



Business Presentation

November 2019

Agenda

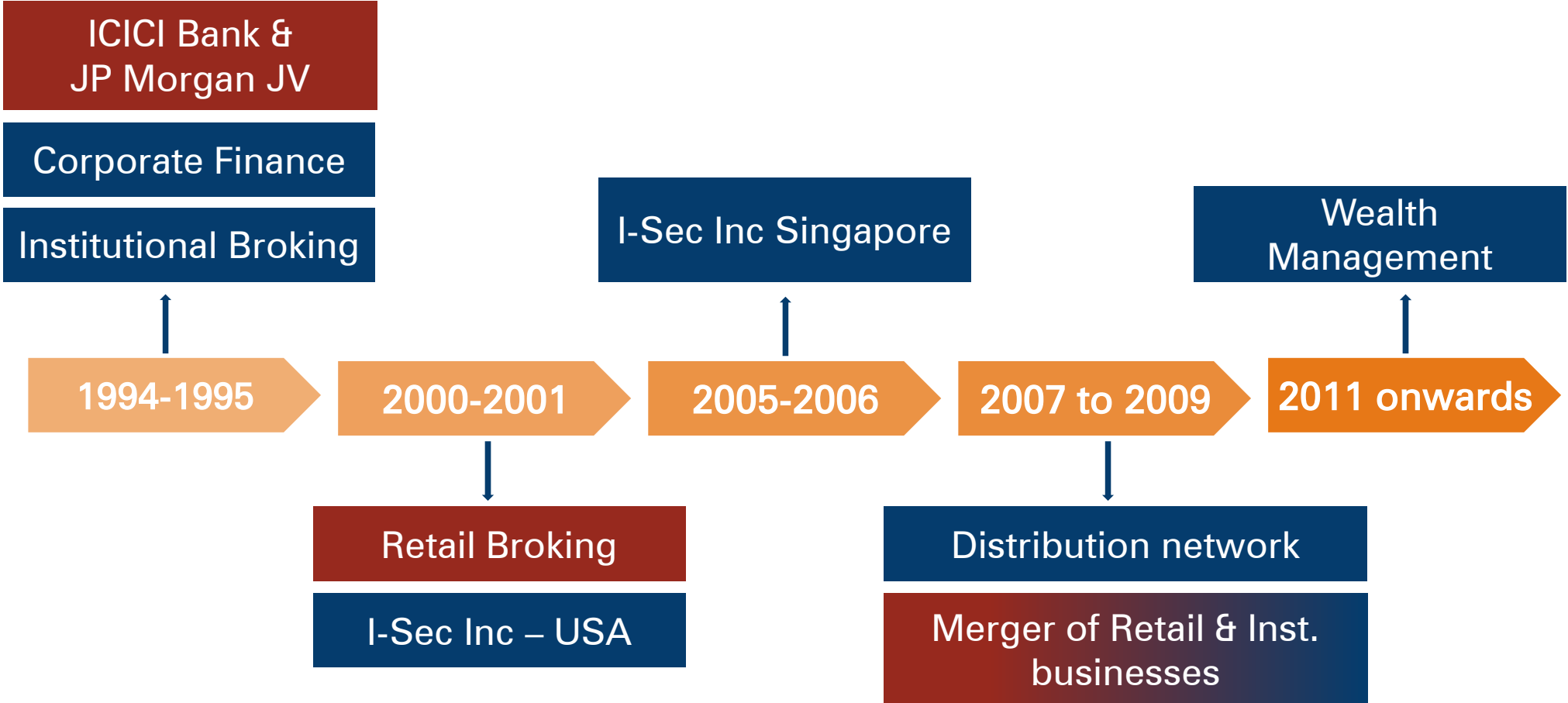
- **ICICI Securities at a glance**
- Strategy
- Business Performance
- Financial Results
- Industry Overview



FOR YOU

Our journey

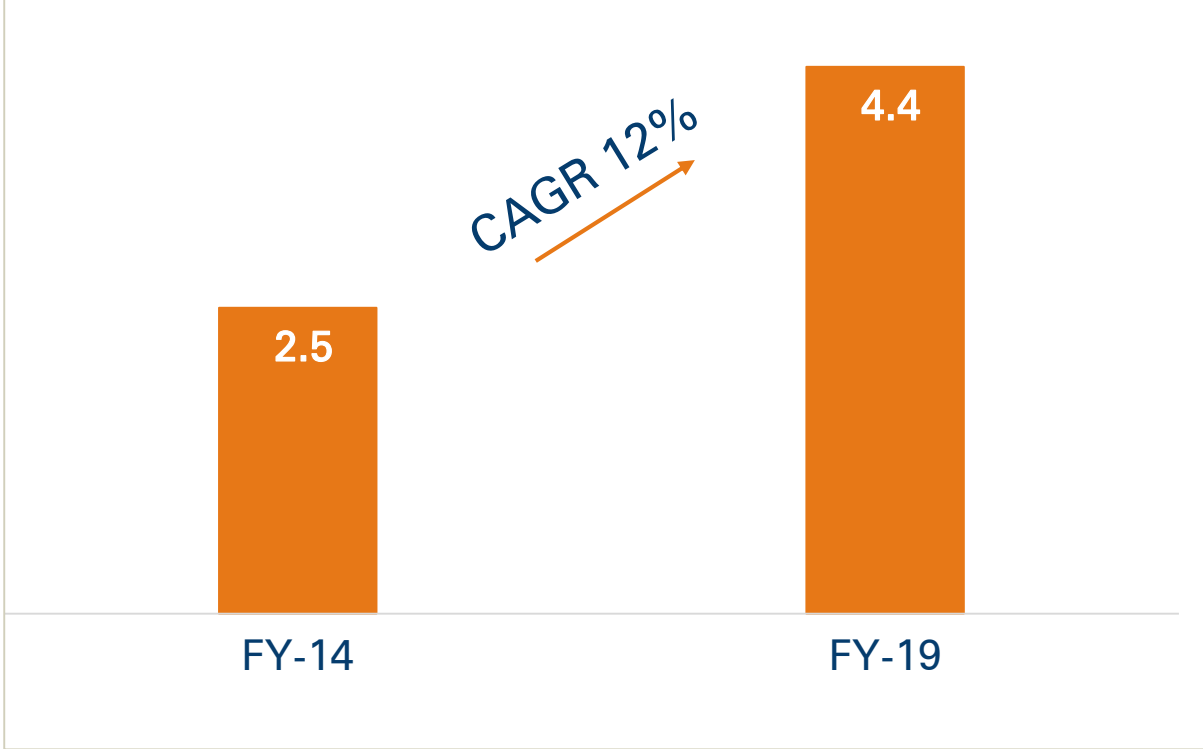
Strategic Component of the ICICI Ecosystem



