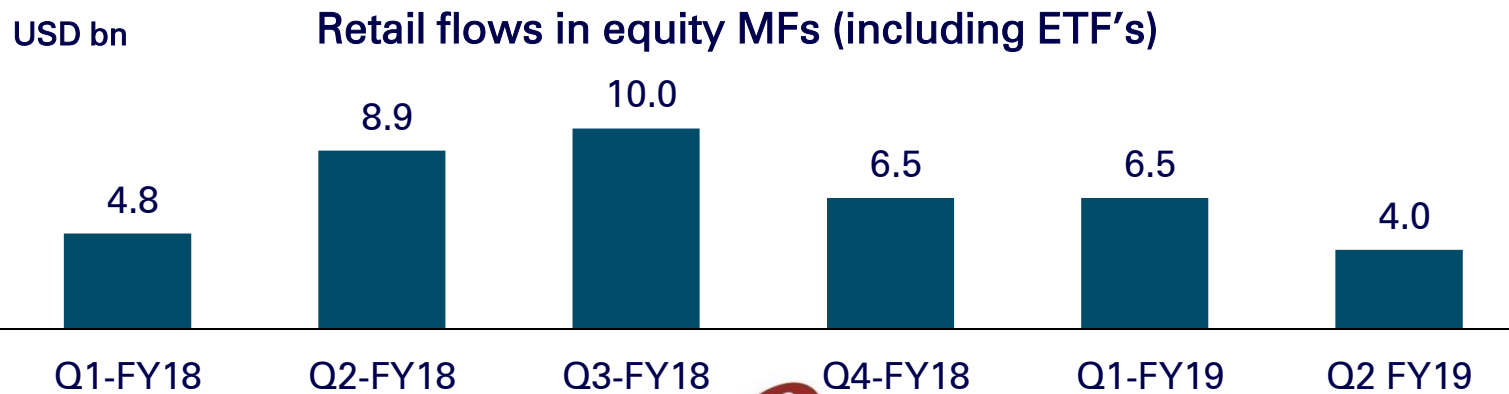
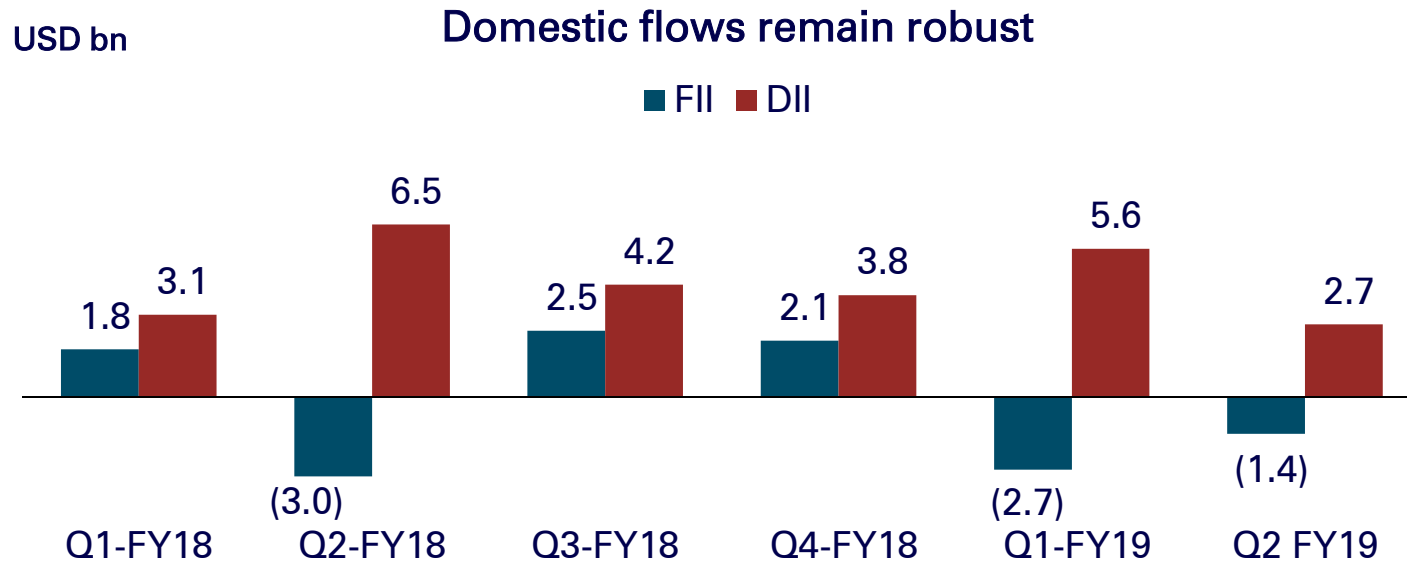
Indexed to 100 in FY 14

