



# Performance update

**Q2-FY2022**

October 19, 2021

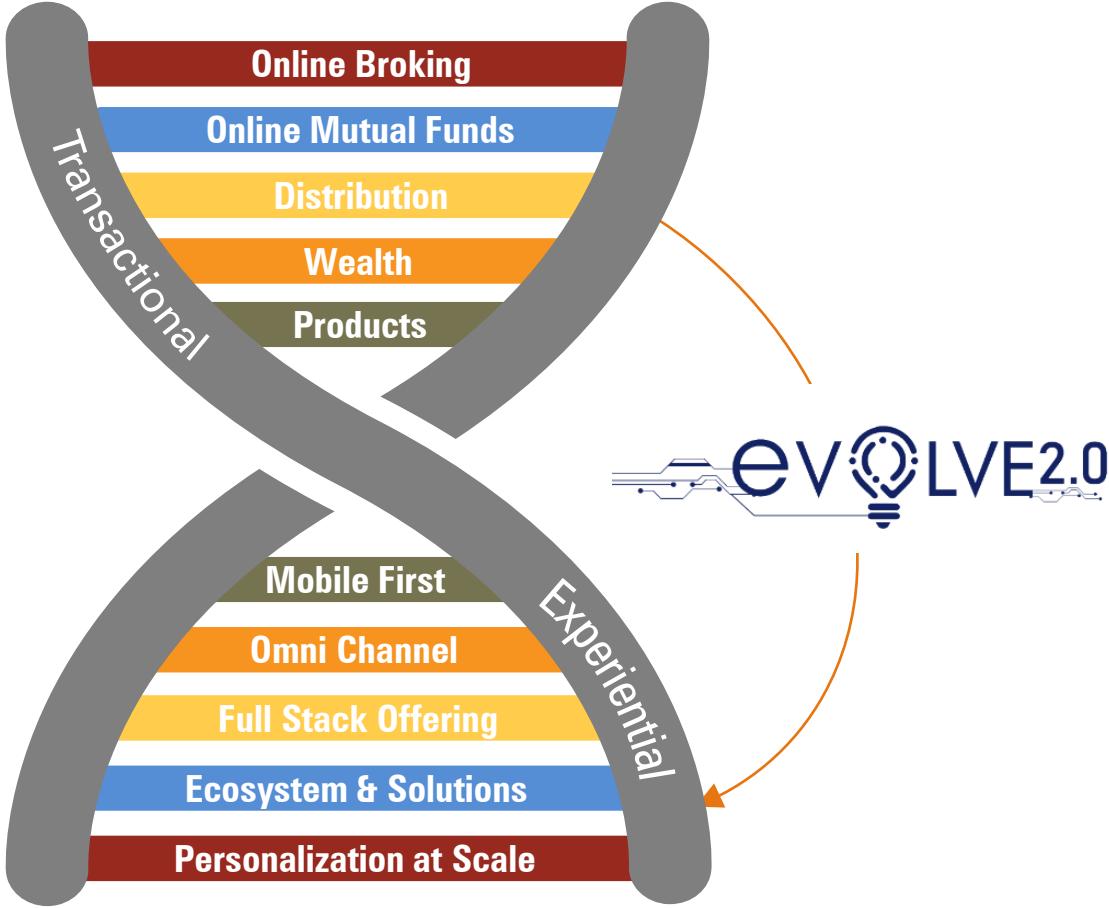
# Agenda

- **Strategy and key outcomes**
- Business Performance
- ISEC Franchise

Being there never  
**mattered more**

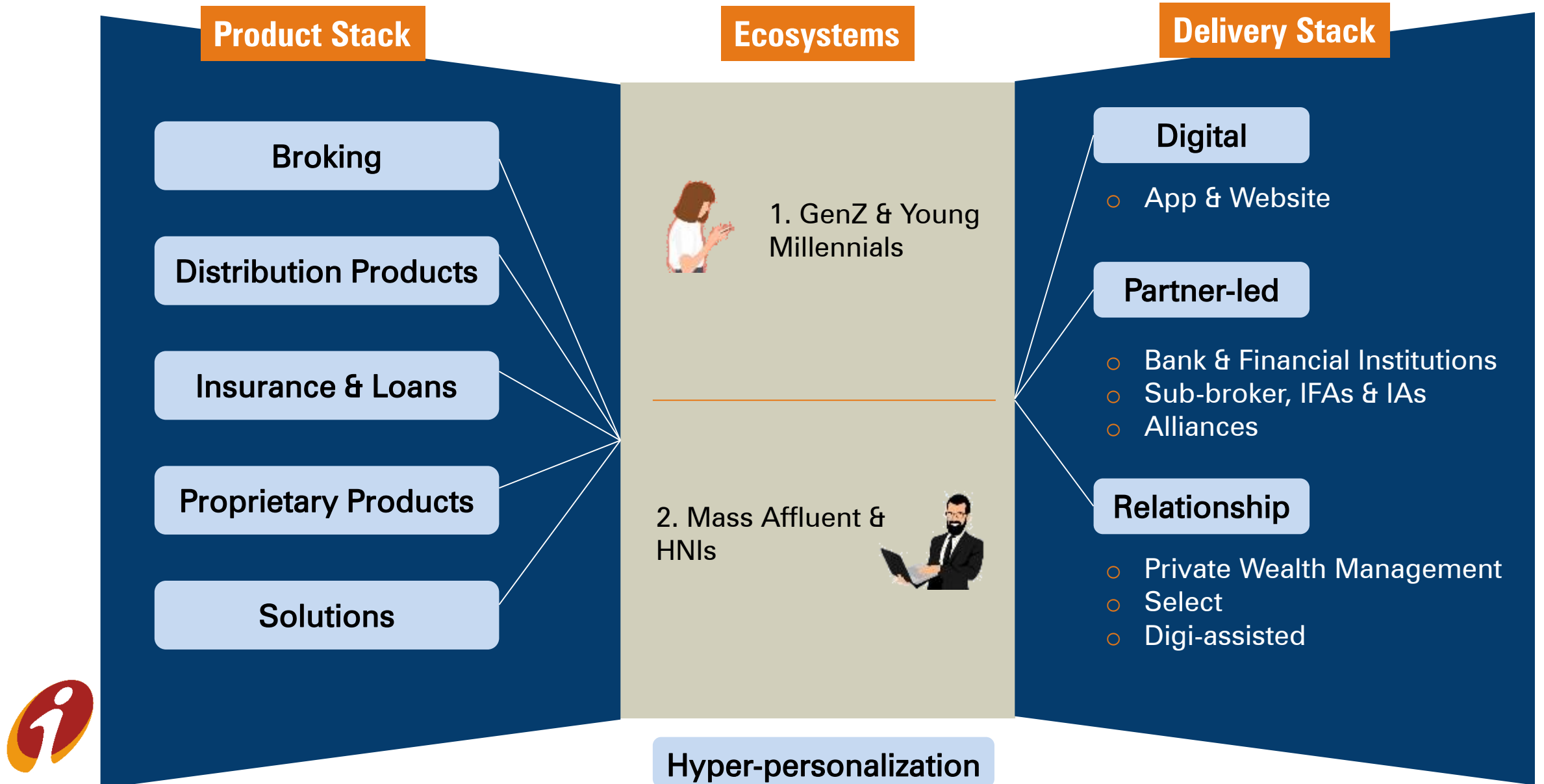


# Transformation from Transactional to Experiential



Partnering our clients through their entire financial journey

# Evolving into digital “NEO financial services’ marketplace”



# Transformation agenda

2017	2021	2025
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Positioning

E-broker

One stop shop

Digitally Integrated  
Financial Marketplace

Approach

Product focused  
customer centric lens

Customer focused lens

Customer ecosystem lens



NEO financial services' marketplace

# Execution Markers

Customer acquisition

Assets

Diversification

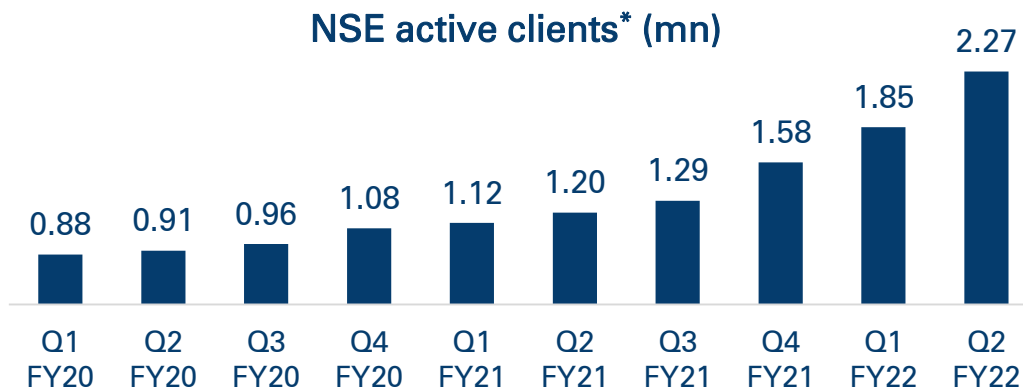
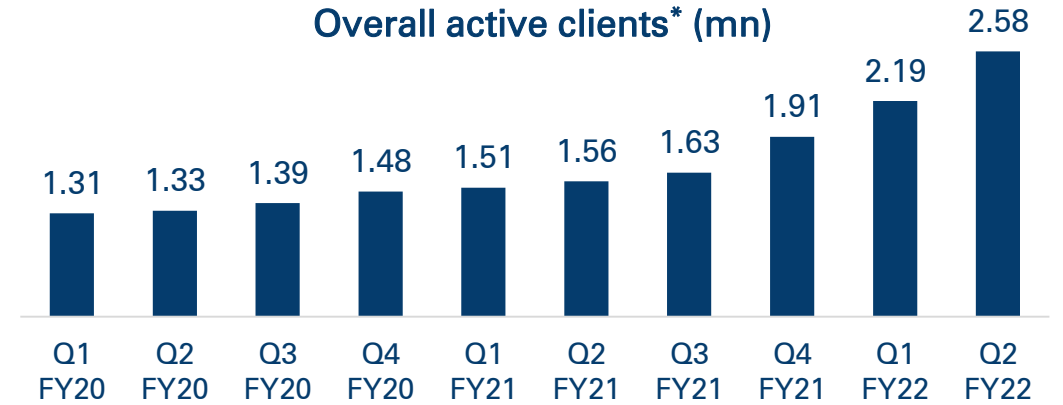
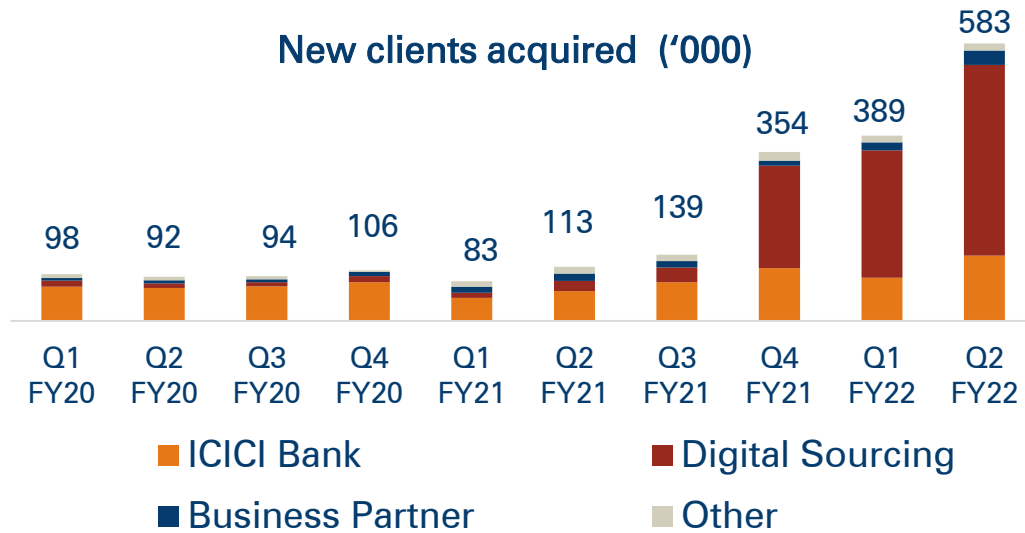
Cost/ Income Ratio