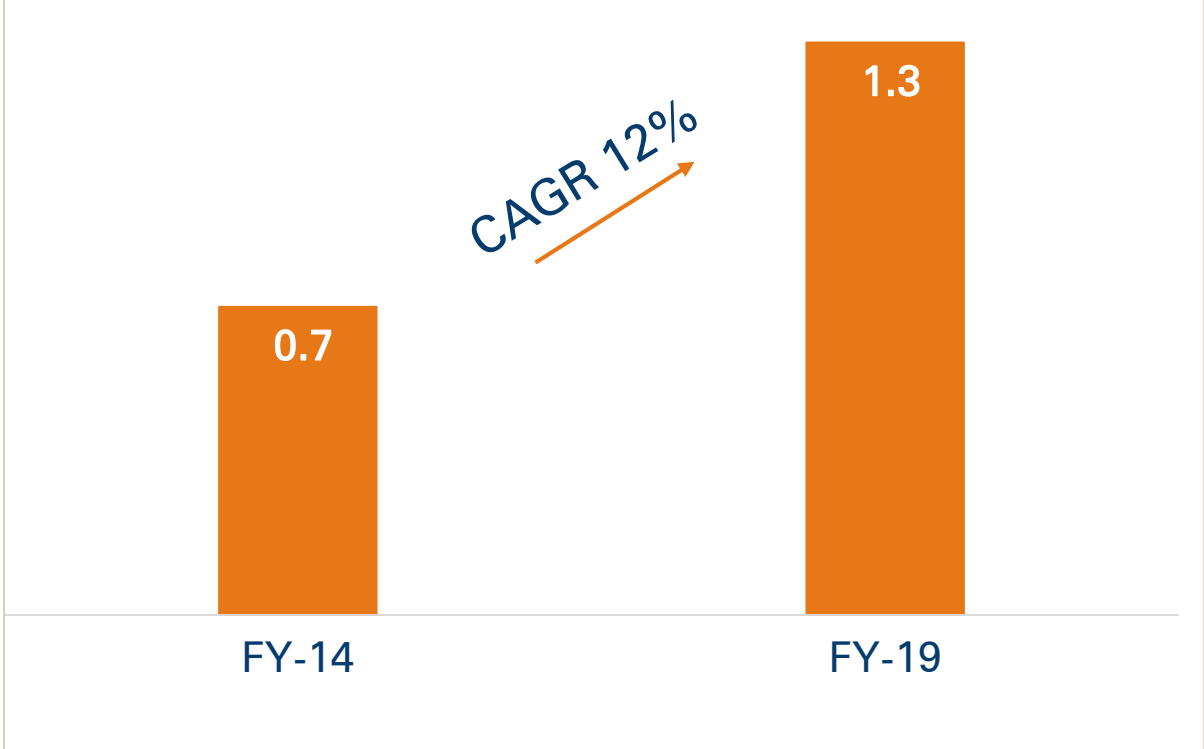
Large growing franchise

Operational accounts and active clients growth of 12% CAGR

Operational accounts (mn)



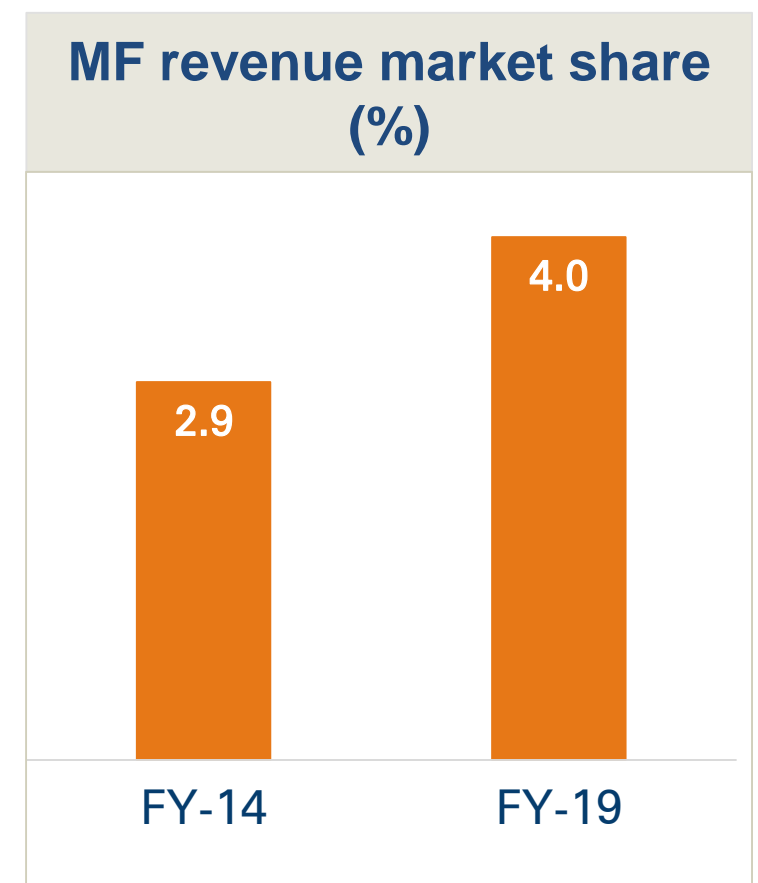
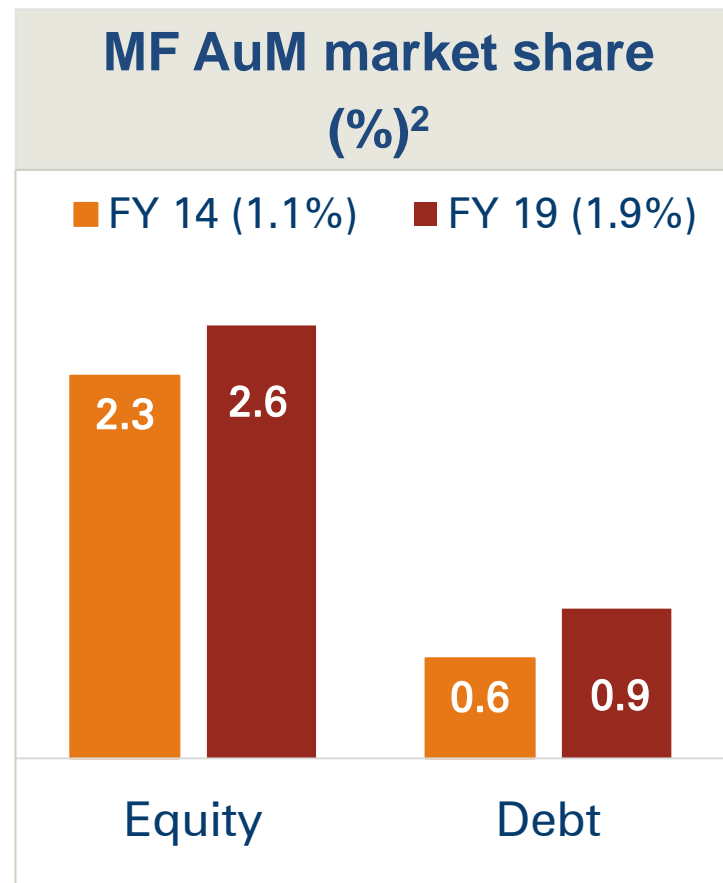
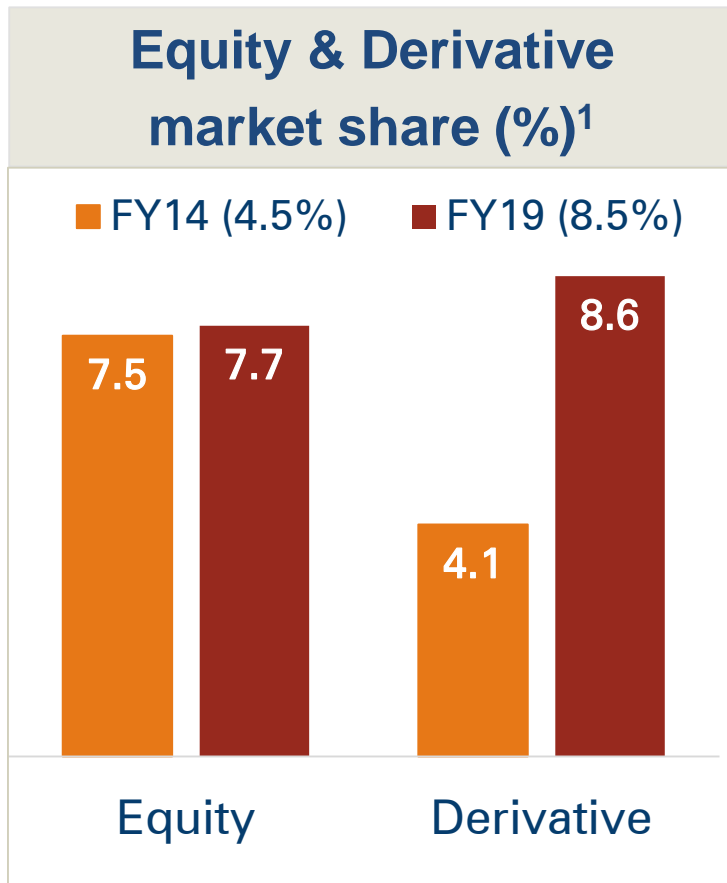
Active clients (mn)



