



Performance Review

Q1-FY2021

July 22, 2020

Agenda

- **ISEC Franchise**
- Strategy
- Financial Results
- Business Performance



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VALUES



INNOVATION



TECHNOLOGY

ICICI Securities has built an enviable franchise...



Affluent franchise

- ❖ One of the largest Equity franchise
- ❖ Total assets* of ₹ 2.4 tn+
- ❖ Private wealth clients' assets of ~₹1 tn**



Scale

- ❖ Client base at 4.9mn¹ from 2.5mn in FY14
- ❖ Overall active clients at 1.5mn¹ from 0.7mn in FY14
- ❖ NSE active clients at 1.1mn¹ from 0.5mn in FY14



Strong position across businesses

- ❖ Equities business blended market share at 9.0%¹ from 4.5% in FY14
- ❖ MF Revenue market share at 4.5%² from 2.9% in FY14
- ❖ Consistently ranked amongst top ECM players³



Free cashflow generating high operating leverage model

- ❖ 6 year Revenue CAGR 13% (FY14 to FY20)
- ❖ 6 year PAT CAGR 35% (FY14 to FY20)
- ❖ 6 year Dividend CAGR 44% (FY14 to FY20)
- ❖ ROE consistently around 50% (FY14 to FY20)



1. As at Q1-FY21, Active clients are for trailing 12 months 2. FY20 data, Source AMFI 3. ECM market share source Prime Database

* Assets of our clients including equity demat assets maintained with ICICI Bank and excluding promoter holding

** Assets of our clients with more than 1 cr AUM at individual level including equity demat assets maintained with ICICI Bank and excluding promoter holding

...a sticky, diverse & multifaceted client base...



37% of clients active more than 14 years ago are still active with us



>65% revenues in each of financial years (FY14 to FY20) was contributed by customers who have been with us for more than 5 years¹



In last 3 years millennials form 70% of active customers



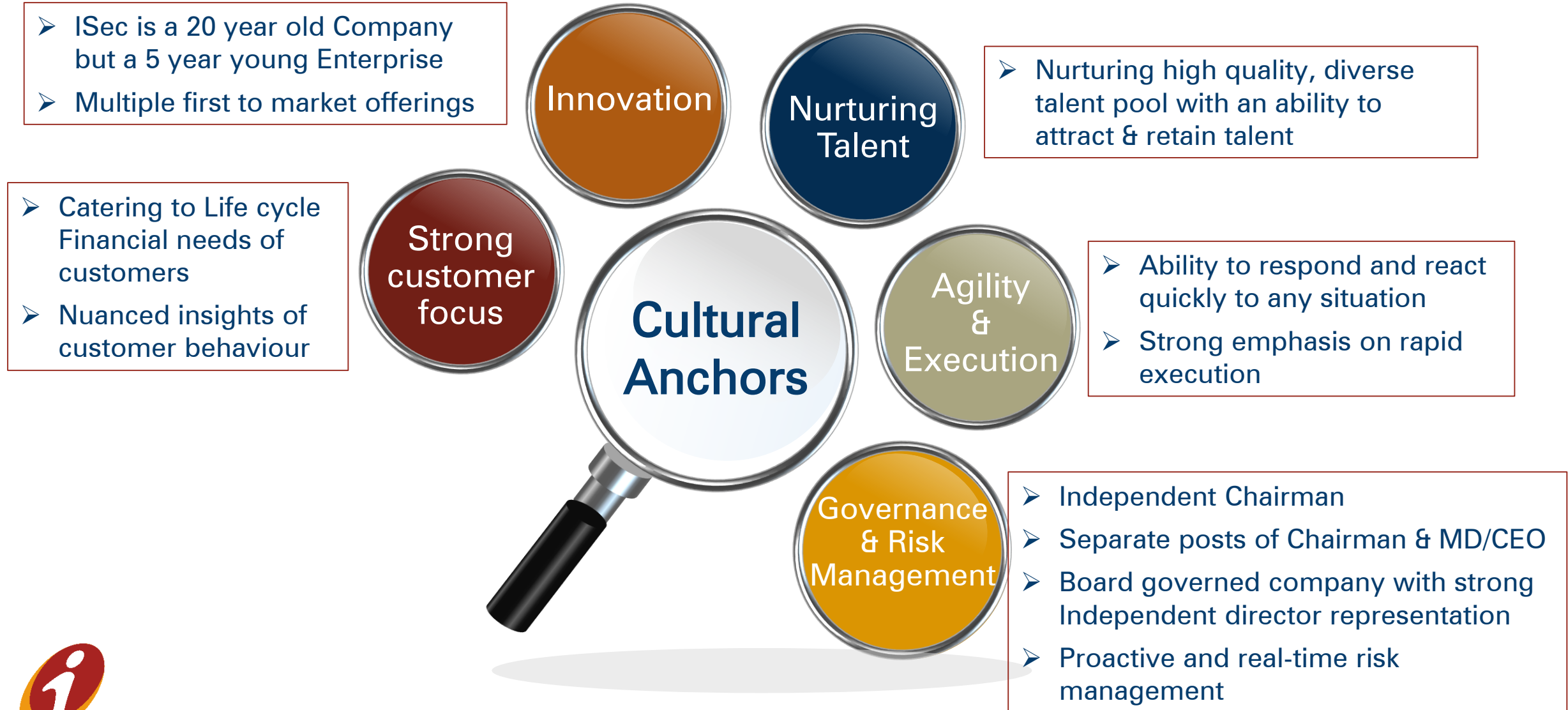
0.95 mn clients² with 2 or more products, up from 0.58 mn in FY16

Not only are we able to attract millennials
but also able to retain our vintage clients



1. Based on retail broking revenues
2. As at Q1-FY21

...on back of strong Cultural Anchors, ...



...a robust business model enjoying strong brand equity

Resilient Business model

- Low credit and receivables risk
- Virtually no inventory and supply chain risk
- Strong liquidity position
- High Return on Equity
- Asset light model

Strong Digital Platform

Wide range of products under one digital platform

- Investments, debt, deposits and protection
- Product offering of 45+ products and services

Scalable digital capabilities and infrastructure

- 97% equity transactions performed online
- 94% mutual fund transactions performed online