Proposition & experience enhancement



# Key outcomes

## Customer Acquisition



	Q2-FY21	Q2-FY22
Prime customers	0.42 mn	0.87 mn
Non-ICICI bank %	45%	77%
Clients <30yrs age	39%	65%
Clients from tier II & III	67%	84%
Activation ratio	63%	74%
NPS Score –Overall/ Sourcing	22%/40%	36%/53%

**7% market share in incremental demat accounts**

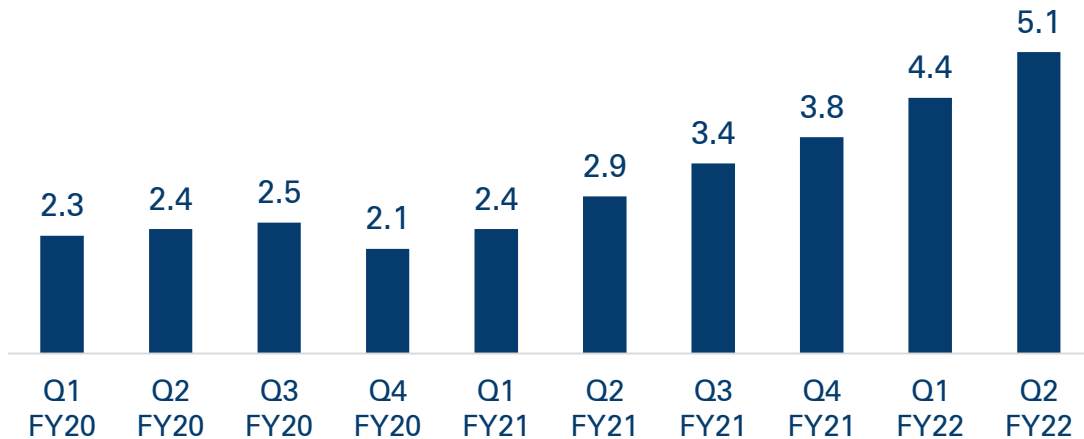


\* Active in trailing 12 months

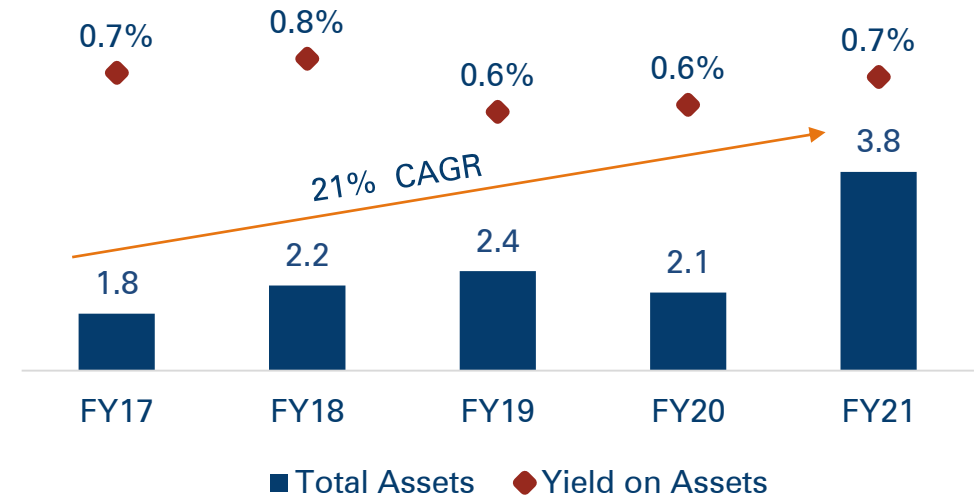
# Key outcomes

## Total Assets

Total Assets (₹ tn)<sup>1</sup>



Consistent yield on client assets<sup>2</sup>



₹ 5.1 trillion Client Assets



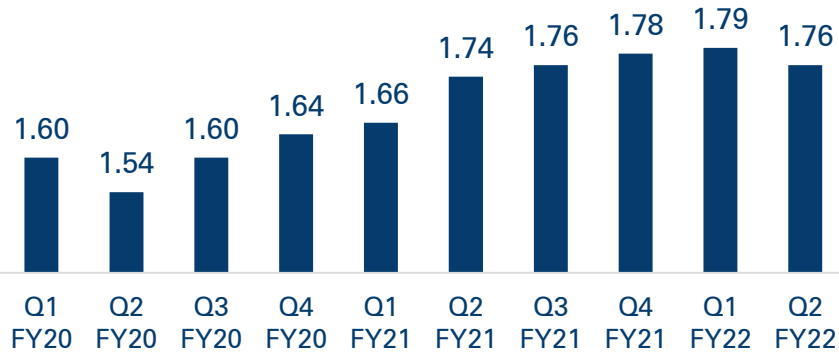
1. Assets of our clients including equity demat assets maintained with ICICI Bank and excluding promoter holding
2. Yield generated on all the assets of our clients (assets include their holding value across all product categories e.g. demat holding of equity shares, home loan, FD, mutual fund, PMS etc.)