Includes only retail clients

Market share

Growing market share across categories



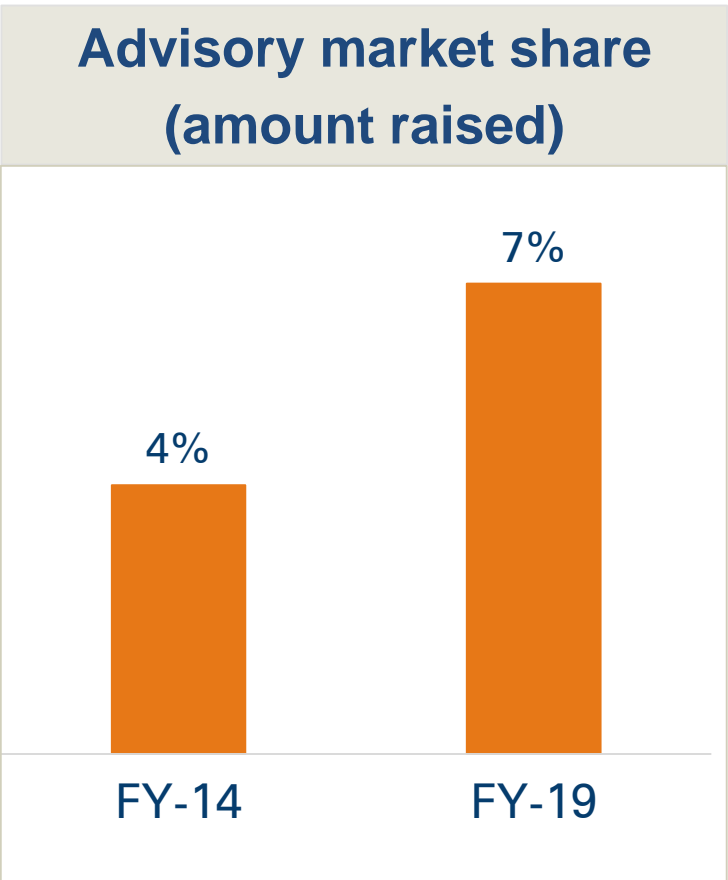
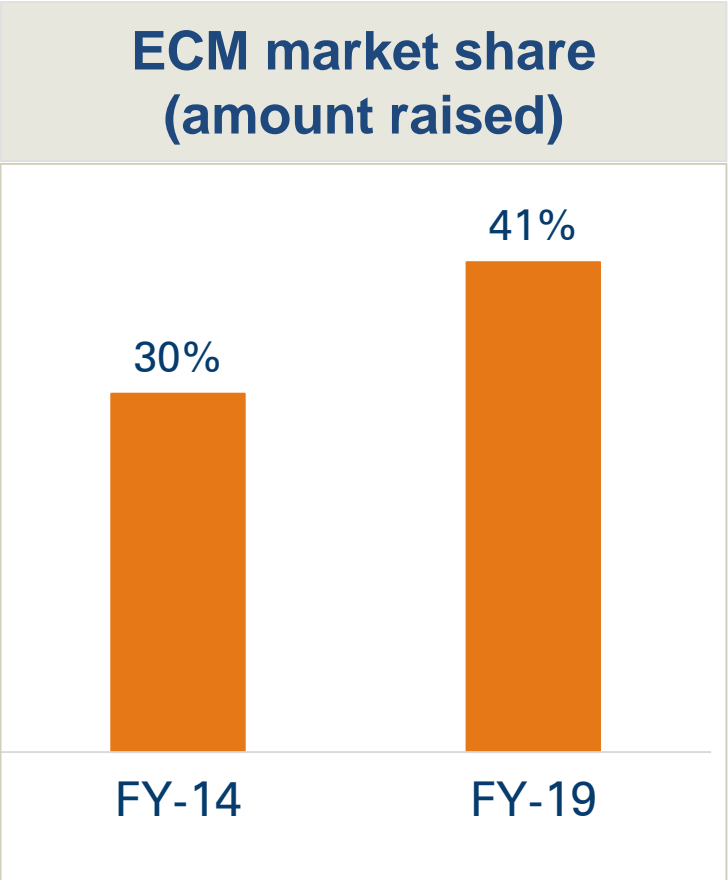
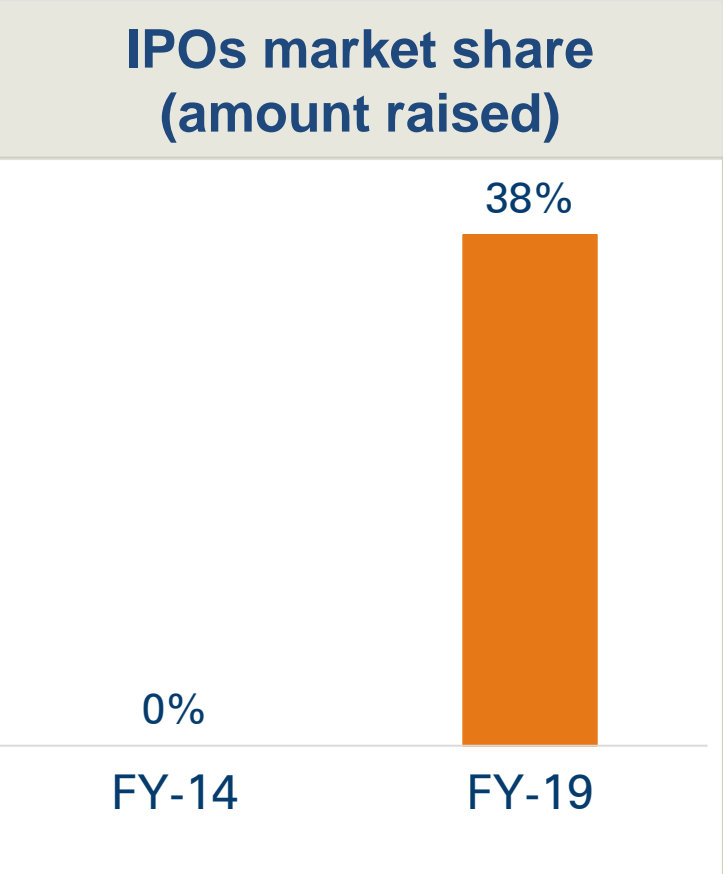
1. Number in brackets - Overall blended market share

2. Number in brackets - Overall MF market share including equity & debt, ISec AUM does not include direct plan

Source AMFI, SEBI

Equity Capital Markets

Strong position in equity capital market (ECM)



Source Prime database, Venture intelligence
ECM: IPO/FPO/InvIT/REIT, QIP/IPP, Rights issue, Offer for sale

ICICI Securities has built an enviable franchise...

