

Media call on April 23, 2022: opening remarks

Certain statements in this release relating to a future period of time (including inter alia concerning our future business plans or growth prospects) are forward-looking statements intended to qualify for the 'safe harbor' under applicable securities laws including the US Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. These risks and uncertainties include, but are not limited to statutory and regulatory changes, international economic and business conditions, political or economic instability in the jurisdictions where we have operations, increase in non-performing loans, unanticipated changes in interest rates, foreign exchange rates, equity prices or other rates or prices, our growth and expansion in business, the adequacy of our allowance for credit losses, the actual growth in demand for banking products and services, investment income, cash flow projections, our exposure to market risks, changes in India's sovereign rating, and the impact of the Covid-19 pandemic which could result in fewer business opportunities, lower revenues, and an increase in the levels of non-performing assets and provisions, depending inter alia upon the period of time for which the pandemic extends, the remedial measures adopted by governments and central banks, and the time taken for economic activity to resume at normal levels after the pandemic, as well as other risks detailed in the reports filed by us with the United States Securities and Exchange Commission. Any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of the date of this release. ICICI Bank undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof. Additional risks that could affect our future operating results are more fully described in our filings with the United States Securities and Exchange Commission. These filings are available at www.sec.gov.

This release does not constitute an offer of securities.

Good evening everyone. Joining me today for this call is our Group Chief Financial Officer- Rakesh Jha. Thank you all for joining us today. We hope that you are safe and in good health.

At ICICI Bank, we aim to grow the core operating profit within the guardrails of compliance and risk through our 360-degree customer-centric approach and focus on opportunities across client and segment ecosystems. We focus on growing our loan portfolio in a granular manner with a focus on risk and reward, with return of capital and containment of provisions below a defined percentage of core operating profit being a key imperative. We follow a micro market based approach to create an efficient distribution and resource allocation strategy by using analytics to identify opportunities. We aim to steadily grow our business within our strategic framework and strengthen our franchise, delivery, and servicing capabilities, backed by a range of digital initiatives.

Our Board has today approved the financial results of ICICI Bank for the quarter ended March 31, 2022. I would like to highlight some key numbers:

A. Profit and capital

1. Core operating profit that is profit before provisions and tax, excluding treasury income grew by 19% year-on-year to ₹ 10,164 crore in Q4-2022. Excluding dividend income from subsidiaries and associates, core operating profit grew by 21% year-on-year in Q4-2022. The core operating profit grew by 22% year-on-year to ₹ 38,347 crore in FY2022.
2. Net interest income increased by 21% year-on-year to ₹ 12,605 crore in Q4-2022.

3. The net interest margin was 4.00% in Q4-2022 compared to 3.84% in Q4-2021 and 3.96% in Q3-2022.
4. Fee income grew by 14% year-on-year to ₹ 4,366 crore in Q4-2022 from ₹ 3,815 crore in Q4-2021.
5. The profit after tax grew by 59% year-on-year to ₹ 7,019 crore in Q4-2022. The profit after tax grew by 44% year-on-year to ₹ 23,339 crore in FY2022.
6. The consolidated profit after tax grew by 58% year-on-year to ₹ 7,719 crore in Q4-2022 from ₹ 4,886 crore in Q4-2021. The consolidated profit after tax grew by 37% year-on-year to ₹ 25,110 crore in FY2022.
7. The standalone RoE was 14.8% in FY2022.
8. At March 31, 2022, the Bank had a net worth of about ₹ 1.7 lakh crore and a CET-1 ratio of 17.60%, Tier 1 ratio of 18.35% and total capital adequacy ratio of 19.16%.

B. Deposit growth

1. Total deposits increased by 14% year-on-year to ₹ 10,64,572 crore at March 31, 2022.
2. Average current account deposits increased by 24% year-on-year in Q4-2022 and 31% year-on-year in FY2022.
3. Average savings account deposits increased by 23% year-on-year in Q4-2022 and 24% year-on-year in FY2022.
4. Term deposits increased by 9% year-on-year to ₹ 546,135 crore at March 31, 2022

C. Loan growth

1. The overall loan portfolio grew by 17.1% year-on-year and 5.5% sequentially at March 31, 2022. The domestic loan portfolio grew by 17.5% year-on-year and 5.7% sequentially at March 31, 2022.
2. The retail loan portfolio, excluding rural loans, grew by 20% year-on-year and 6% sequentially at March 31, 2022. The rural portfolio grew by 6% year on year and 4% sequentially. The retail and rural portfolio together grew by 18% year on year and 6% sequentially. Including non-fund outstanding, the retail loan portfolio was 44% of the total portfolio at March 31, 2022. The business banking portfolio grew by 43% year-on-year and 10% sequentially at March 31, 2022. The SME business, comprising borrowers with a turnover of less than ₹ 250 crore grew by 34% year-on-year and 11% sequentially at March 31, 2022. Growth in the domestic wholesale banking portfolio was 10% year-on-year at March 31, 2022.
3. 71.8% of the total loan portfolio, excluding, retail and rural, was rated A- and above at March 31, 2022