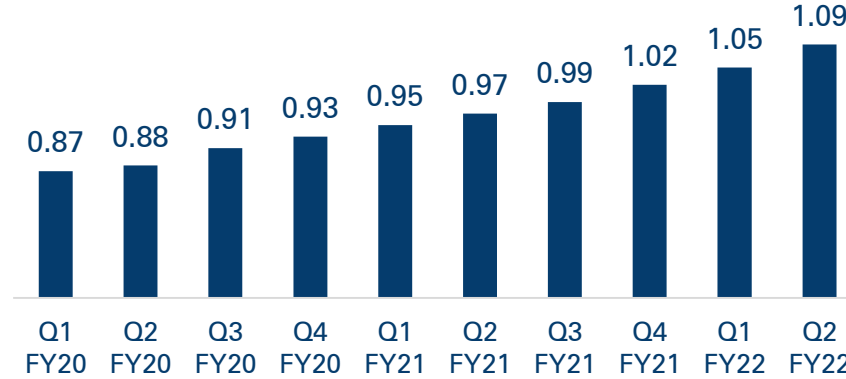
# Key outcomes

## Diversification

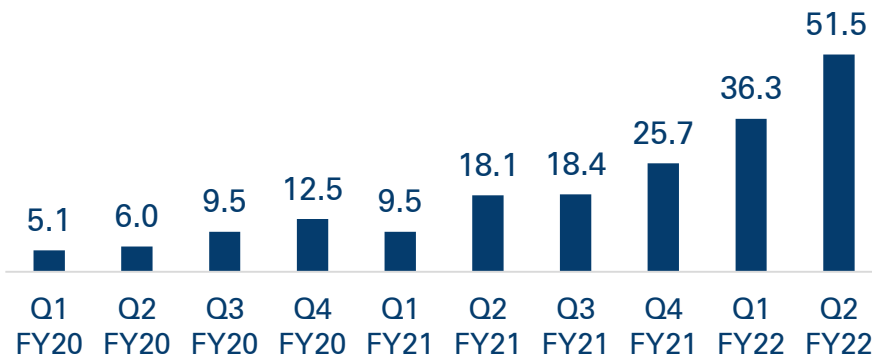
Cross sell ratio<sup>1</sup>



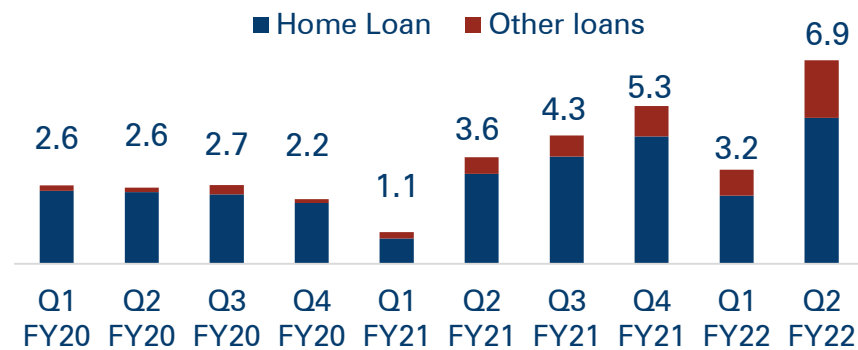
Clients with 2 or more products (mn)



MTF+ESOP book<sup>2</sup> (₹ bn)



Loans disbursed (₹ bn)



- Launched **Commodities** in Q2 FY20
  - Retail market share of 3.1% in Sept 2021
- **One click investments**
  - Over 175k equity portfolios subscribed
  - 18% share in new MF SIP



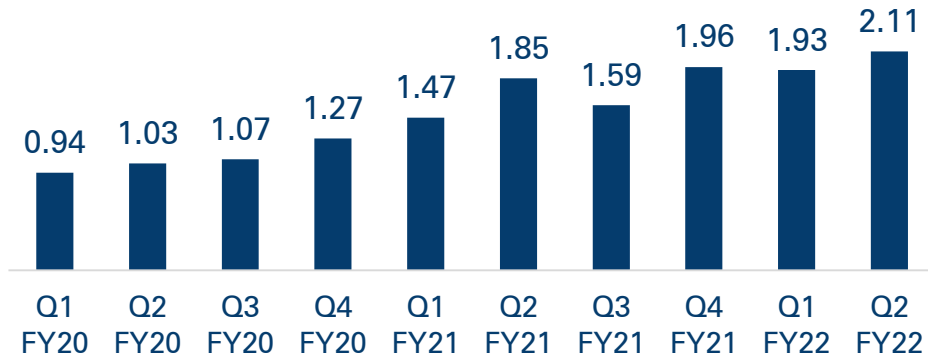
**Broking revenue contribution to total revenue at 46% vs 58% YoY**

1. Active clients and transaction considered for rolling 12 months (excluding customers acquired in last 90 days)  
 2. Average funded book for the quarter

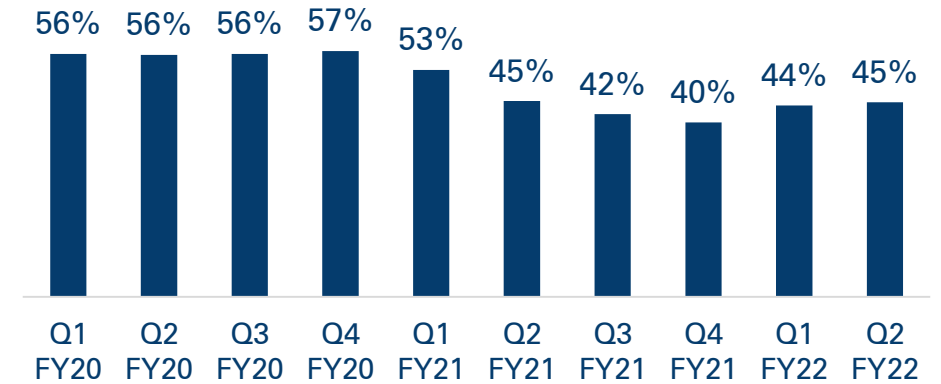
# Key outcomes

## Cost to income ratio

Revenue per employee (₹ mn)



Cost to Income ratio



❖ Variable cost contribution increased to >50% in Q2-FY22 from <30% in Q1-FY20



45% Cost to Income ratio

# Key outcomes

## Proposition & experience enhancement

- **Launched ICICIdirect Markets App;** over 100k downloads
- **Research** - Productization of research through One click investments, Premium portfolios and Masters of the street
- **Recent partnerships** - HSBC for 3-in-1 accounts, HDFC Life for Life Insurance, Max Bupa for Health Insurance
- **Enhanced offerings on ICICIdirect Money App** - Introduced ETFs, Bonds & Debentures, Sovereign Gold Bonds – Secondary Markets , Life & Health Insurance
- **Global Investing (Interactive Advisors)** - Portfolios curated by global fund managers are now available for our clients to subscribe
- **Premium portfolio** - Launched “Smart Beta” offering, portfolios curated by ICICIdirect Research Team based on factor based investment approach
- **Introduced Voice based AI/ML solution for inbound/outbound calling services** - Helps in lead qualification for customer acquisition