4.6 mn	Growing customer base
Largest	Equity franchise in terms of revenue
>₹800 bn	Assets under advise of our wealth clients ¹ Amongst leading wealth franchises
2 nd	Largest non-bank mutual fund distributor by revenue ²
1 st	Rank in the IPO by value ³



1. Clients having assessed profile and minimum assets of 75 lacs with us (equity assets are maintained in demat with ICICI Bank)
2. Source: AMFI (MF commission) period FY2019
3. IPO: IPO, FPO, InvIT (Investment trusts), REIT period H1-2020, Source: Prime database

... and a sticky customer base over the years

High Customer Stickiness

Revenue contribution by customers who have been with us for more than 5 years

> 65%¹

This trend is consistent and is reflected continuously for the five prior years including the recently ended FY19



1. Based on retail broking revenues

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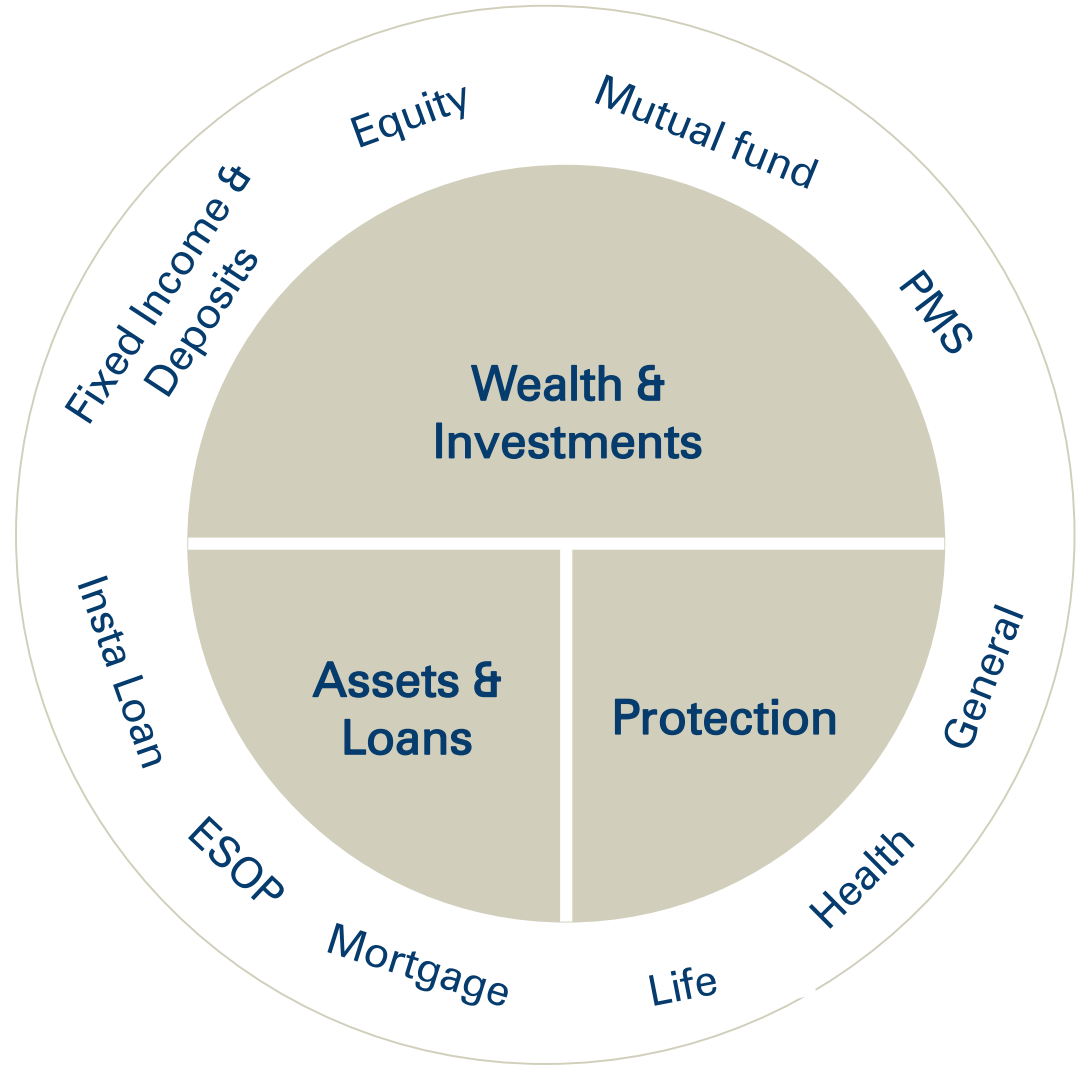


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Working towards broadening the positioning

Imperatives:

- Broad basing business model
- Diverse and granular revenue streams



To be seen as comprehensive financial solutions provider for the affluent Indian -
Powered digitally