ADTO: Average daily turnover

Source: RBI, IRDA, AMFI, NSE, BSE, EIU



DIs continue to be net buyers

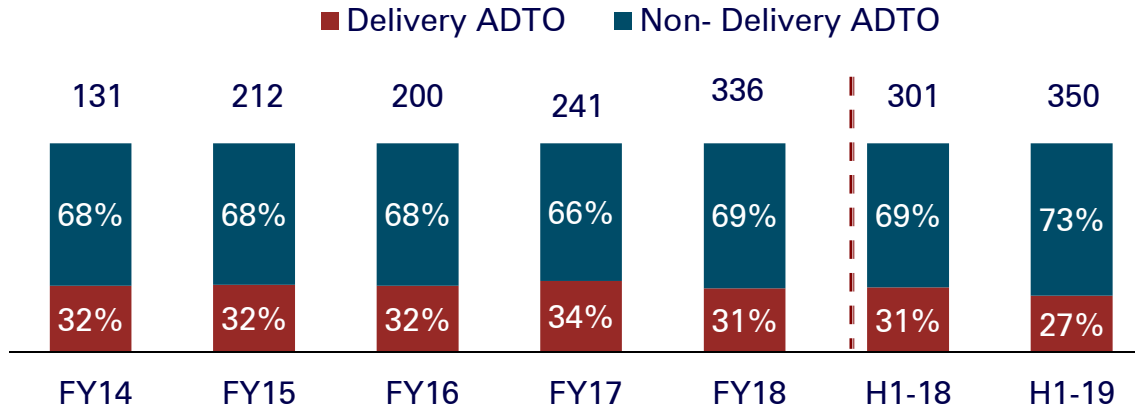


Source: Bloomberg, I-Sec research

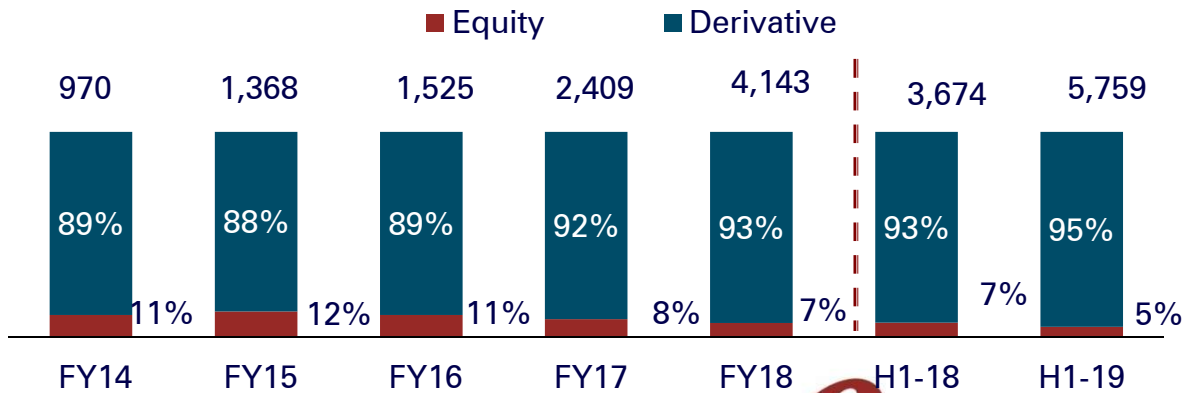


Derivative & Non-delivery volume on rise

Market equity ADTO (In ₹ billion)



Market ADTO excluding prop (In ₹ billion)



- Delivery turnover contribution down from 31% to 27% in H1-FY18 vs H1-FY19
- Derivative contribution in overall volume increased from 93% to 95% in H1-FY18 vs H1-FY19