Prudent Risk Management with real time monitoring

4* rating for our Mobile App on Google Playstore



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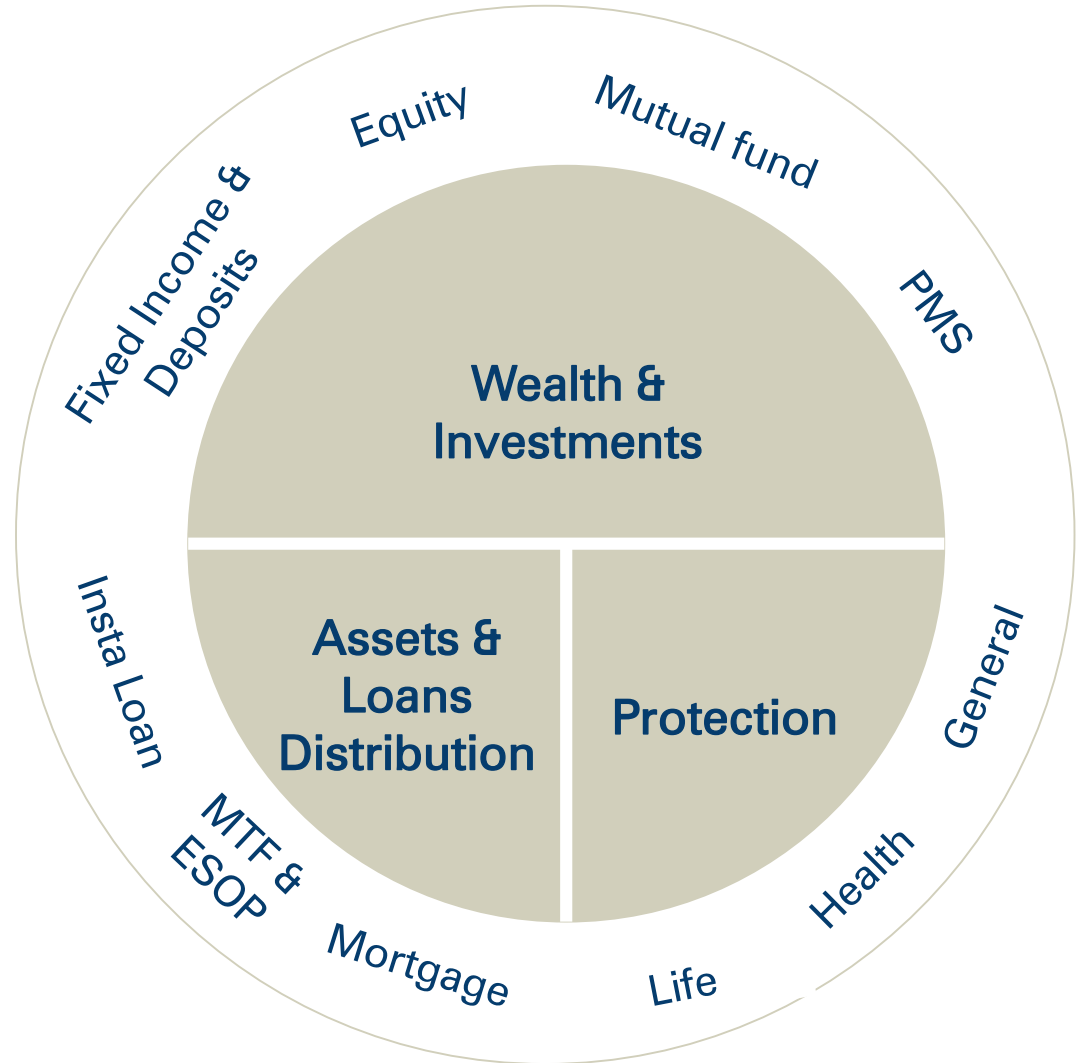


TECHNOLOGY

Broadening the positioning by focusing on strategic anchors

Imperatives:

- Broad basing business model
- Diverse and granular revenue streams



To emerge as a provider of life stage financial services requirements of Retail Indian -
Powered digitally

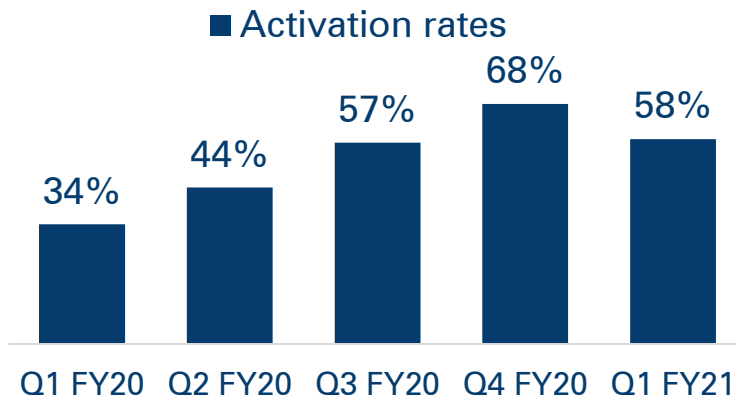
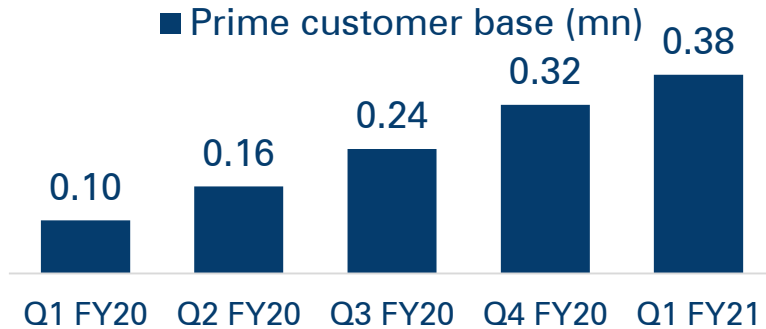
Focus on our strategic anchors have enabled us to outperform in uncertain environment

- **Ramping up scale and value** have improved our quality and speed of sourcing through digital channels and growth in partnerships with ecosystem players
- Offering an enhanced product suite for our retail and HNI clients and strengthening our wealth management franchise has helped us **monetize client value**
- **Active customer engagement** has enabled us to offer customized products thereby deepening relationships and increasing cross sell ratio
- **Digital agility and Robust technology** has helped us grow speed of client engagement across platforms
- Our focus on **cost efficiency** has helped us improve operating leverage



Multichannel open architecture has led to improvement in quality of sourcing...

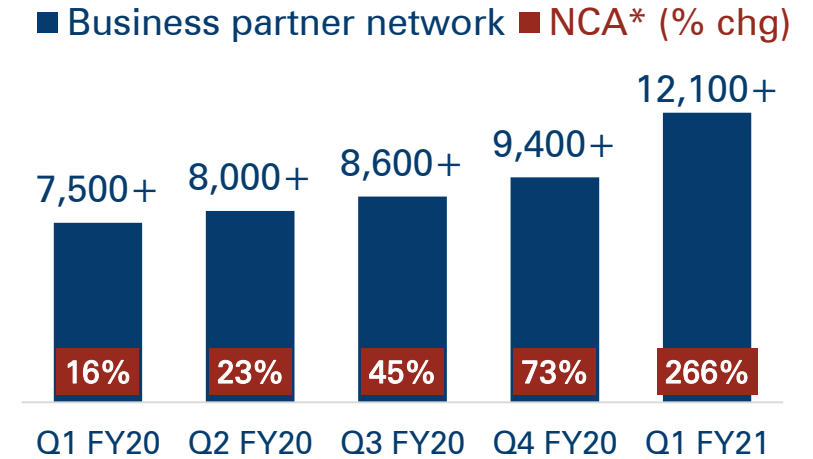
Quality of Sourcing



Digital Sourcing

- Diversified our client sourcing channel mix, largest sourcing channel now contributing about 65% vs 80% in FY20
- 20,000+ accounts sourced digitally
- Non digital sourced accounts also opened digitally amidst lockdown