Strategy: Strengthening the core and building the future

A. Ramping up **scale** and **value**
by augmenting and aligning
growth engines

B. Monetize client value

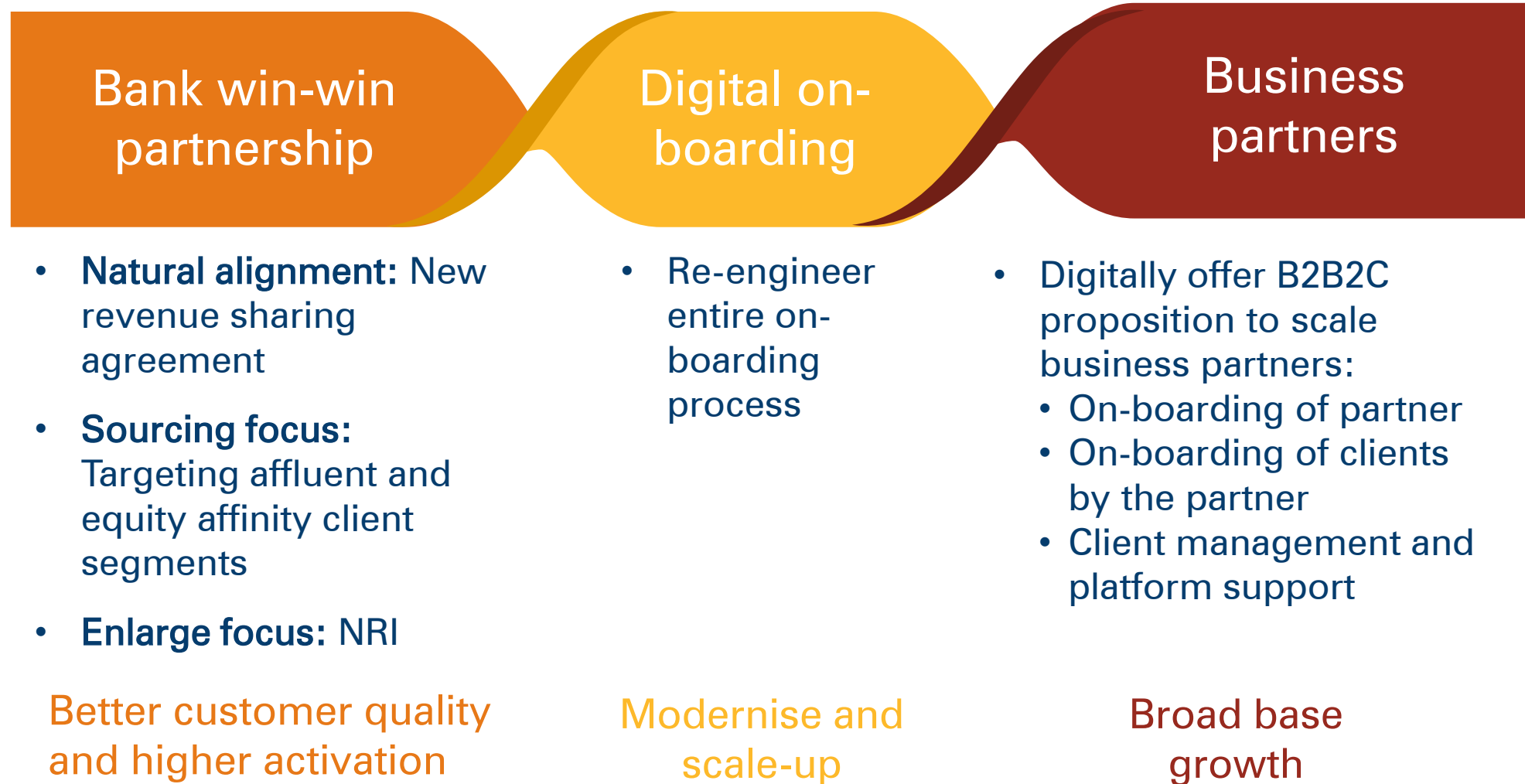
C. Improving customer
experience

E. Operating leverage
through cost efficiency

D. Robust technology and
digital agility



A. Ramping-up scale & value by augmenting & aligning growth engines

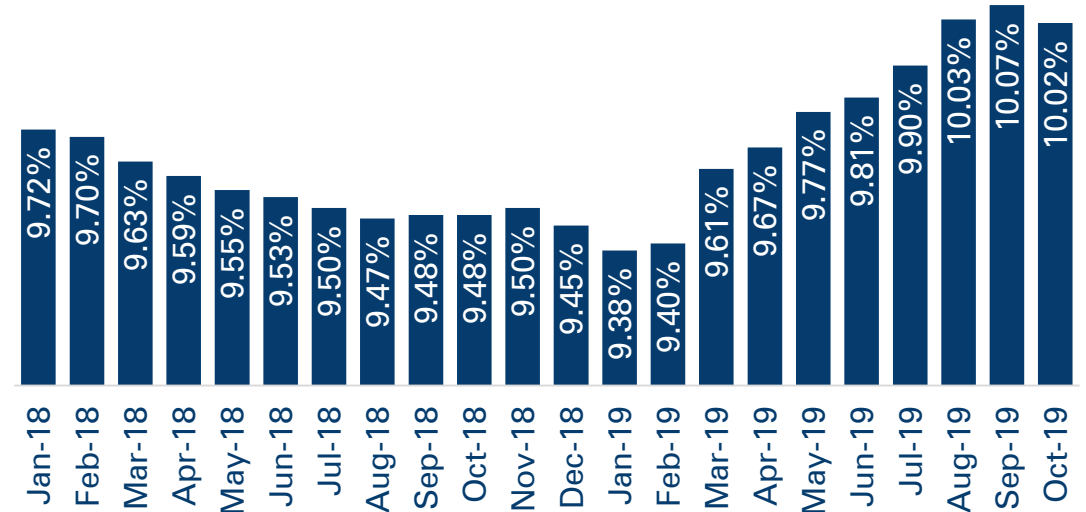


Progress: Improvement in active client share

Ramping scale & value

- **Quality of Sourcing**
 - New arrangement with ICICI Bank
 - Activation rate¹ up from 33% to 46% for client sourced by bank
 - Number of active NCA up by 22%
 - Launched subscription based plan
 - Over 1.6 lac subscriptions as at end Q2-FY2020
 - NRI
 - Started sharing digital leads with UAE & Bahrain, making onboarding process smoother for customer
 - Business partners
 - Network at 8,000+ in Q2-FY2020, up by 29%
- **Digital Sourcing**
 - Improvement in daily run rate of accounts opened completely online
 - Tab based instant account opening; monthly run rate of ~ 9,500

Market share² in active client base (NSE)

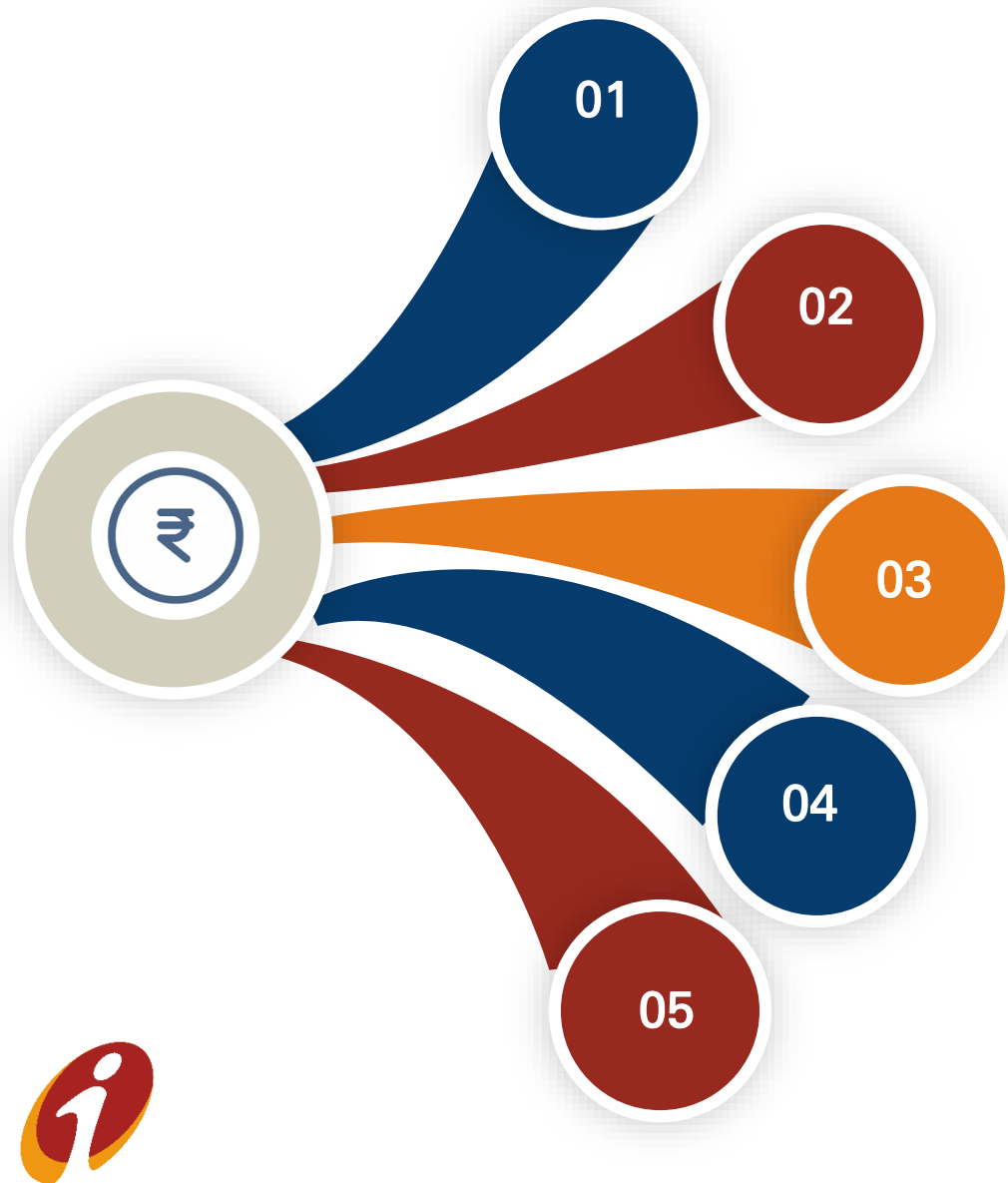


- 9.1 lac NSE active clients²
- Consistently adding active clients for last 9 months
- Equity blended market share up by 90bps from 7.8% in Q2-FY2019 to 8.7% in Q2-FY2020



1. % of New client acquisition (NCA) who traded within 90 days of account getting opened.
 2. Trailing 12 month; Source: NSE
 Period: Q2-FY2020 vs Q2-FY2019, QoQ: Q2-FY2020 vs Q1-FY2020

B. Monetize client value



Insta digital loans as a new asset class

Digital lending to eligible customers for personal, auto loan, home loan top-up, credit card, LAS and deposits

Digital Insurance

Ramping up distribution of insurance digitally

- Health, Travel, Auto, Two wheeler and Term

Enhancing product choice and product options

Margin trading facility

MTF extended on NSE

ESOP funding

Leveraging ESOP funding to build high quality client sourcing and enhancing revenue stream

Strengthening wealth management franchise

Comprehensive proposition for wealth clients including curated proprietary offering