Source: NSE, BSE, SEBI

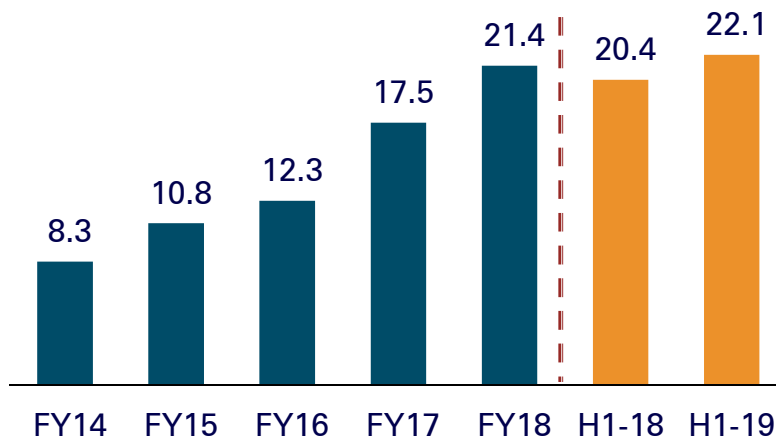
ADTO – Average daily turnover



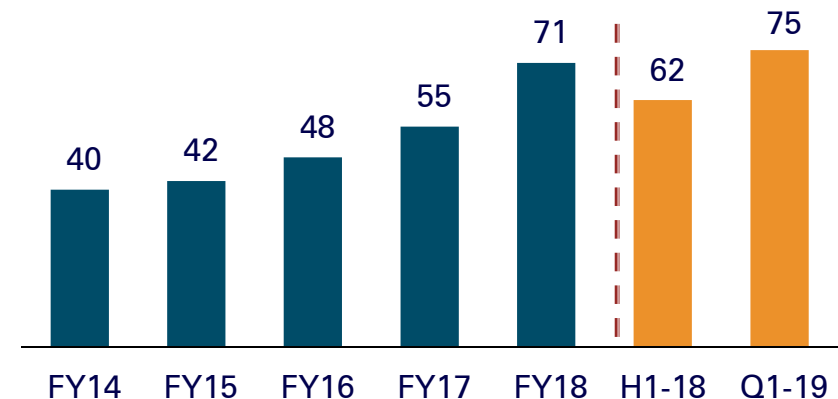
Growing mutual fund Industry AUM

- Mutual Fund industry witnessed significantly higher growth of increased financial savings and improving investor awareness about mutual funds as an asset
- MF AUM (Exit) increased by 8% Y-o-Y
- MF folios count increased by 5% from March 18 to June 18

Mutual Fund (Exit AUM) In ₹ trillion



Mutual Fund Folios (Exit) In million



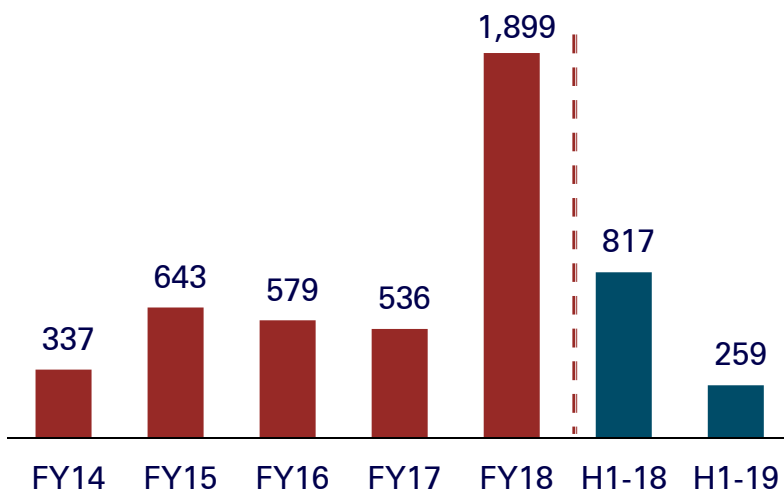
Source: AMFI



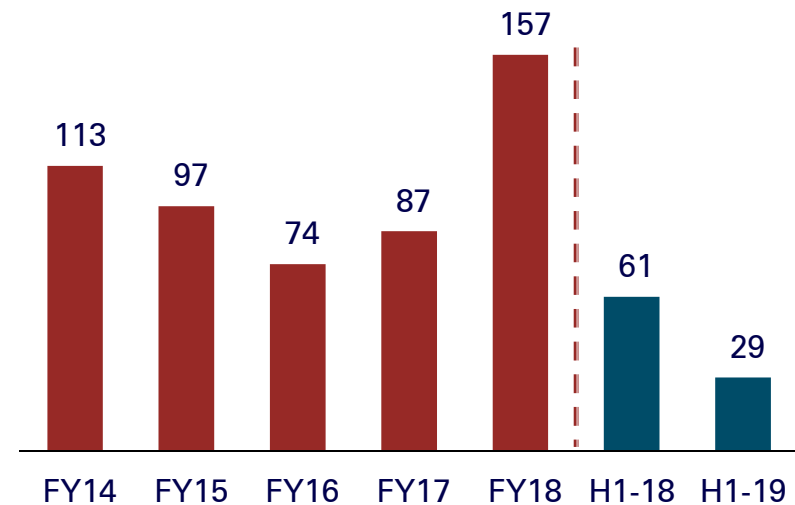
Subdued primary market

- ECM issuance mobilisation decreased by 68% Y-o-Y
- No. of ECM issuance decreased by 52% Y-o-Y

ECM Issuance mobilized (₹ in billion)



ECM Issuance



ECM : Includes IPO/FPO/InvIT, QIP/IPP, Rights Issue, Offer for Sale, Source: Primedatabase



Safe harbor

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'would', 'indicating', 'expected to', etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, the actual growth in demand for broking and other financial products and services in the countries that we operate or where a material number of our customers reside, our ability to successfully implement our strategy, including our use of the Internet and other technology, our growth and expansion in domestic and overseas markets, technological changes, our ability to market new products, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to implement our dividend policy, the impact of changes in broking regulations and other regulatory changes in India and other jurisdictions as well as other risk detailed in the reports filed by ICICI Bank Limited, our holding company with United States Securities and Exchange Commission . ICICI Bank and ICICI Securities Limited undertake no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

This release does not constitute an offer of securities.





Thank you