Business Partners



- Partnership with ecosystem players for client acquisition

Client Base¹: 4.9m, +7%

Overall Active²: 1.5m, +15%

NSE Active³: 1.1m, +27%



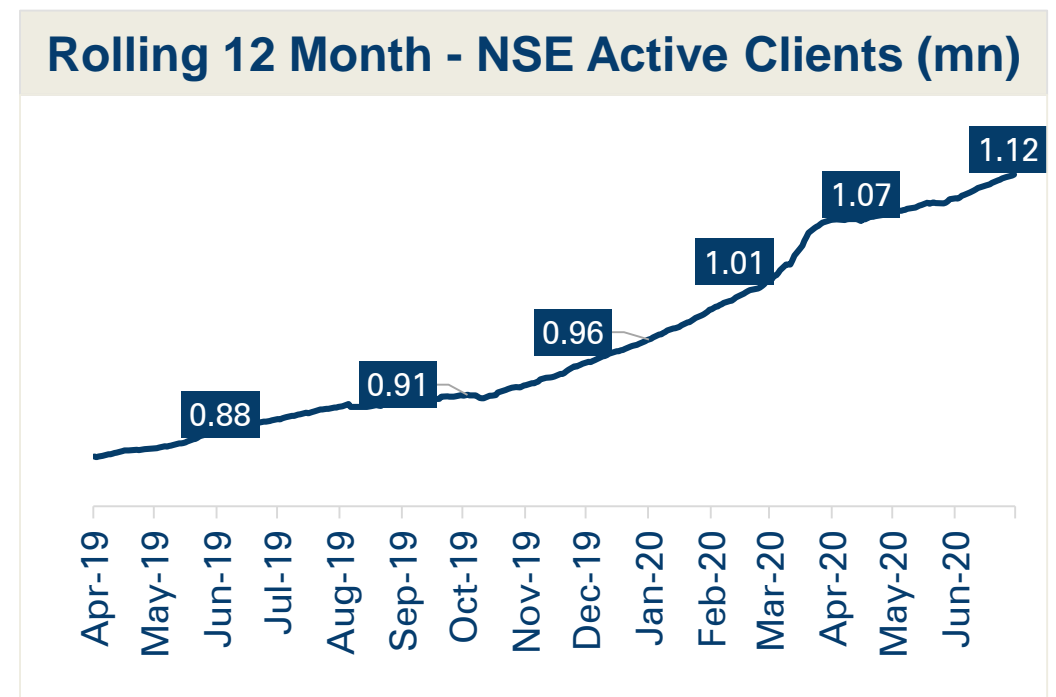
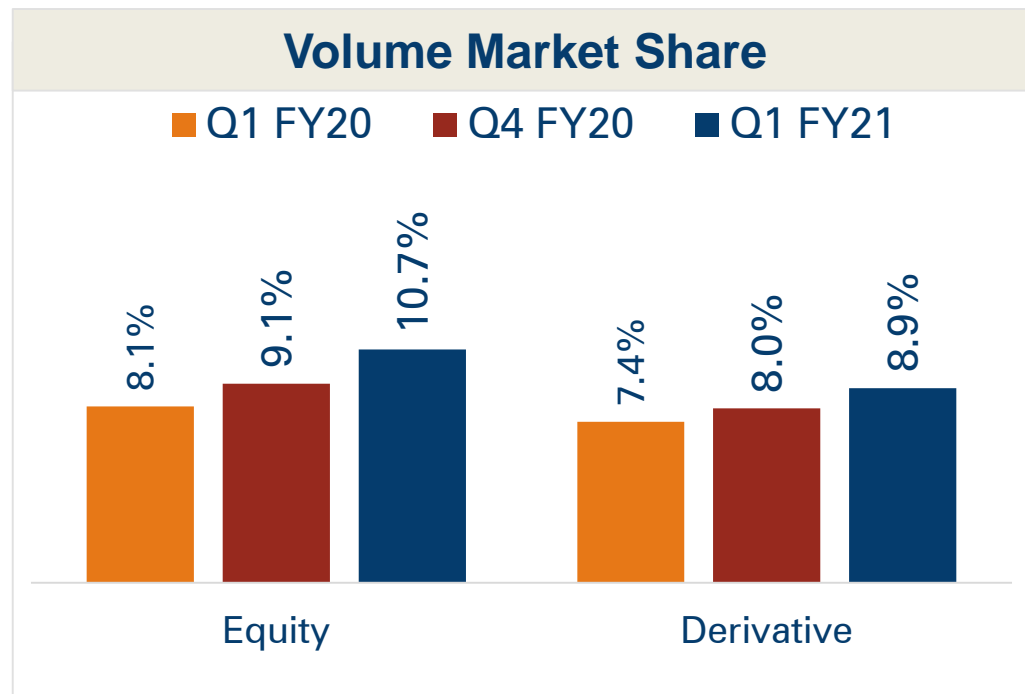
Activation rates = % of New client acquisition (NCA) who have traded during the quarter

1. Total client base with the company
2. Overall active clients are the clients who have transacted at least once during trailing 12 months across all product categories
3. NSE active client base are the clients who have traded at least once during trailing 12 months

...which has resulted in increase in market share

- Equity market share¹ up 260 bps
- Derivative market share¹ up 150 bps

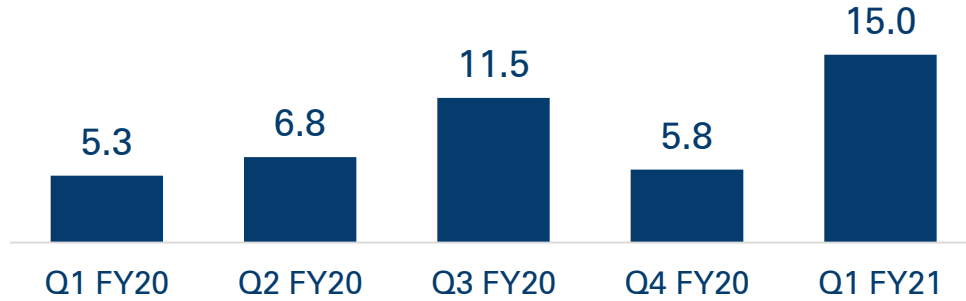
- NSE Active market share at 9.2%



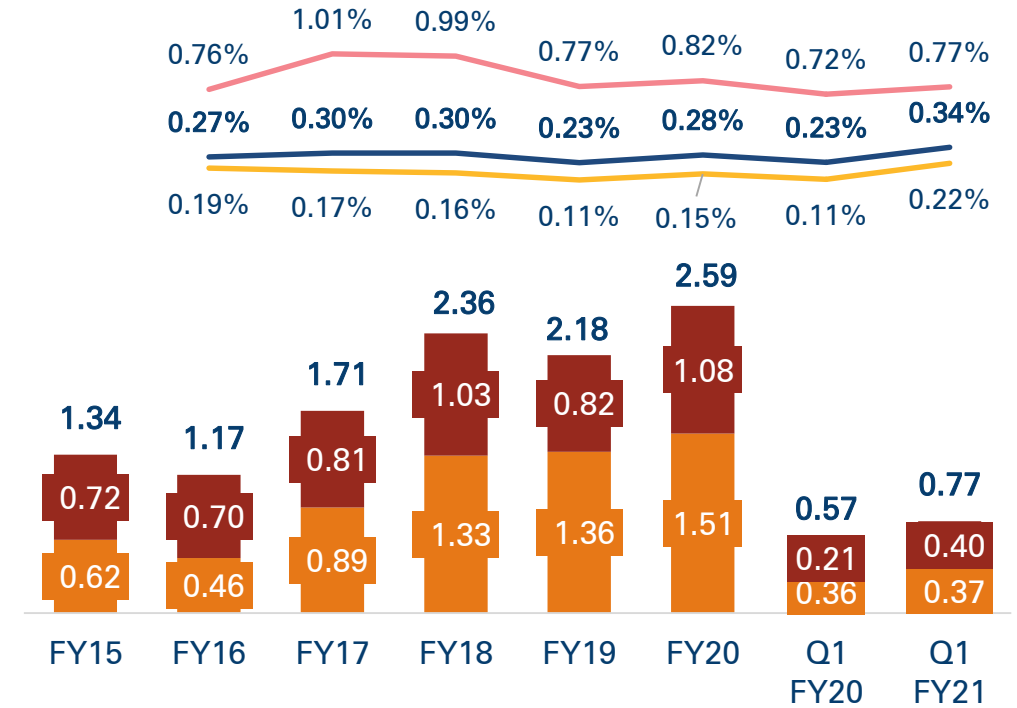
1. Combined market share for retail and institutional clients
Period: Q1-FY2021 vs Q1-FY2020, Source: NSE, BSE