# Agenda

- Strategy and key outcomes
- **Business Performance**
- ISEC Franchise

Being there never  
**mattered more**

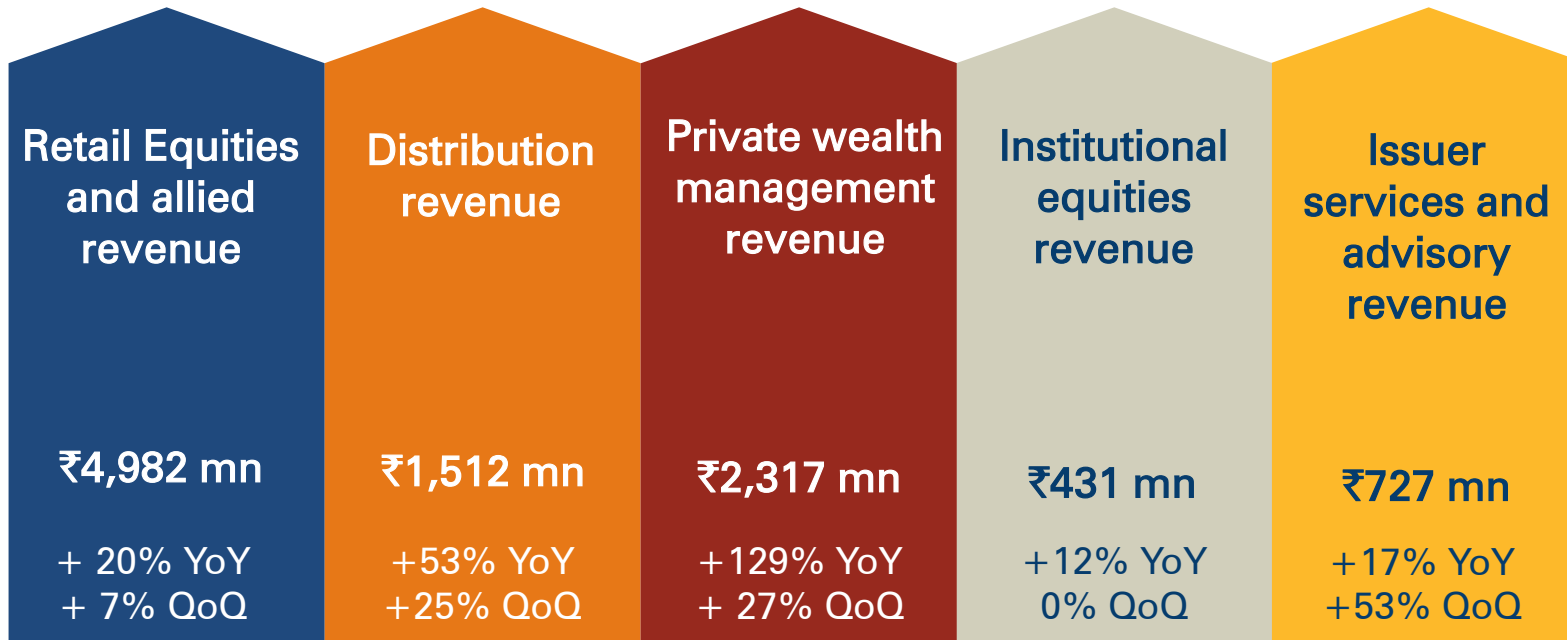


# Financial Highlights

Q2 FY22

Revenue: ₹8,566 mn (+26% YoY, +15% QoQ)

PAT: ₹3,512 mn (+26% YoY, +13% QoQ)



Interim dividend of ₹11.25 per share in H1-FY22 (55% of PAT) vs ₹8 per share (55% of PAT) in H1-FY21



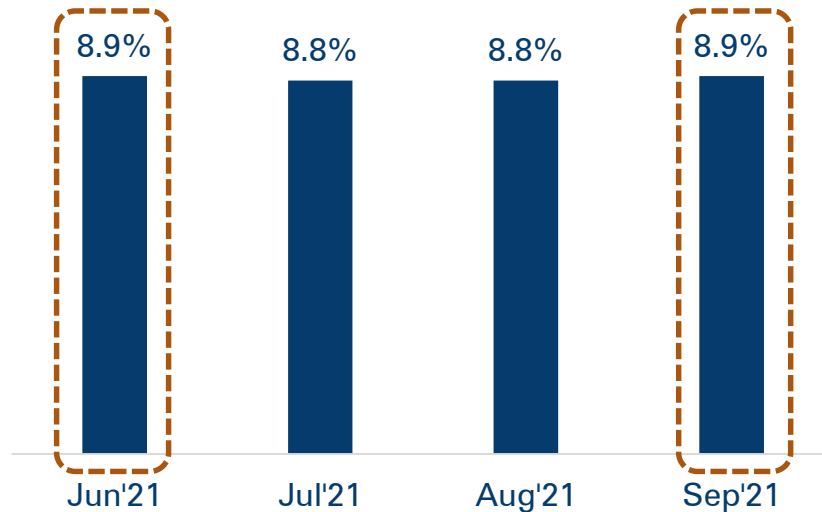
# Business Performance

## Equities business

### Equity segment volumes and market share

- ISEC Equity ADTO decreased by 14% YoY
- Market share in Sept'21 at June'21 levels, even after implementation of phase 4 of margin norms

#### Equity Volume Market Share<sup>1</sup>



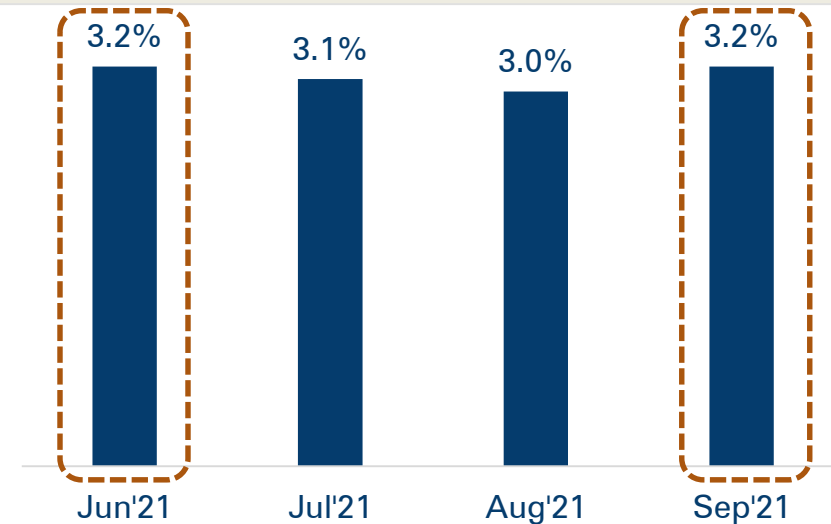
Margin norms  
phase 3

Margin norms  
phase 4

### Derivatives segment volumes & market share

- ISEC derivative ADTO decreased by 8% YoY, up 25% sequentially
- Derivative market share in Sept'21 is at the same level as June'21

#### Derivative Volume Market Share<sup>1</sup>



Margin norms  
Phase 3

Margin norms  
Phase 4

# Business Performance

## Equities business – Initiatives to increase market share

- **Platform**
  - Launched the all new ICICIdirect Markets app to provide best in class experience for traders and investors
  - Working on a new platform for advanced traders to be launched soon
- **Research based solutions**
  - One click derivative portfolios
- **Tools & Propositions**
  - Launching new features and relevant tools (iTrack, iAlert2.0, iLens, Payoff analyser, Options express)
- **Ecosystem** (API & Quant based ecosystem is underway)
  - Will provide 3rd party platforms, direct connectivity platforms for back testing strategies, one touch derivatives
- Margin funding book witnessing strong growth with one of the most attractively priced MTF plan at 8.9%



# Business Performance

## Equities business

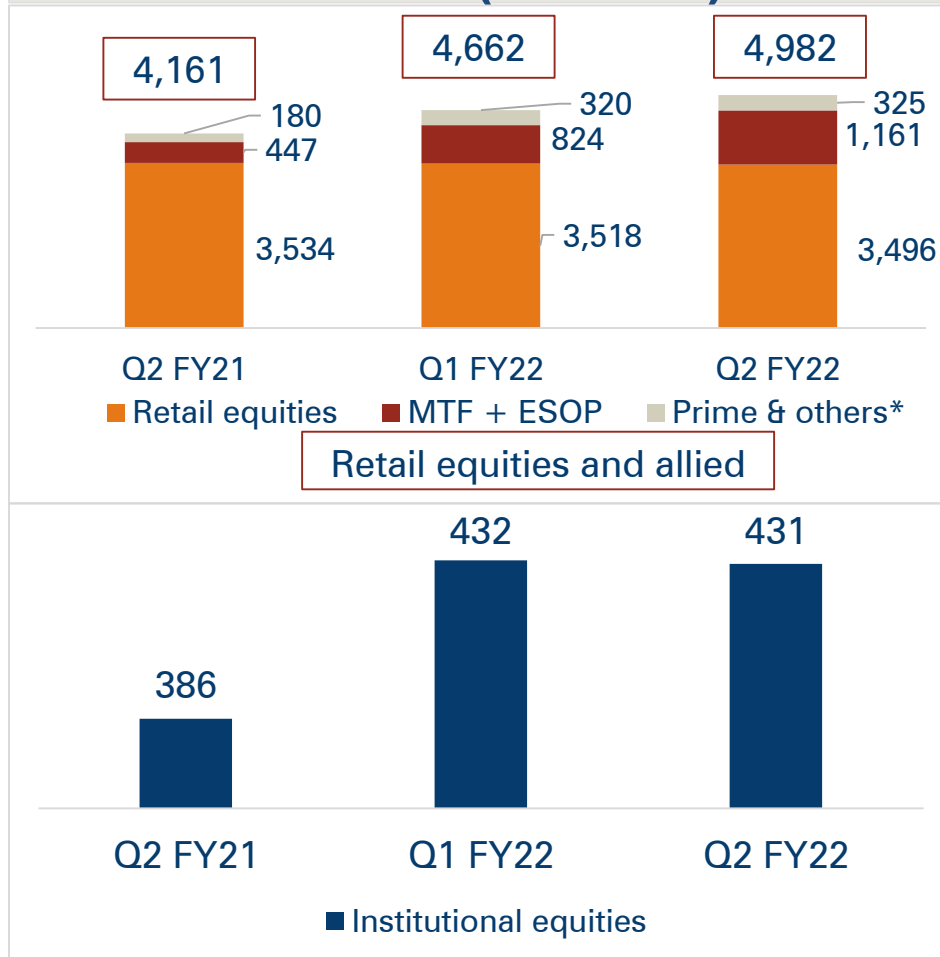
### Retail equities and allied<sup>1</sup> revenue up by 20% YoY, +7% QoQ