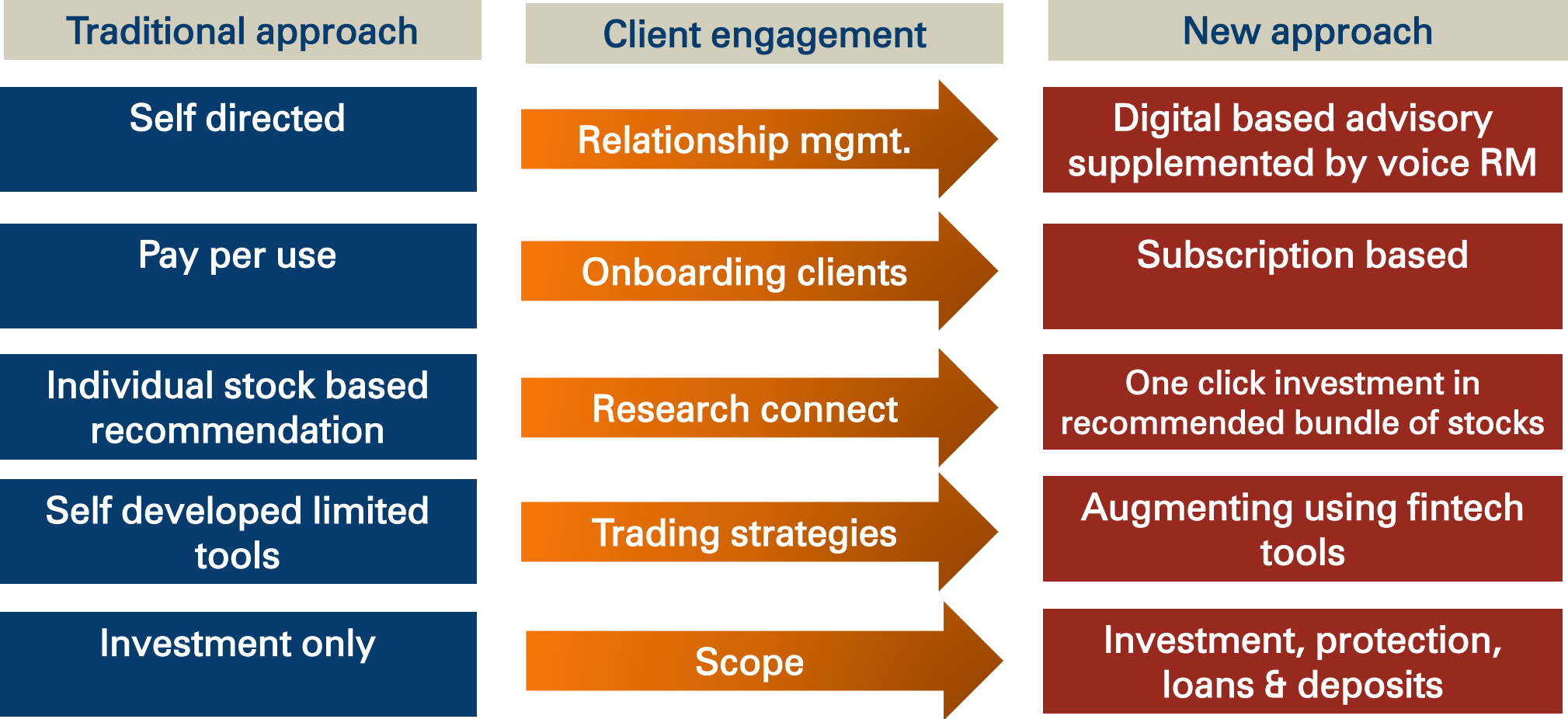
Progress: Enhancing completely digital product suite

Monetising client value

- **Launched digital distribution of loans**
 - 0.9 million unique clients for pre approved loans based on bank's credit criteria
 - Digital personal loans and credit cards and auto loan top up launched
- **Tie ups with insurance companies to digitally distribute insurance products**
 - Tie ups with Religare health and Star health
 - Launched full suite of Health Insurance products with Religare Health in the stand alone health category
- **Margin trading facility extended on NSE on September 27, 2019**
- **ESOP funding: Ramping up book size**
- **Proprietary PMS for HNI clients: Growing AUM**



C. Enhancing engagement for client retention & penetration



Progress: Curated engagement solutions

Enhancing engagement for client retention & penetration

- **AI based tool for identifying next best action and next best product/service**
 - Pilot campaign initiated across 3 equity and 2 non-equity product/service
- **Low touch engagement model**
 - License from IRDAI for Distance Marketing obtained on August 21, 2019
 - Working on a pilot to offer low touch engagement model for insurance
- **Launched One Click Investments on August 3, 2019**
 - 19 curated baskets of research recommended Mutual Funds
 - Easy, convenient and automated portfolio allocation into basket of Mutual Funds
- **Liquidity proposition 'eATM' extended on NSE on June 7, 2019**
- **New pricing plan for derivative product launched on September 25, 2019**
 - New brokerage plan in options being piloted
 - Initial response encouraging



D. Robust technology and digital agility

Robust technology strength

Secure, stable and fast system

- Reliable
- Avg. response time of 24 ms
- Peak concurrent users ~ 48k

Established framework for managing customer privacy & information security

3-tier recovery system and strong business continuity processes



Digital agility

Open architecture & partnership

- Use API architecture to onboard fintech partners
- Partner with fintech to offer customer centric solutions

Increasing use of data analytics

- Infuse new talent
- Infuse new technologies

Improved user experience

- New interface website
- New mobile app



Progress: Fintech partnership based digital capabilities

Digital agility

- **API architecture launched in September 2019**
- **Fintech partnership based digital capabilities**
 - Digital Team to scan the environment for identifying new technologies and opportunities
 - Projects evaluated: 63, Projects moved to UAT: 1, Projects POC/Launched: 1, Project under integration process: 1
 - Launched
 - AI based tool to increase customer engagement
 - Under Implementation
 - Trading strategy formulation tool for derivatives
 - Comparison tool for insurance
- **Upgrading client engagement platform**
 - Launched new website, currently in beta version
 - Reengineering our mobile app including new UI/UX



E. Operating leverage through cost efficiency



Re-evaluate branch infrastructure cost based on productivity, area efficiency and rentals



Centralization of certain vertical to optimise infrastructure and manpower cost



Process re-engineering to optimize acquisition related cost



Harnessing synergies within teams and business groups to optimize manpower



Migrating to digital/low touch coverage models



Strong focus on inculcating cost culture to enable identification and enhance cost efficiency on an on-going basis

Progress: Rationalising cost structures

Operating leverage through cost efficiency

- **Overall cost down by 7%**
 - Employee cost down by 7%
- **Head count down by 8%**
 - 5% decrease from 4,298 in June 2019 to 4,077 in Sept 2019
- **Branch count down from 202 to 187**