Enhanced product suite strengthening our offer to clients and increasing long term revenue

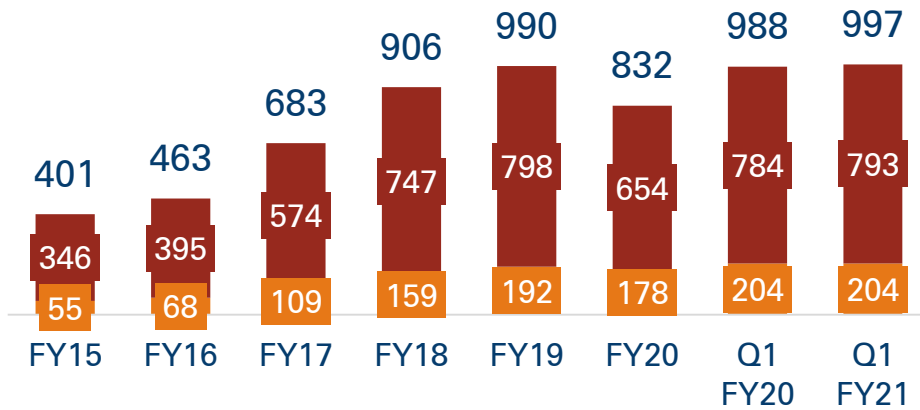
MTF & ESOP book* (₹ bn)



Wealth Management Revenue (₹ bn)



Wealth Management Assets (₹ bn)



■ Recurring ■ Transactional

*Funded value at the end of the period

■ Recurring ■ Transactional
 — Yield on Recurring Assets — Yield on Transactional Assets
 — Yield on Total AUM

Yields are on average assets for the current & preceding period
 Quarterly yields are annualized



Our key initiatives and diverse array of solutions is helping deepen client relationships...

Deepening relationships to enhance life time value

Increase cross sell ratio

Win back clients who have stopped trading

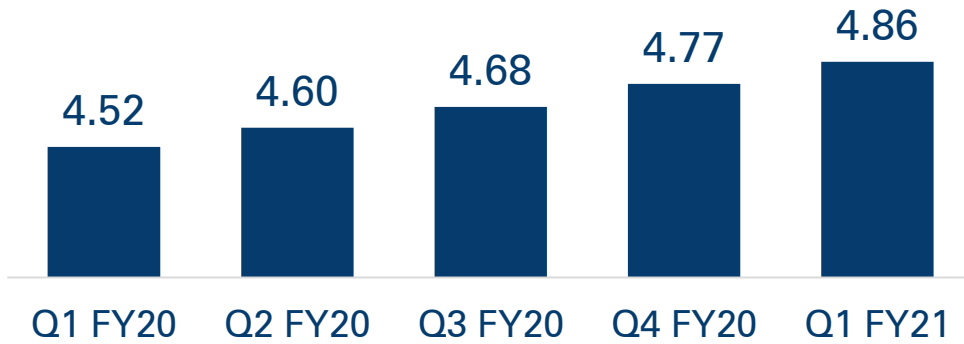
Activate clients who have never traded

- **Identify transaction behavior**
 - ❖ Over 400 product combinations formed, top 23 clusters identified for personalization
 - ❖ Use inputs to target clients for better quality acquisition and to enhance engagement
- **Make product experience for the customer unique to usage**
 - ❖ eATM, Option pricing plan (Option 20)
 - ❖ 66% growth in option unique traded customers Y-o-Y
 - ❖ Partner ecosystem, Consolidated portfolio analysis, One click Investments, ETF Intelligent Portfolios
 - ❖ ~ 4.7 lac customers, 42% of NSE Active base
- **Personalize information within the clusters**
 - ❖ Seamless execution for our clients who buy advisory services from advisory partners
 - ❖ Increasing wallet share in mutual funds from existing as well as newly acquired customers

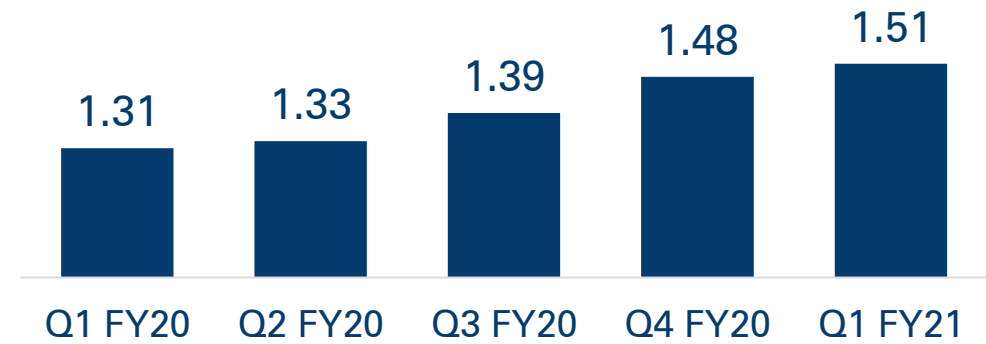


...resulting in increase in client activity and engagement

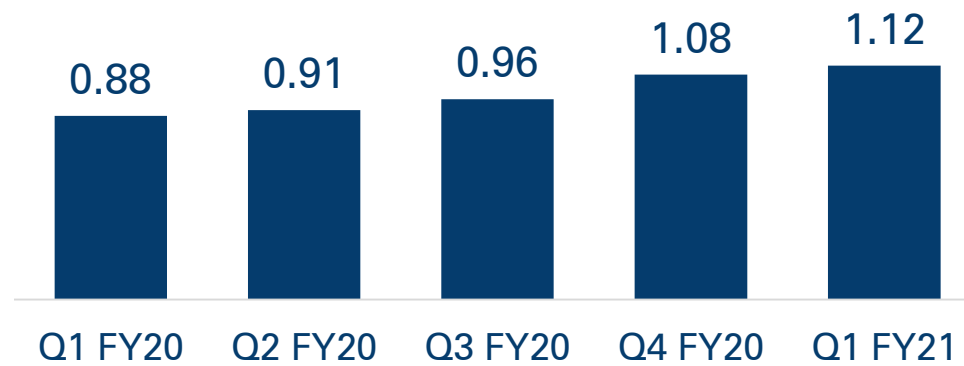
Client Base (mn)



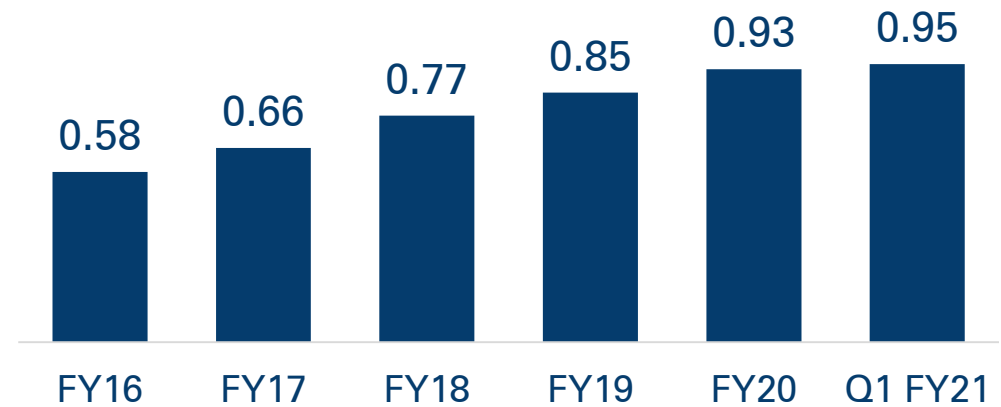
Overall Active clients (mn)