- Allied equity contribution increased to 30% in Q2-FY22
  - Driven by growth in MTF and ESOP interest income, +160% YoY
  - Other allied revenue increased by 81% YoY
- ICICIdirect NEO total subscriber base increased to ~1.45 lac

### Institutional equities<sup>2</sup> revenue up by 12% YoY

- Franchise consolidated its position among the top domestic institutions
- Strengthening FII franchise by entering into partnerships
- Started coverage of 10 new companies in the quarter; total research coverage increased from 321 to 331

### Revenue (₹ million)



1. Retail equities includes broking income from cash & derivatives & allied revenue includes ESOP & MTF interest income, Prime fees and other fees and charges.  
 2. Institutional equities includes broking income from cash & derivatives

\* Others include NEO fees and charges, Depository charges which were previously netted off in expenses and now reclassified as gross revenue  
 Period: Q2-FY2022 vs Q2-FY2021; Sequential: Q2-FY2022 vs Q1-FY2022



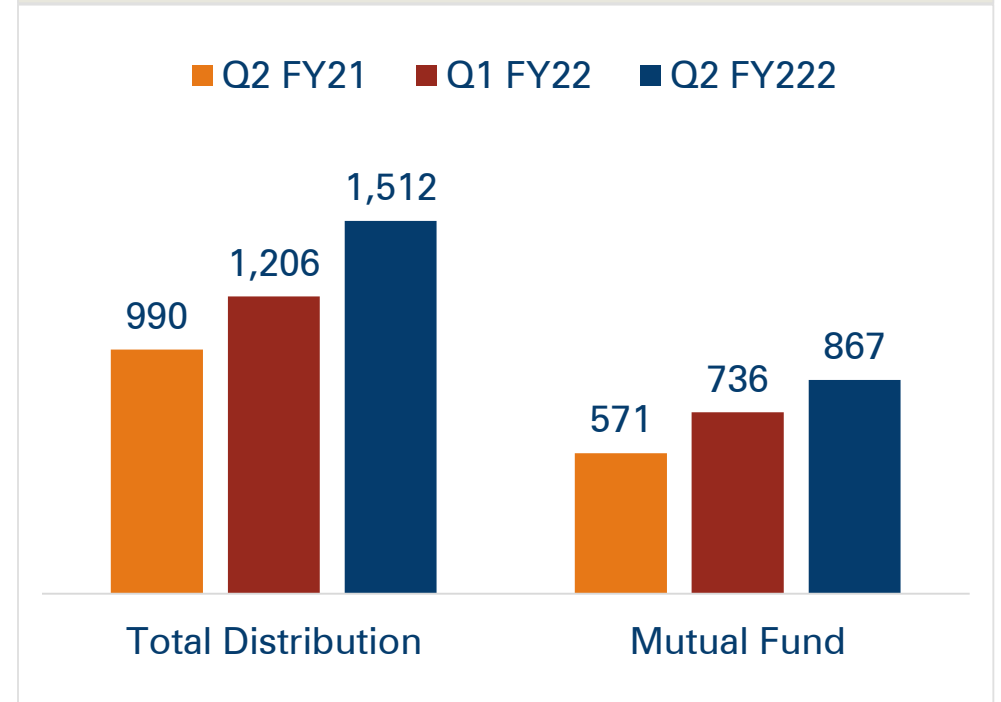
# Business Performance

## Distribution business

Distribution revenue at ₹ 1,512 mn, up 53% YoY

- Mutual Fund revenue up by 52% YoY
  - ISEC Mutual Fund average AUM<sup>1</sup> up 37%, at all time high
  - Our gross flows grew faster than the industry
    - Market share increased from 0.27% to 0.31%
    - However, we lost some market share in equity gross flows
- Concerted efforts on to increase market share
  - ICICIdirect Money app for mutual fund investments showing good traction
- SIP count<sup>2</sup> for Q2 FY22 is 0.92 mn, up from 0.65 mn YoY
  - Market share in SIP flow increased to 4.0% from 3.4%
  - ISEC SIP flows increased by 47% YoY to ~₹ 12 bn

### Revenue (₹ million)



Period: Q2-FY2022 vs Q2-FY2021; Sequential: Q2-FY2022 vs Q1-FY2022

1. AUM excluding direct

2. SIP Count: triggered as on last month of period

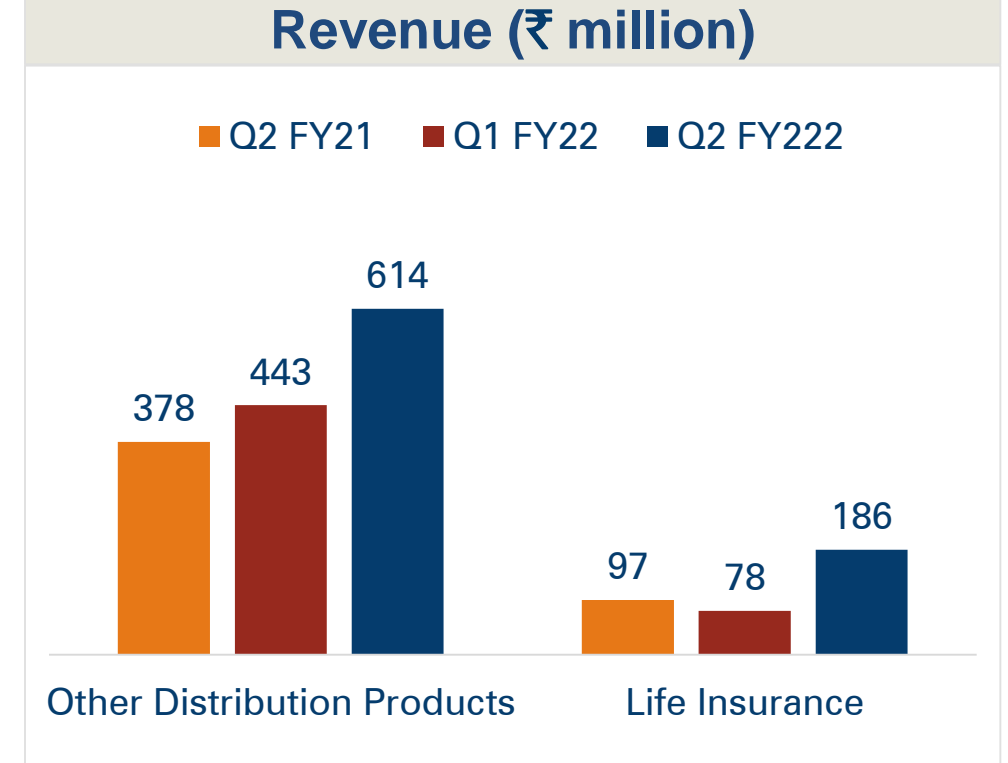
Source: AMFI

# Business Performance

## Distribution business

### Other distribution products<sup>1</sup> revenue up 62% YoY

- Life Insurance revenue up 92% YoY
- Strong growth in AIF & PMS, up 108% YoY
  - Proprietary PMS at ₹ 3.7 bn; up from ₹ 1.6 bn in Q2-FY21
- Loan disbursement at ₹ 6.9 bn, up 91% YoY
- SGB distribution market share at 9%<sup>2</sup>
- ETF distribution market share at 13%<sup>3</sup>



Deep integration to improve experiences in identified distribution products beyond mutual funds