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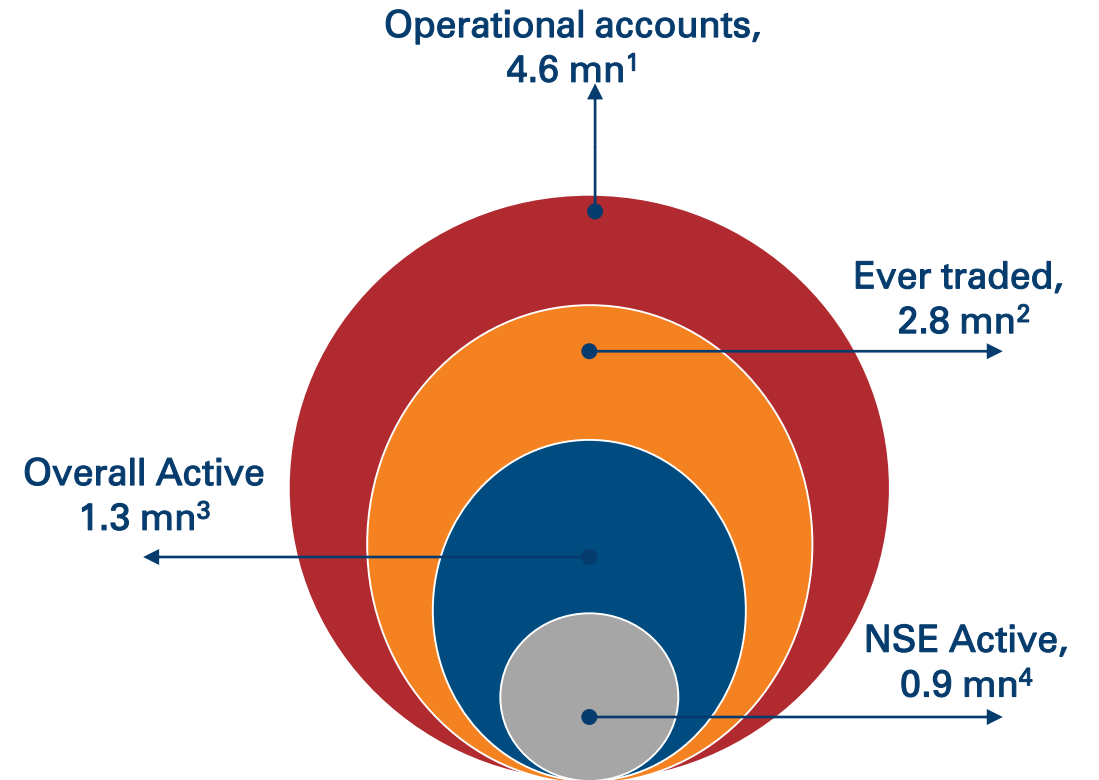


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Business Performance

Growing client base and engagement

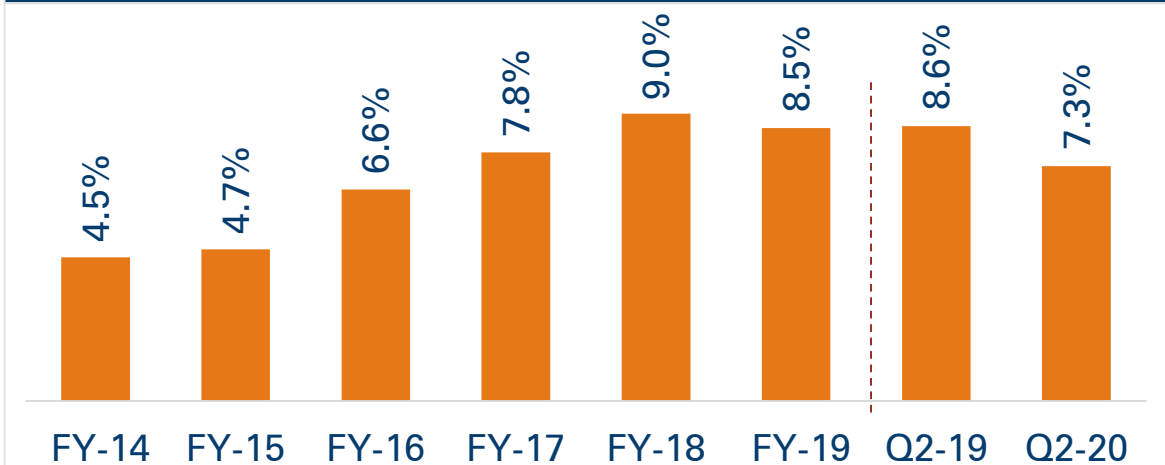
- 4.6 million strong base of operational accounts; up by 9% YoY
- 13.3 lac overall active clients, increased by 5% YoY
- 9.1 lac NSE active clients, increased by 7% YoY



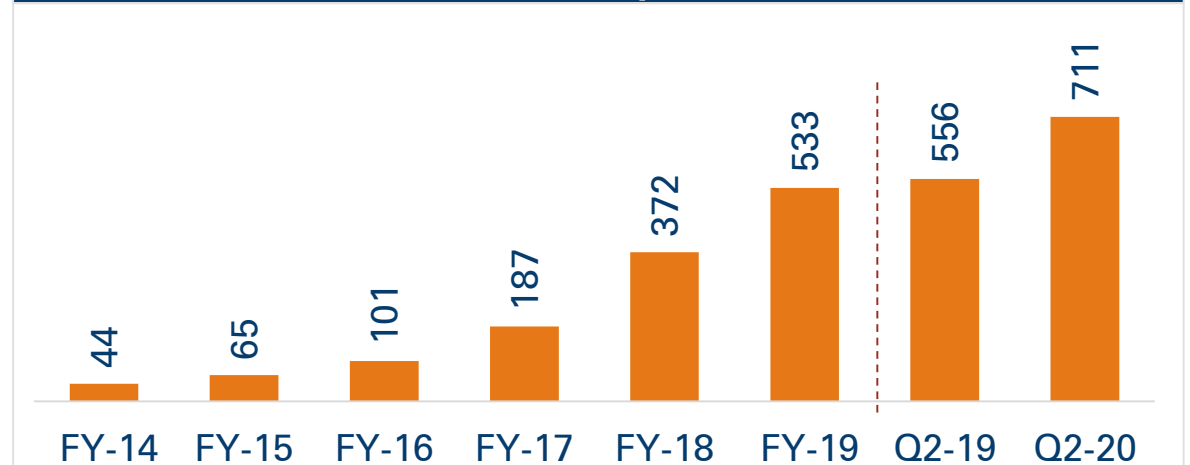
1. Operational accounts is the total client base with the company
 2. Ever traded are the clients who have transacted at least once on our platform
 3. Overall active clients are the clients who have transacted at least once during trailing 12 months across all product categories
 4. NSE active client base are the clients who have traded at least once during trailing 12 months
- Period: Q2-FY2020 vs Q2-FY2019