NSE Active clients (mn)

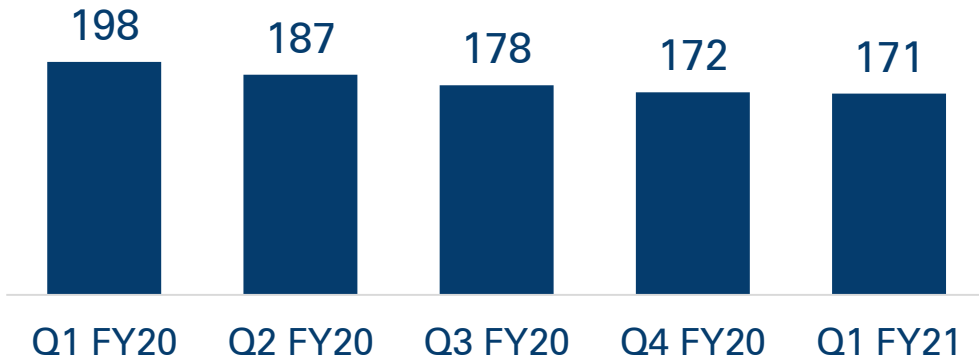


Clients with 2 or more products (mn)

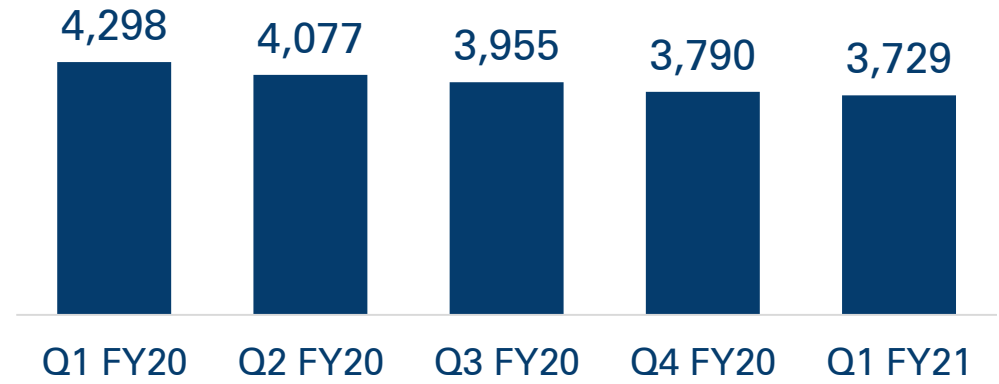


Our focus on cost efficiency has helped us improve operating leverage

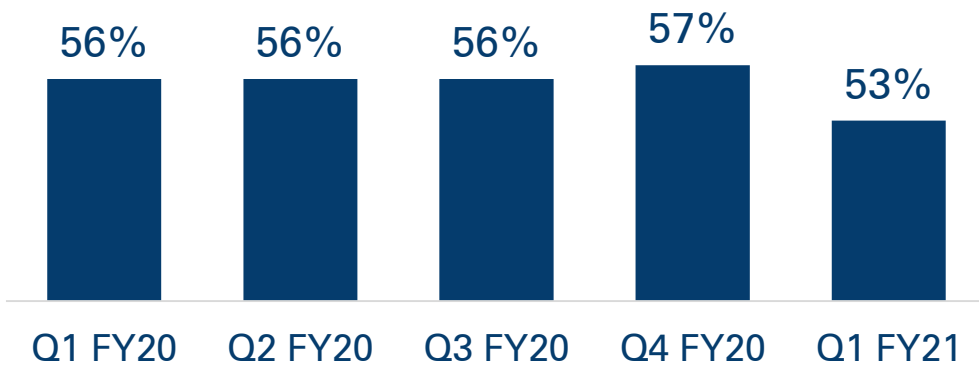
Number of Branches



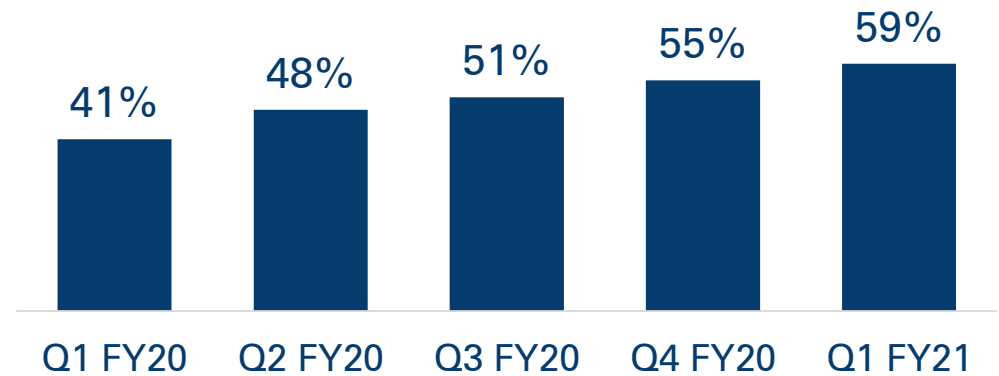
Head count



Cost to Income ratio



Return on Equity



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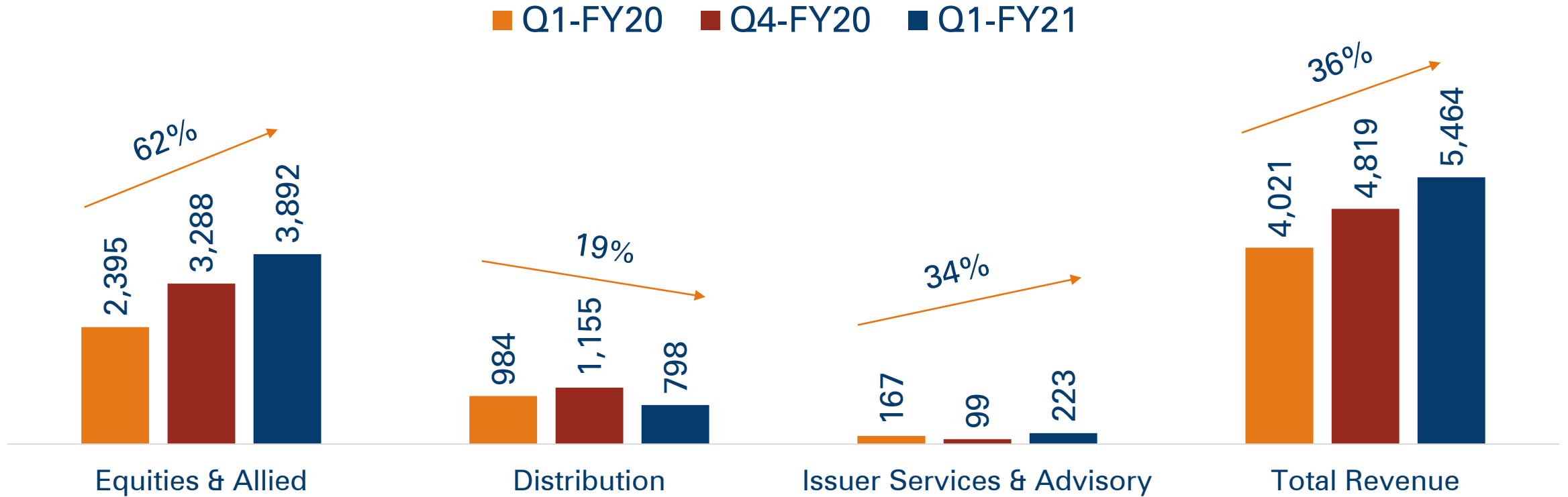
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Key Highlights