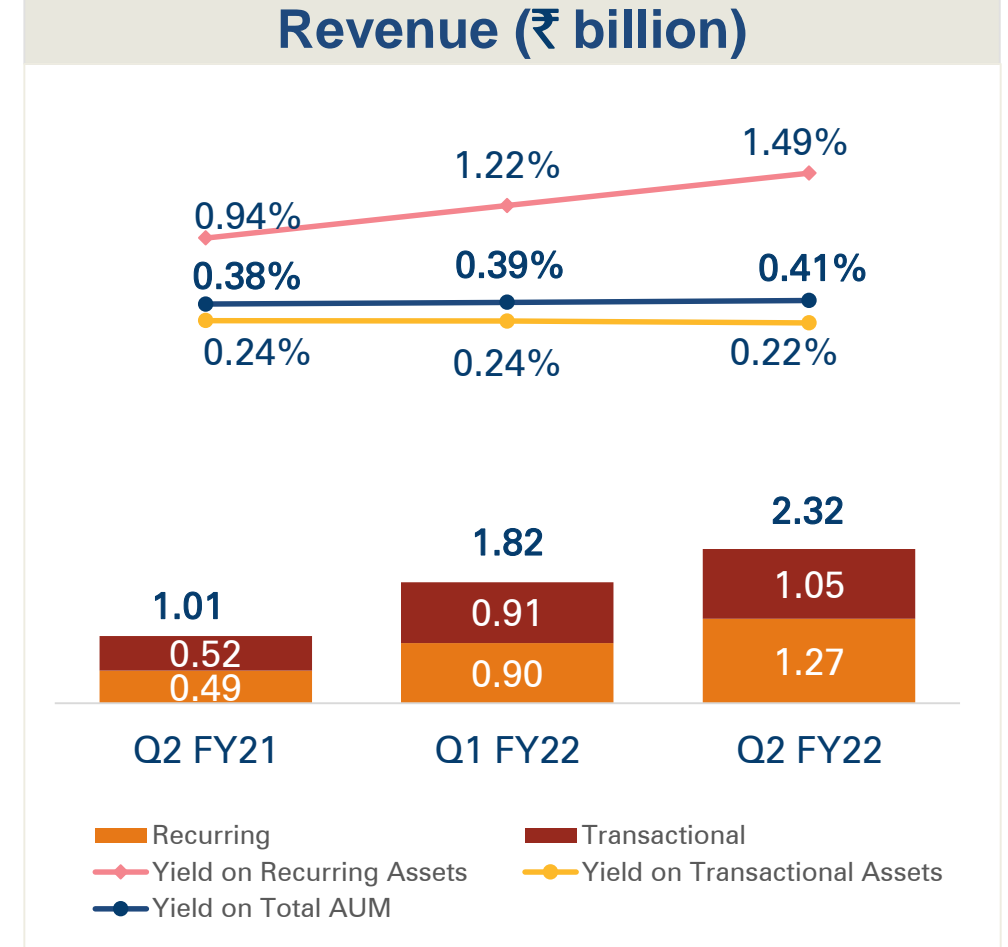
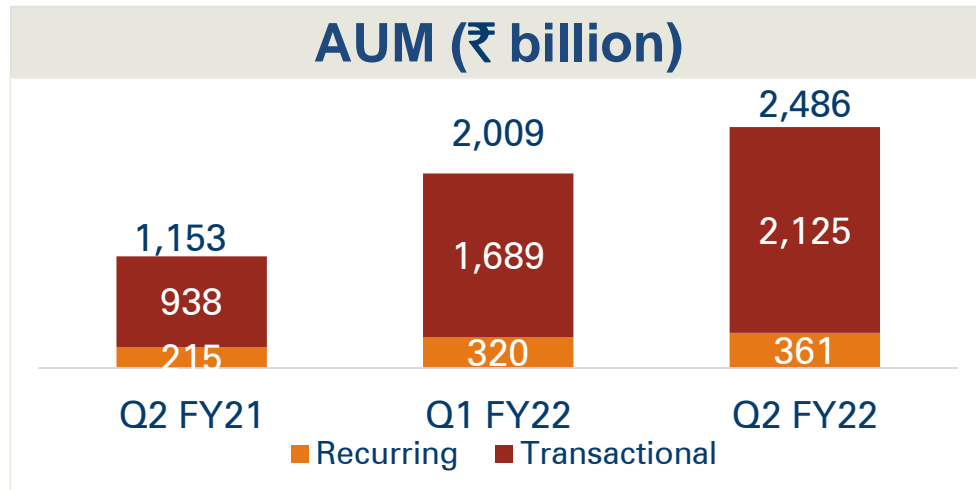


1. Group of products which are being focused on to grow overall distribution revenue and include insurance, PMS, AIF, bonds, NPS, deposits etc. and exclude income such as IPO, marketing fees and paid educational programs
  2. Q2FY22, Sovereign gold bonds
  3. As at June 2021, Exchange traded funds
- Period: Q2-FY2022 vs Q2-FY2021; Sequential: Q2-FY2022 vs Q1-FY2022

# Business Performance

## Private Wealth Management

- Total AUM at ~₹ 2.49 tn, up 115%
- Total Revenue at ₹ 2.32bn, up 129%
- Overall yield\* at 0.41% compared to 0.38% in Q2FY21
- Clients: ~61,850; ~6,900 clients added during the quarter



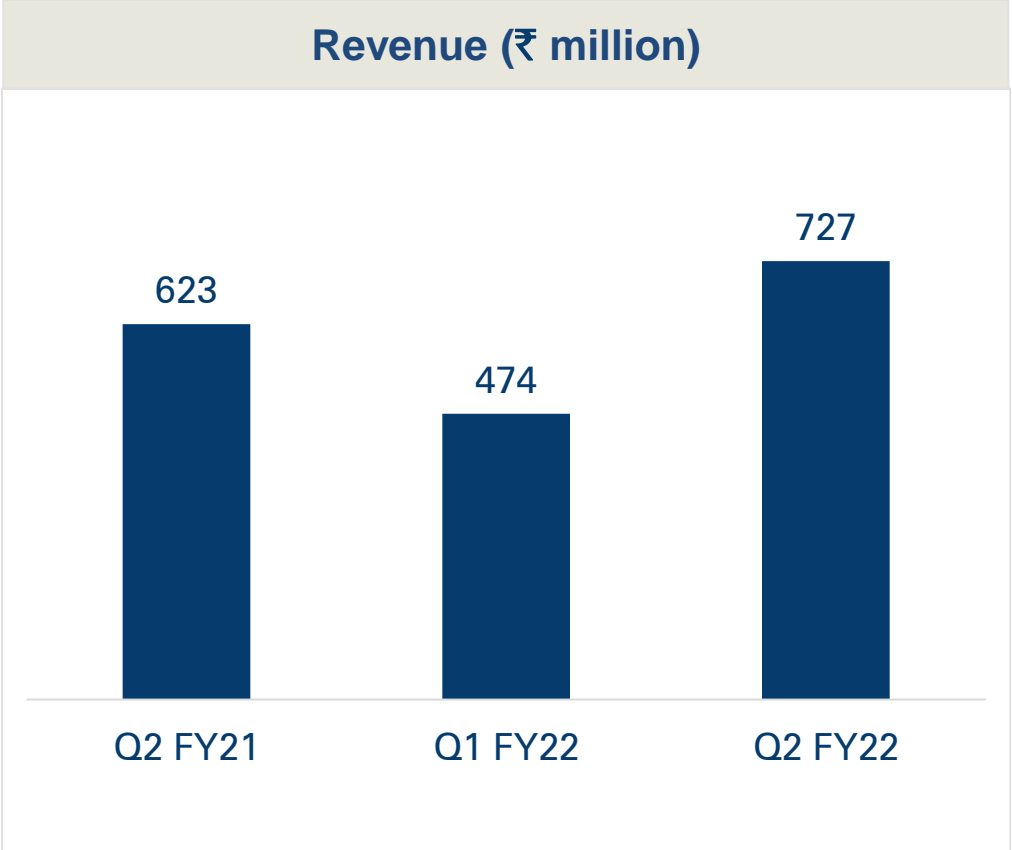
Period: Q2-FY2022 vs Q2-FY2021; Sequential: Q2-FY2022 vs Q1-FY2022

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

# Business Performance

## Issuer Services and Advisory

- Issuer Services & Advisory revenue up by 17%
- #1 in IPO/FPO/InvIT/REIT issuance<sup>1</sup>, 52% mobilization market share
- Strong IPO<sup>2</sup> pipeline, 54 deals amounting over ₹1,214 bn
- Continued focus on building non-IPO revenue



1. Source: Prime database for H1FY22 (By deal count)  
2. IPO:IPO/FPO/InvIT/REIT, Source: SEBI  
\*Period: Q2-FY2022 vs Q2-FY2021; Sequential: Q2-FY2022 vs Q1-FY2022

# Way forward

## Core components of strategy remain intact

- **Invest in next gen technology capabilities to remain cutting edge** - Advanced analytics, CRM capabilities, cyber security, capacity enhancement, AI/ML tools, UI/UX interfaces
- **Invest in capabilities** - Talent acquisition in all areas of focus, broad basing ESOPs
- **Strengthen proposition** to cater to GenZ, Millennials and Mass affluent and HNIs
- **Digitize & decongest** processes and products & enhance customer experience
- **Personalisation** at scale by introducing AI/ML as well as deep integration with partners
- Continue to improve **Net promoter score (NPS)** and **cross sell ratios**
- Continued focus on **operating leverage**
- Deeper integration of **ESG principles in business strategy**