D. Digital initiatives

1. There have been 63 lakh activations from non-ICICI Bank account holders on our mobile banking app, iMobile Pay as of end-March 2022. The value of transactions by non-ICICI Bank account holders on iMobile Pay in Q4-2022 was 4.9 times the value of transactions in Q3-2022.
2. The business banking and SME franchise continues to grow on the back of digital offerings and platforms like InstaBIZ. InstaBIZ offers various services such as instant overdraft facility, payment

of GST, foreign exchange deal booking, business loans based on revenues reported in GST returns, automatic bank reconciliations and inward and outward remittances. The value of financial transactions on InstaBIZ grew by about 44% year-on-year in Q4-2022. In line with the philosophy of open architecture of our digital platforms, the Bank recently made InstaBIZ app interoperable, that is, all benefits of the app are now available to all merchants including those who do not have a current account with the Bank. This initiative enables merchants to instantly create digital collection solutions UPI ID and QR code and start collecting money from their customers.

3. The Bank's supply chain platforms enable corporates to seamlessly manage their supply chain financing and payments, collection and reconciliation requirements of their dealers and vendors in a convenient and paperless manner. The value of transactions through these supply chain platforms in Q4-2022 was 2.7 times the value of transactions in Q4-2021.
4. The value of the Bank's merchant acquiring transactions through UPI in Q4-2022 was 2.4 times the value of transactions in Q4-2021. The Bank is the market leader in electronic toll collections through FASTag. The Bank had a market share of about 33% by value in electronic toll collections through FASTag in Q4-2022, with a 27% year-on-year growth in collections.
5. The value of credit card spends grew by 77% year-on-year in Q4-2022 driven by higher activation rate through digital onboarding of customers, including Amazon Pay credit cards, automated and effective portfolio management to grow spends among existing card customers and diversification through commercial cards.

The Bank has issued more than 30 lakh Amazon Pay credit cards since its launch. The Bank has recently tied up with Emirates Skywards, the award-winning loyalty programme of Emirates and FlyDubai, to launch a range of co-branded credit cards that enable customers to earn reward points on travel, lifestyle and everyday spends.

6. The Bank has created more than 20 industry specific STACKs which provide bespoke and purpose-based digital solutions to corporate clients and their ecosystems. The volume of transactions through these solutions in FY2022 was 2.9 times the volume of transactions in FY2021. The value of transactions on the Bank's Trade Online platform, which allows customers to carry out most of their trade finance and foreign exchange related transactions digitally, grew by about 80% year-on-year in Q4-2022.

E. Asset Quality

1. The net non-performing assets declined by 24% year-on-year and 5% sequentially to ₹ 6,961 crore at March 31, 2022.
2. The net NPA ratio declined from 0.85% at December 31, 2021 to 0.76% at March 31, 2022.
3. During Q4-2022, there were net deletions from gross NPAs of ₹ 489 crore compared to ₹ 191 crore in Q3-2022. Recoveries and upgrades of NPAs, excluding write-offs and sale, were ₹ 4,693 crore in Q4-2022.
4. The gross NPAs written off were ₹ 2,644 crore in Q4-2022.

5. The provision coverage ratio on NPAs was 79.2% at March 31, 2022.
6. The total fund based outstanding to all borrowers under resolution as per the various extant regulations declined to ₹ 8,267 crore or 1.0% of total advances at March 31, 2022 from ₹ 9,684 crore at December 31, 2021.
7. The Bank holds provisions amounting to ₹ 2,530 crore against these borrowers under resolution, as of March 31, 2022.
8. The total provisions during the quarter were ₹ 1,069 crore or about 10.5% of core operating profit and about 0.53% of average advances. During Q4-2022, the Bank made contingency provisions of ₹ 1,025 crore on a prudent basis. The Bank continues to carry Covid-19 related provision of ₹ 6,425 crore as contingency provisions at March 31, 2022. Thus, the Bank held contingency provisions of ₹ 7,450 crore at March 31, 2022.

We continue to remain optimistic about the resilience and growth prospects of the Indian economy and see many opportunities to grow our core operating profit in a risk-calibrated manner. We will continue to focus on our objective of catering to all the banking and financial needs of the customer with a focus on risk and reward. Our ecosystem based approach and creation of multi-functional teams has helped in nurturing relationships and offering the entire bouquet of services of the Bank to customers. We continue to be guided by the twin principles of "One Bank, One RoE", emphasising the goal of maximizing our share of target market across all products and services and "Fair to Customer, Fair to Bank", emphasising the need to deliver fair value to customers

while creating value for shareholders. We remain focused on delivering consistent and predictable returns to our shareholders.

With this, I conclude my opening remarks. I will be happy to take your questions.