Revenue by business



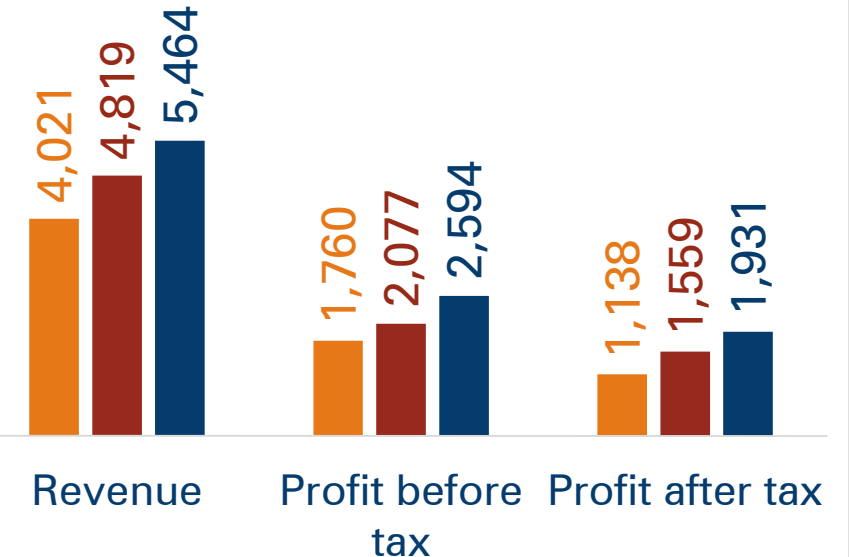
Financial Results

Revenue and Profit after Tax

- **36% increase in consolidated revenue**
 - Equities & allied revenue at ₹3,892m, up 62%
- **Total non finance cost up by 27%**
 - Led by frontloading of CSR in light of Covid-19 and increase in variable employee cost in line with company performance
 - Employee cost ex Bonus & LTI and ESOP down by 3%
 - Other expenses excluding CSR down by 13%
- **Cost to Income ratio of 53% vs 56%**
- **PBT increased by 47%, Consolidated PAT up 70%**
- **Endeavour to maintain a dividend pay-out of at least 50% of PAT**

Revenue and PAT (₹ million)

■ Q1 FY20 ■ Q4 FY20 ■ Q1 FY21



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Business Performance

Equities business

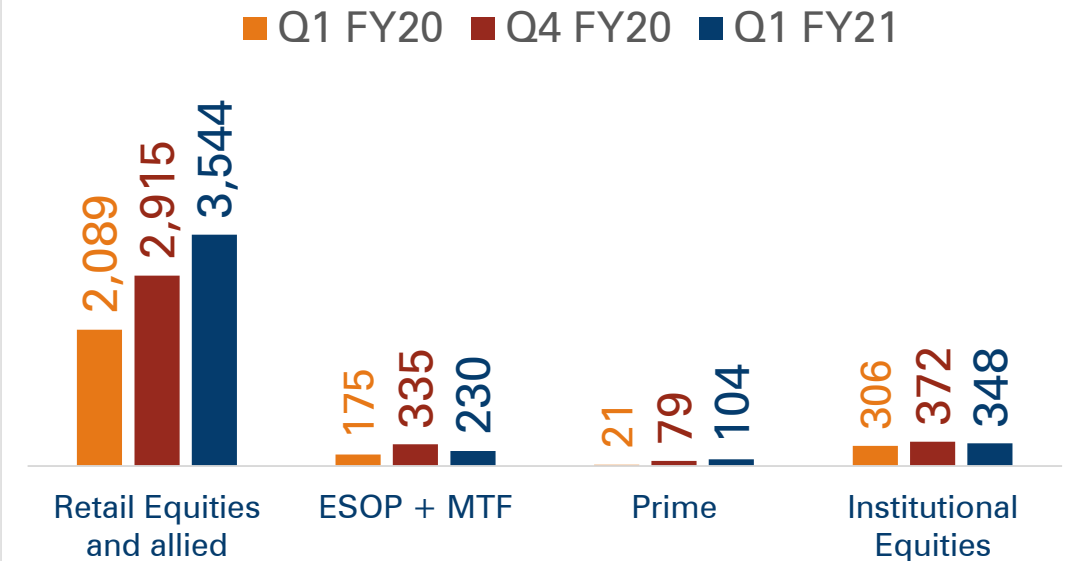
Retail equities and allied¹ revenues up by 70%

- 4.7 lac customers in Prime and Prepaid
 - 42% of our NSE active base
 - Prime fees income grew by 31% sequentially
- ESOP & MTF interest income grew by 32%
 - Book as at June 30, 2020 was ₹ 15 bn up vs ₹ 5.8 bn as at March 31, 2020
- ARPU² increased by 36%

Institutional equities³ revenue up by 14%

- Increased traction in block deals

Revenue (₹ million)



1. Retail equities includes broking income from Cash & derivatives & allied revenue includes ESOP & MTF interest income and Prime fees

2. ARPU = Retail equities and allied revenue / Quarterly active clients across equity, derivatives and currency

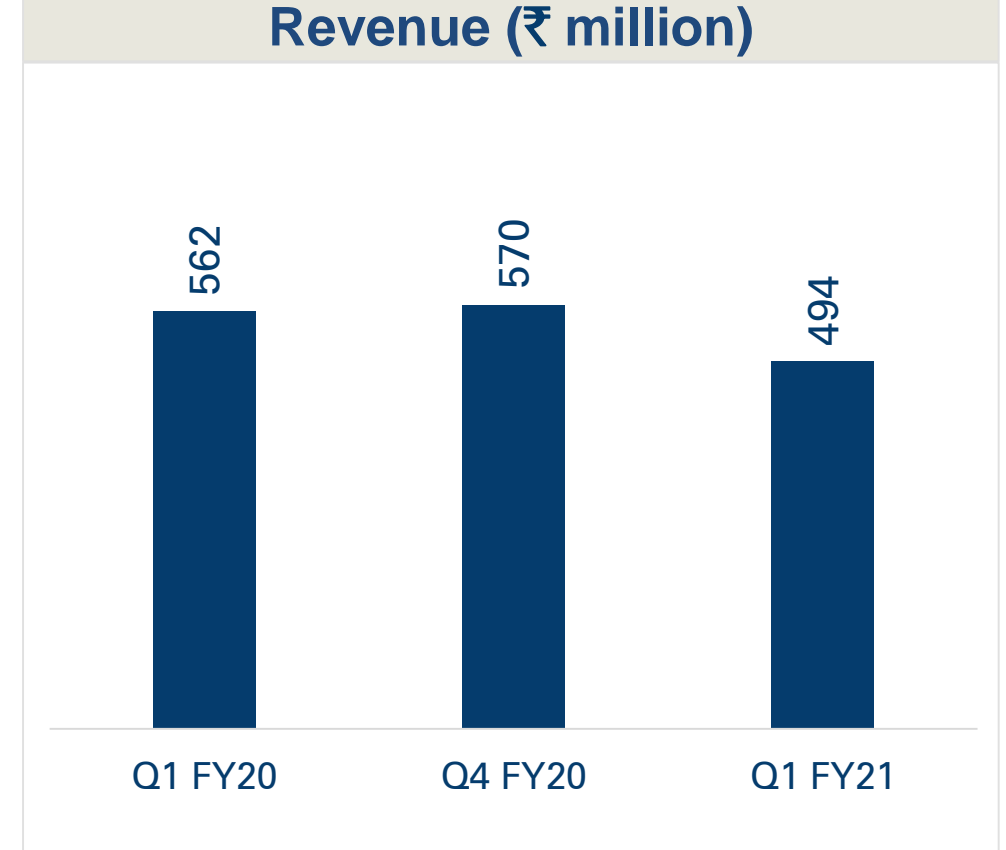
3. Institutional equities includes broking income from Cash & derivatives