**Evolving into digital “NEO financial services’ marketplace”**

# Agenda

- Strategy and key outcomes
- Business Performance
- **ISEC Franchise**

Being there never  
**mattered more**



# ICICI Securities Franchise



## Total Assets

₹ 5.1 tn<sup>1</sup>

23% 5Y CAGR (FY16-21)



## Wealth Assets

₹ 2.5 tn<sup>2</sup>

29% 5Y CAGR (FY16-21)



## Client base

6.3 mn<sup>3</sup>

5x increase in client acquisition YoY



## Revenue

₹ 25.9 bn<sup>4</sup>

18% 5Y CAGR (FY16-21)



## Profit After Tax

₹ 10.7 bn<sup>4</sup>

35% 5Y CAGR (FY16-21)



## Dividend

₹ 21.5 per share<sup>4</sup>

34% 5Y CAGR (FY16-21)



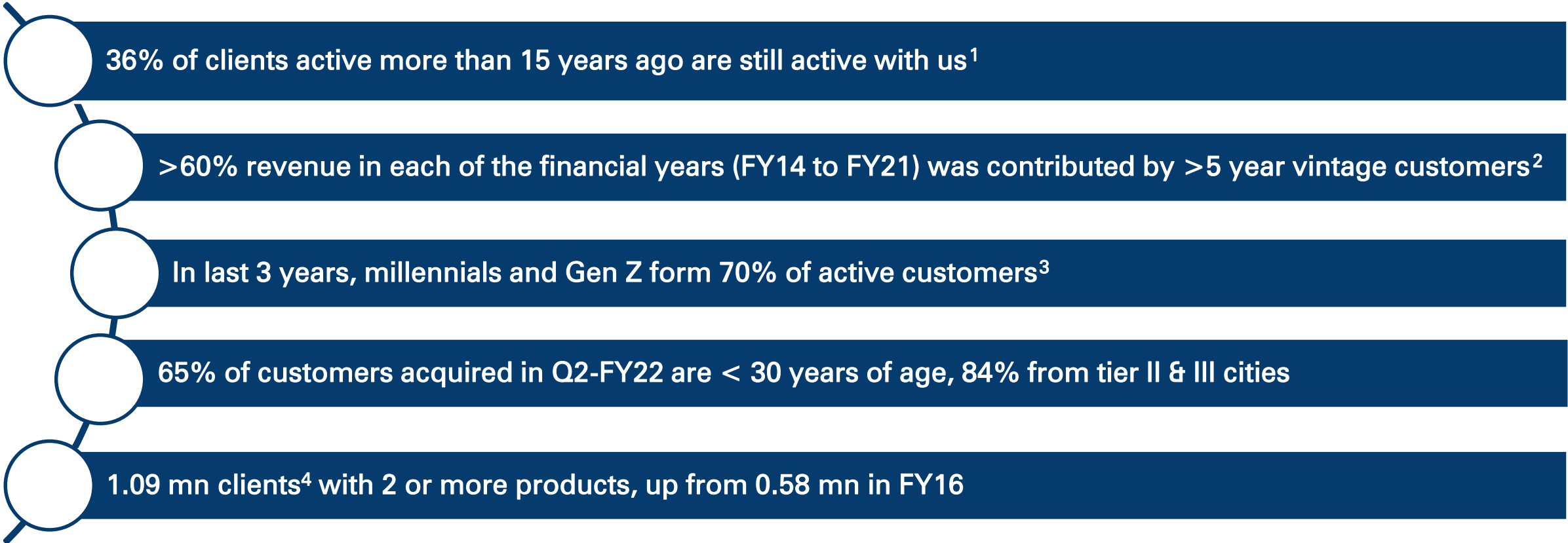
1. Assets of our clients including equity demat assets maintained with ICICI Bank and excluding promoter holding, as on Sept,30 2021

2. 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, as on Sept,30 2021

3.As on Sept, 30 2021

4. FY21

# Sticky, diverse & multifaceted client base



Ability to attract millennials & Gen Z and retain vintage customers

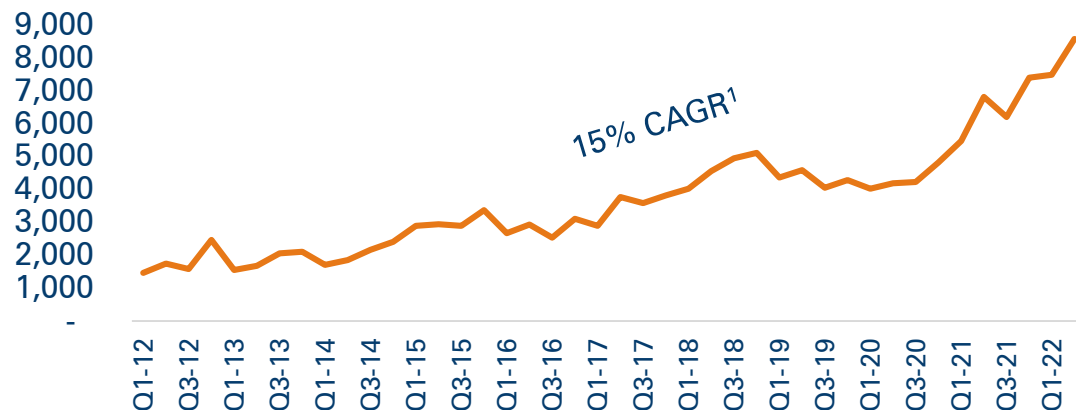


1. As at FY21  
2. Based on retail broking revenues  
3. Customers below 40 years of age  
4. As at Q2-FY22

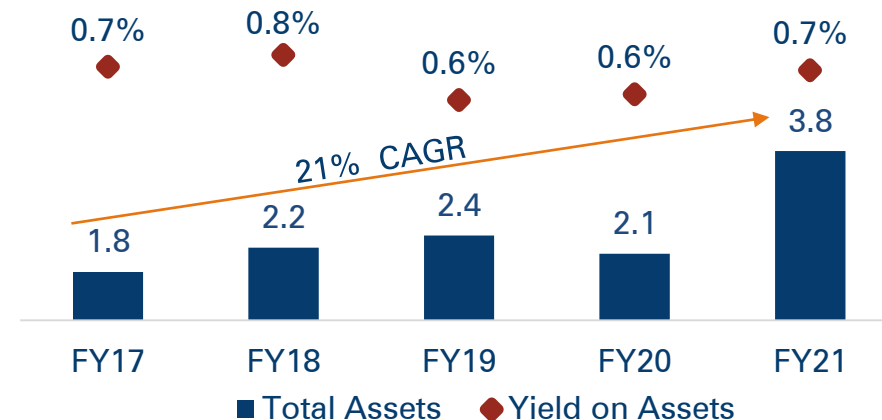


# Secular business model

## Secular trend of quarterly overall revenues



## Consistent yield on client assets<sup>2</sup>



## Growth in PAT across cycles (₹ bn)

Year	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
PAT (₹ bn)	0.78	0.64	0.91	2.94	2.39	3.39	5.54	4.91	5.42	10.68
3 Year CAGR				56%	55%	55%	23%	27%	17%	24%