Period: Q1-FY2021 vs Q1-FY2020; Sequential: Q1-FY2021 vs Q4-FY2020

Business Performance

Distribution business – Mutual Funds

- Mutual Fund revenues down by 12%
- Mutual Fund average AUM¹ down by 13%
 - Gross flows market share at 0.21% vs 0.09%
 - Redemption pressures persist in debt funds
 - However, our net flows and market share in equity increased
- Concerted efforts on to increase market share
- SIP count² for Q1 FY21 is 0.63 million



Period: Q1-FY2021 vs Q1-FY2020; Sequential: Q1-FY2021 vs Q4-FY2020
1. AUM excluding Direct
2. SIP Count: Triggered as on last month of period
Source: AMFI

Business Performance

Distribution business – Focused Non Mutual Fund

Non MF distribution¹ revenue down by 25%

- Contact based products impacted due to lockdown

Proprietary PMS

- AUM as at June 30, 2020 over ₹ 1.3 bn

Insurance

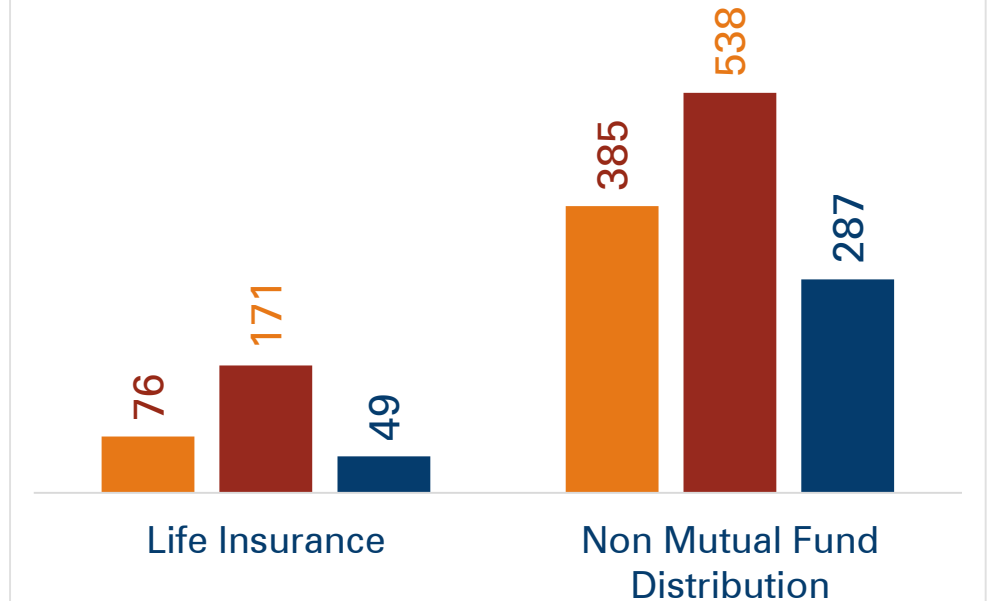
- Life Insurance revenues down by 35%
- Ramping up distribution of insurance through Point of Sales (POS) of Business Partner

Loans

- Total loans disbursed in the quarter of over ₹ 0.85 bn
- Tied up with ICICI PRU AMC, ICICI Lombard and ICICI PRU Life for loans distribution through their partners

Revenue (₹ million)

■ Q1 FY20 ■ Q4 FY20 ■ Q1 FY21



Period: Q1-FY2021 vs Q1-FY2020; Sequential: Q1-FY2021 vs Q4-FY2020

1. Group of products which are being focused on to grow overall distribution revenue and include Insurance, PMS, AIF, Bonds, NPS, Deposits etc. and exclude income such as IPO, marketing fees and paid educational programs

Business Performance

Private Wealth Management

AUM

- Total AUM at ~₹ 1 tn, from ₹ 0.99 tn
- Up 20% sequentially from ₹ 0.83 tn

Revenue

- Total Revenue at ₹ 775mn, up 36% from ₹ 570mn
- Recurring income (48% of total revenues) up 4% to ₹ 370 mn from ₹ 356 mn
- Transactional income (52% of total revenues) up 89% to ₹ 405 mn from ₹ 215 mn

Yield

- Overall yield* stood at 0.34% compared to 0.23% Q1FY20

Clients

- Clients: ~34,000 ; ~1,600 clients added during the quarter



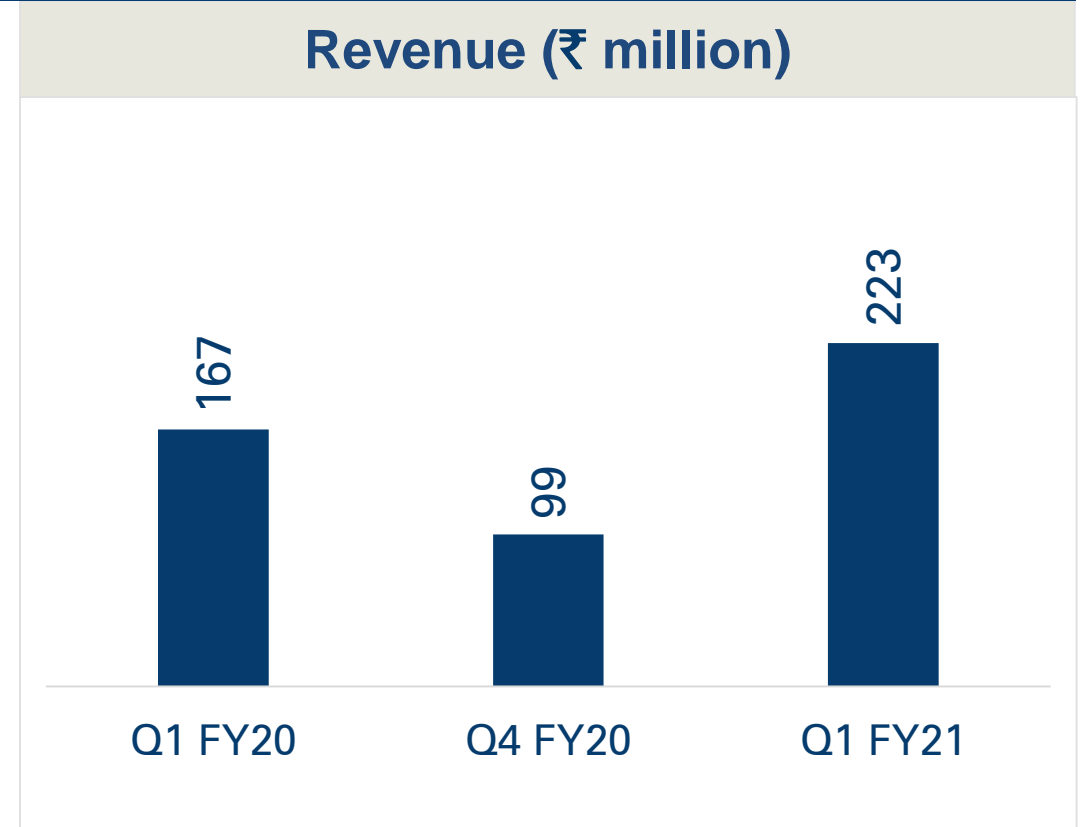
Period: Q1-FY2021 vs Q1-FY2020; Sequential: Q1-FY2021 vs Q4-FY2020

*Yields are on average assets for the current & preceding period, Quarterly yields are annualized

Business Performance

Issuer Services and Advisory*

- Issuer Services & Advisory revenues up by 34%
- Strong IPO¹ pipeline, 13 deals amounting over ₹382 bn
- Diversification of revenues
 - Revenue contribution of non IPO deals increased



1. IPO: IPO/FPO/InvIT/REIT, Source: SEBI

* Referred to as Corporate Finance earlier

Period: Q1-FY2021 vs Q1-FY2020; Sequential: Q1-FY2021 vs Q4-FY2020

Way forward

Core components of strategy remain intact

We continue to focus on all five stated areas of our strategy, there are four areas that require special attention

Digitise & decongestion of processes

- Create more products and increase delivery capabilities in digital businesses

Increased focus on cost

- Exploring moving certain teams to completely work from home
- Need for branch infrastructure may further reduce

Invest in next gen technology capabilities to remain cutting edge

- Advanced analytics, CRM capabilities, cyber security, capacity enhancement, use of AI/ML tools as well as UI/UX interfaces to improve user experience

Fortifying our talent pool

- Talent acquisition in all areas of focus
- Broad basing ESOPs
- Leverage stability and brand of the company to attract right talent



The recent market disruption has reaffirmed our strategy of providing comprehensive financial services to a retail Indian powered digitally

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

Appendix

Consolidated P&L

(₹ million)

Particulars	Q1-FY20	Q4-FY20	Q1-FY21	% Q-o-Q	Y-o-Y%
Revenue	4,021	4,819	5,464	13%	36%
Operating Expenses	245	408	305	(25)%	24%
Employee benefits expenses	1,274	1,397	1,728	24%	36%
Other expenses ¹	564	649	608	(6)%	8%
Total operational expenses	2,083	2,454	2,641	8%	27%
Finance Cost	178	288	229	(20)%	29%
Total expenses	2,261	2,742	2,870	5%	27%
Profit before tax	1,760	2,077	2,594	25%	47%
Tax	622	518	663	28%	7%
Profit after tax	1,138	1,559	1,931	24%	70%
Other Comprehensive Income (OCI)	(35)	(19)	2	-	-
Total Comprehensive Income (TCI)	1,103	1,540	1,933	26%	75%



1. Other expenses in Q1-FY2021 includes front loading of CSR in light of covid-19 of ₹ 140 mn as against ₹ 27 mn in Q1-FY2020
Operating expenses in Q4-FY20 include ₹ 90.8 mn contingency provision which is a one-off provision pertaining to the unprecedented developments relating to the COVID pandemic

Period: Q-o-Q: Q1-FY2021 vs Q4-FY2020; Y-o-Y: Q1-FY2021 vs Q1-FY2020

Segment performance

(₹ million)

Particulars	Q1-FY20	Q4-FY20	Q1-FY21	% Q-o-Q	Y-o-Y%
Segment Revenue					
Broking & Distribution ¹	3,637	4,615	5,031	9%	38%
Issuer Services and Advisory ²	167	99	223	125%	34%
Treasury ³	69	105	210	100%	204%
Income from operations	4,021	4,819	5,464	13%	36%
Segment Profit before tax					
Broking & Distribution ¹	1,647	2,283	2,463	8%	50%
Issuer Services and Advisory ²	16	(41)	8	NA	(50)%
Treasury ³	(51)	(165)	123	NA	NA
Total Result	1,760	2,077	2,594	25%	47%

The group operating segment's nomenclature has been changed for better representation to the stakeholders, the classification of segment allocation has remain unchanged.

1. Broking & Distribution from erstwhile Broking & commission
2. Issuer services & advisory from erstwhile Advisory services. Includes Financial advisory services such as equity-debt issue management services, merger and acquisition advice and other related activities
3. Treasury from erstwhile Investment & trading

Amount of ₹ 148 mn pertaining to interest on income tax refund is not allocated to any segment and is included in total revenues and results of Q1-FY2020 & FY2020

Period: Q-o-Q: Q1-FY2021 vs Q4-FY2020; Y-o-Y: Q1-FY2021 vs Q1-FY2020



Balance sheet : Assets

(₹ million)

ASSETS	At June 30, 2019	At March 31, 2020	At June 30, 2020
Financial assets (A)	26,645	39,861	51,554
Cash/Bank and cash equivalents	16,634	24,114	27,881
Securities for trade & Derivatives financial instrument	2,679	8,351	6,522
Receivables	1,243	887	1,540
Loans	4,860	5,709	14,872
Investments	28	25	26
Other financial assets	1,201	775	713
Non-financial assets (B)	5,064	4,567	4,440
Deferred tax assets (net)	680	596 ¹	625
Right-of-use assets ²	1,945	1,529	1,312
Fixed assets, CWIP & Intangible assets	508	532	533
Current tax assets & other non financial assets	1,931	1,910	1,970
Assets (A+B)	31,709	44,428	55,994



1. Re-measured deferred tax assets at new income tax rate
2. Lease assets capitalised as per Ind AS 116, which came into effect on April 1, 2019, are being reported as Right of use assets

Balance sheet : Equity and Liabilities

(₹ million)

EQUITY AND LIABILITIES	At June 30, 2019	At March 31, 2020	At June 30, 2020
Financial liabilities (A)	14,856	26,193	35,389
Derivative financial instruments	2	-	-
Payables	3,172	6,926	8,747
Debt securities	7,453	14,975	20,346
Lease liabilities ¹	1,909	1,574	1,378
Deposits & Other financial liabilities	2,320	2,718	4,918
Non-financial liabilities (B)	5,250	6,140	6,538
Equity (C)	11,603	12,095	14,067
Equity share capital	1,611	1,611	1,611
Other equity	9,992	10,484	12,456
Equity and Liabilities (A+B+C)	31,709	44,428	55,994



1. Lease liabilities are being capitalised in financial liabilities as per Ind AS116 applicable from April 1, 2019

Additional data points

Particulars	Q1-FY20	Q2-FY20	Q3-FY20	Q4-FY20	Q1-FY21
Equity market ADTO ¹ (bn)	279	273	308	338	454
Derivative market ADTO ⁴ (bn)	8,389	9,403	9,362	10,265	9,183
Total market ADTO (bn)	8,668	9,676	9,670	10,603	9,637
ISEC total ADTO (bn)	641	711	846	851	867
ISEC Blended market share (%)	7.4%	7.3%	8.7%	8.0%	9.0%
ISEC Blended Equity market share (%)	8.1%	8.7%	8.9%	9.1%	10.7%
ISEC Blended Derivative market share (%)	7.4%	7.3%	8.7%	8.0%	8.9%
Mutual fund average AUM (bn)	368	358	375	345	318
Mutual fund average Equity AUM (bn)	274	263	279	254	236
Life Insurance Premium (mn)	1,483	1,982	1,865	2,653	1,231



1. Excludes proprietary volumes, source: NSE, BSE, AMFI