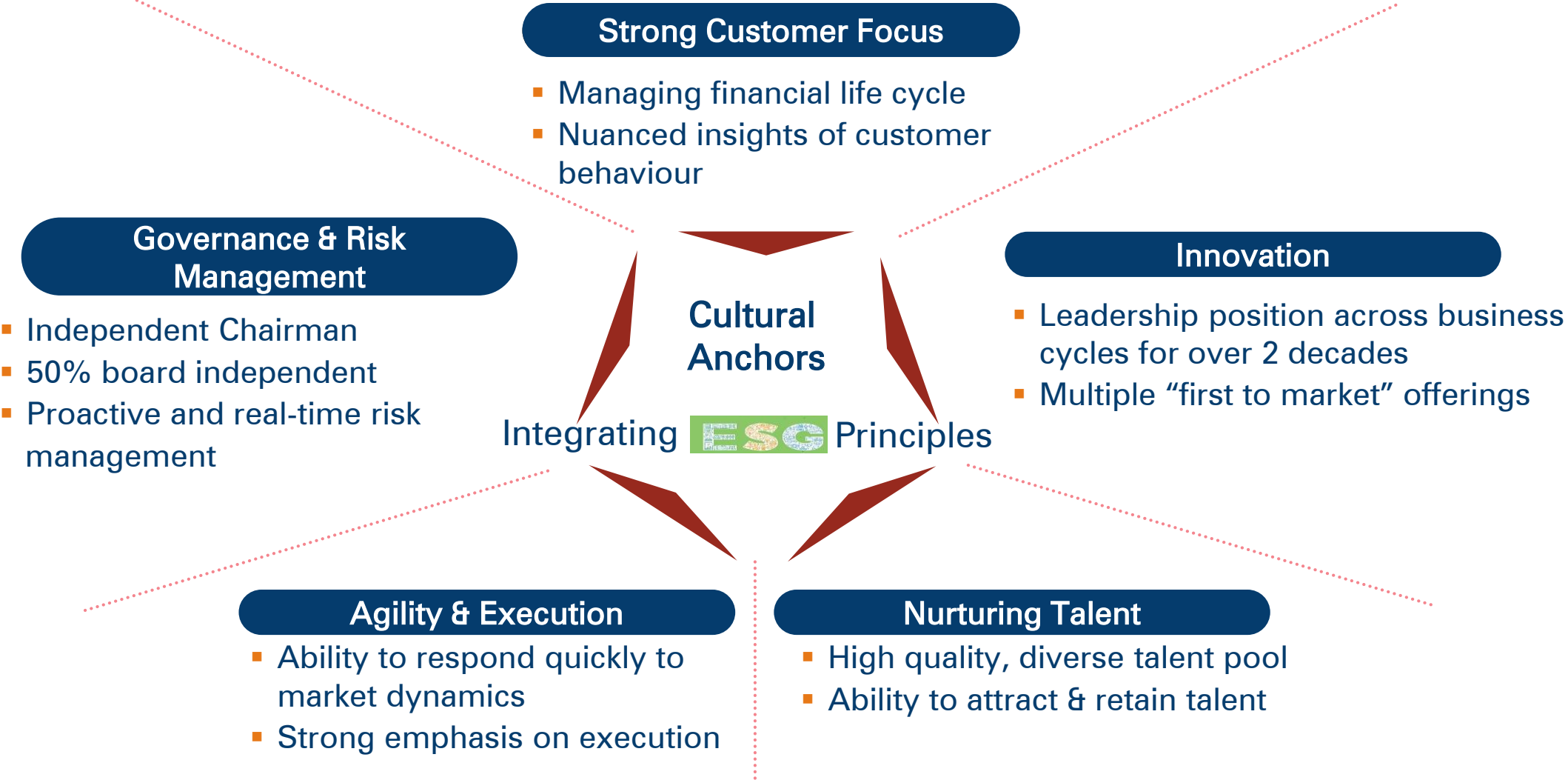
- ❖ Business model has remained secular as seen by rolling 3 year periods with a minimum of 17% PAT CAGR over the last decade
- ❖ The company has displayed capabilities to scale down cost and maximize profit during tough times

**3Y PAT CAGR ranging from 17% to 55% over different market cycles**



1. Annual growth rate from FY12 to FY21  
 2. Yield generated on all the assets of our clients (assets include their holding value across all product categories e.g. demat holding of equity shares, home loan, FD, mutual fund, PMS etc.)

# Cultural Anchors & focus on earning trust



# Uniquely positioned to harness entire Indian financial services opportunity

Segment Coverage



Best in class plans



New age digital platforms



Propositions

Investment tools



Trading tools



Knowledge ecosystem



Channel

Omni channel strategy ranging from RM led assisted digital to completely digital



Unique non-credit play for entire Indian financial services opportunity

# 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	Q2-FY21	Q1-FY22	Q2-FY22	Q-o-Q%	Y-o-Y%
<b>Revenue</b>	<b>6,805</b>	<b>7,477</b>	<b>8,566</b>	<b>15%</b>	<b>26%</b>
Operating Expenses	425	592	577	(3)%	36%
Employee benefits expenses	1,796	1,509	1,683	12%	(6)%
Other expenses	576	791	1,016	28%	76%
<b>Total operational expenses</b>	<b>2,797</b>	<b>2,892</b>	<b>3,276</b>	<b>13%</b>	<b>17%</b>
Finance Cost	285	418	581	39%	104%
<b>Total expenses</b>	<b>3,082</b>	<b>3,310</b>	<b>3,857</b>	<b>17%</b>	<b>25%</b>
<b>Profit before tax</b>	<b>3,723</b>	<b>4,167</b>	<b>4,709</b>	<b>13%</b>	<b>26%</b>
Tax	941	1,060	1,197	13%	27%
<b>Profit after tax</b>	<b>2,782</b>	<b>3,107</b>	<b>3,512</b>	<b>13%</b>	<b>26%</b>
Other Comprehensive Income (OCI)	(6)	(59)	23	-	-
<b>Total Comprehensive Income (TCI)</b>	<b>2,776</b>	<b>3,048</b>	<b>3,535</b>	<b>16%</b>	<b>27%</b>



# Segment performance

(₹ million)

Particulars	Q2-FY21	Q1-FY22	Q2-FY22	Q-o-Q%	Y-o-Y%
<b>Segment Revenue</b>					
Broking & Distribution	6,033	6,852	7,529	10%	25%
Issuer Services and Advisory	623	474	727	53%	17%
Treasury	149	151	310	105%	108%
<b>Income from operations</b>	<b>6,805</b>	<b>7,477</b>	<b>8,566</b>	<b>15%</b>	<b>26%</b>
<b>Segment Profit before tax</b>					
Broking & Distribution	3,243	3,847	3,982	4%	23%
Issuer Services and Advisory	393	261	520	99%	32%
Treasury	87	59	207	251%	138%
<b>Total Result</b>	<b>3,723</b>	<b>4,167</b>	<b>4,709</b>	<b>13%</b>	<b>26%</b>





# Balance sheet : Assets

(₹ million)

<b>ASSETS</b>	<b>At Sep 30, 2020</b>	<b>At March 31, 2021</b>	<b>At Sep 30, 2021</b>
<b>Financial assets (A)</b>	<b>55,288</b>	<b>77,851</b>	<b>114,370</b>
Cash/Bank and cash equivalents	30,188	38,792	49,604
Securities for trade & Derivatives financial instrument	4,439	4,662	1,800
Receivables	1,213	4,586	2,863
Loans	18,627	29,015	59,107
Investments	27	29	36
Other financial assets	794	767	960
<b>Non-financial assets (B)</b>	<b>4,022</b>	<b>3,958</b>	<b>4,262</b>
Deferred tax assets (net)	683	560	574
Right-of-use assets	1,124	962	1,039
Fixed assets, CWIP & Intangible assets	562	726	861
Current tax assets & other non financial assets	1,653	1,710	1,788
<b>Assets (A+B)</b>	<b>59,310</b>	<b>81,809</b>	<b>118,632</b>



# Balance sheet : Equity and Liabilities

(₹ million)

<b>EQUITY AND LIABILITIES</b>	<b>At Sep 30, 2020</b>	<b>At March 31, 2021</b>	<b>At Sep 30, 2021</b>
<b>Financial liabilities (A)</b>	<b>37,258</b>	<b>57,009</b>	<b>91,899</b>
Payables	5,668	10,265	12,571
Derivative financial instruments	3	5	5
Debt securities & borrowings	23,994	35,210	58,626
Lease liabilities	1,199	1,061	1,157
Deposits & Other financial liabilities	6,394	10,468	19,540
<b>Non-financial liabilities (B)</b>	<b>7,331</b>	<b>6,579</b>	<b>6,135</b>
<b>Equity (C)</b>	<b>14,721</b>	<b>18,221</b>	<b>20,598</b>
Equity share capital	1,611	1,611	1,613
Other equity	13,110	16,610	18,985
<b>Equity and Liabilities (A+B+C)</b>	<b>59,310</b>	<b>81,809</b>	<b>118,632</b>



# Additional data points

Particulars	Q1-FY21	Q2-FY21	Q3-FY21	Q4-FY21	Q1-FY22	Q2-FY22
Equity market ADTO <sup>1</sup> (bn)	454	470	471	573	571	512
Derivative market ADTO <sup>1</sup> (bn)	9,183	12,145	16,477	22,572	24,143	31,840
Total market ADTO <sup>1</sup> (bn)	9,637	12,615	16,948	23,145	24,713	32,352
ISEC total ADTO (bn)	867	1,118	1,093	732	838	1,029
ISEC Blended market share (%)	9.0%	8.9%	6.5%	3.2%	3.4%	3.2%
ISEC Blended Equity market share (%)	10.7%	11.1%	10.5%	9.6%	9.2%	8.8%
ISEC Blended Derivative market share (%)	8.9%	8.8%	6.3%	3.0%	3.3%	3.1%
Mutual fund average AUM (bn)	318	352	383	413	440	483
Mutual fund average Equity AUM (bn)	236	262	287	314	346	394
Life Insurance Premium (mn)	1,231	1,729	1,783	2,909	1,248	1,906



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