Equities business

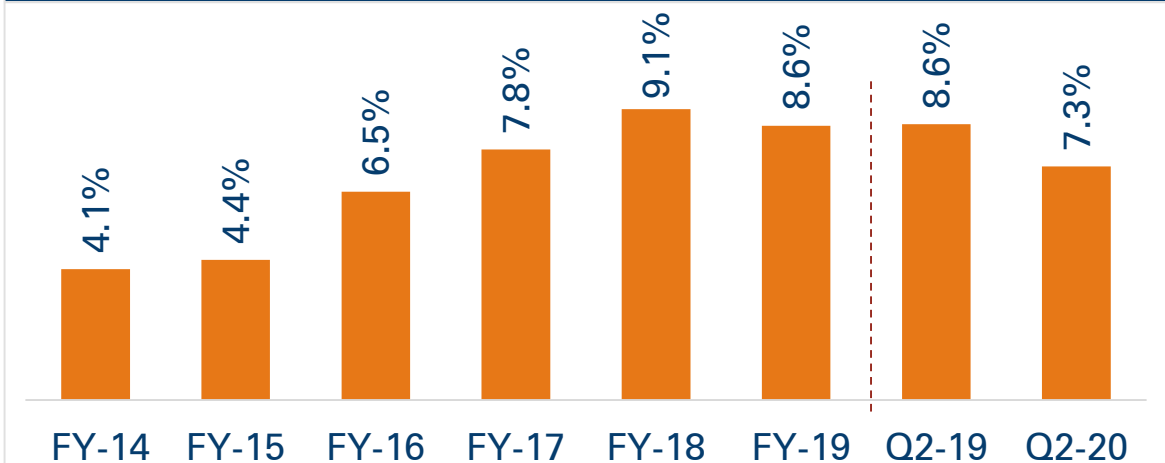
Blended market share



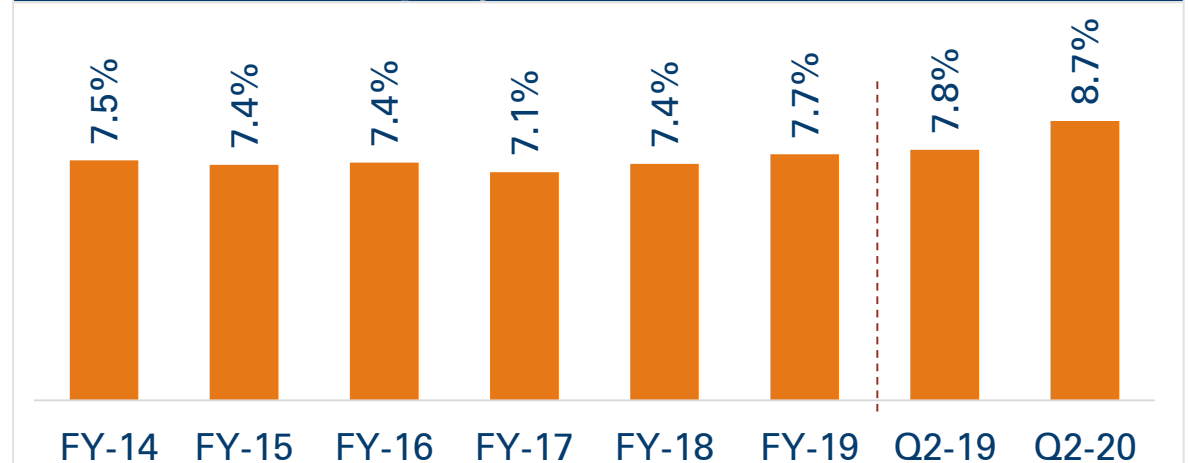
I-sec ADTO (₹ billion)



Derivative market share



Equity market share



28% growth in I-Sec ADTO, Equity market share up by 90bps

Period: Q2-FY2020 vs Q2-FY2019

Retail equities business

Leading equity franchise in India

3-in-1 Platform

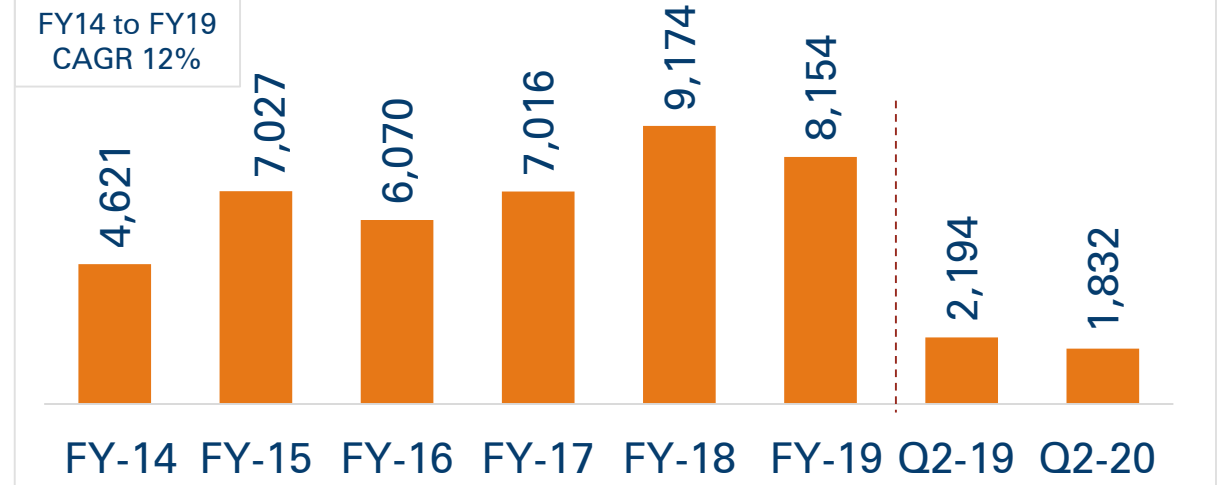
- Providing seamless experience
- Mutual beneficial relationship with ICICI Bank
- Presence in 3,750¹+ ICICI Bank branches
- 3-tier disaster recovery system
- Fully integrated risk system
- Real-time tracking of trigger prices
- Over 95% broking transactions performed online



1. As at FY-19

Period: Q2-FY2020 vs Q2-FY2019

Revenues (₹ million)



Retail equity franchise down by 16% in Q2FY20 due to

- Decline in delivery volumes, being an industry trend
- Lower yields on account of adoption of Prime

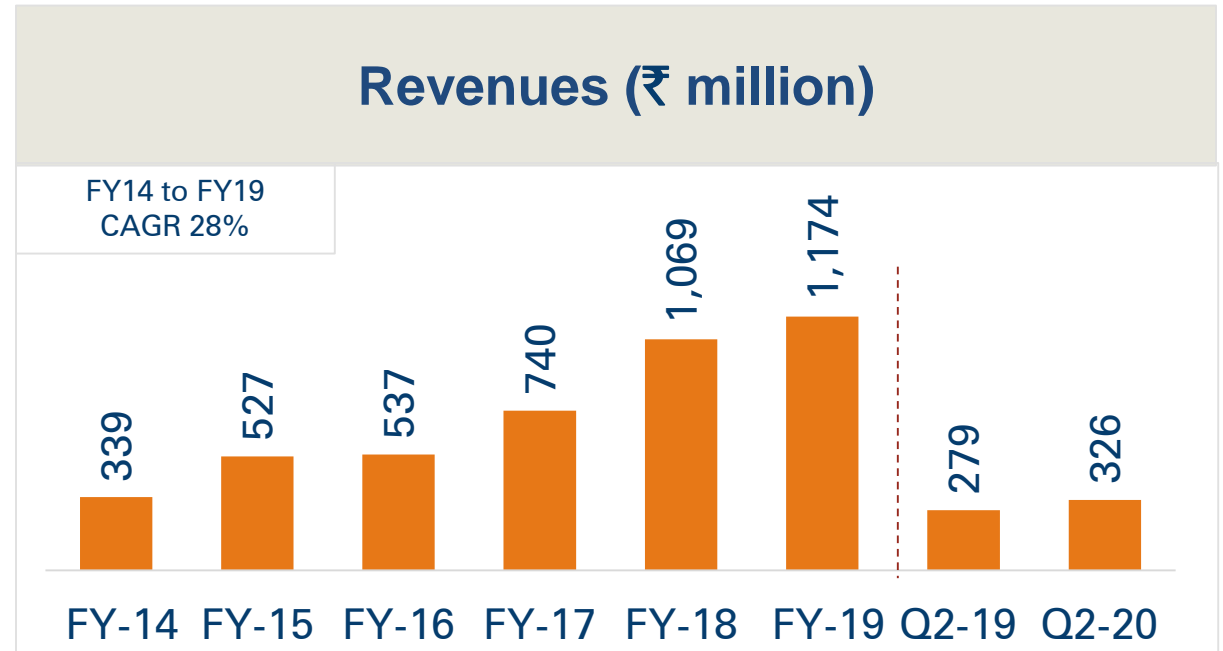
Plan to offset by

- Better quality of acquisitions and scaling up channels
- Increasing allied equity revenue streams (ESOP, MTF, Prime fees)

Institutional Equities business

Institutional equities – Growing scale

- Significant India coverage supplemented by Asia Pacific and USA
- Growing Direct market access business
- Research
 - coverage of 249 Indian stocks¹
 - 37 member research team¹
- Leading procurement in IPOs, QIPs, OFSs and Block deals



Institutional equities business revenue up by 17% in Q2-FY20

- Supported by strong traction in block deals



1. As at FY19
Period: Q2-FY2020 vs Q2-FY2019

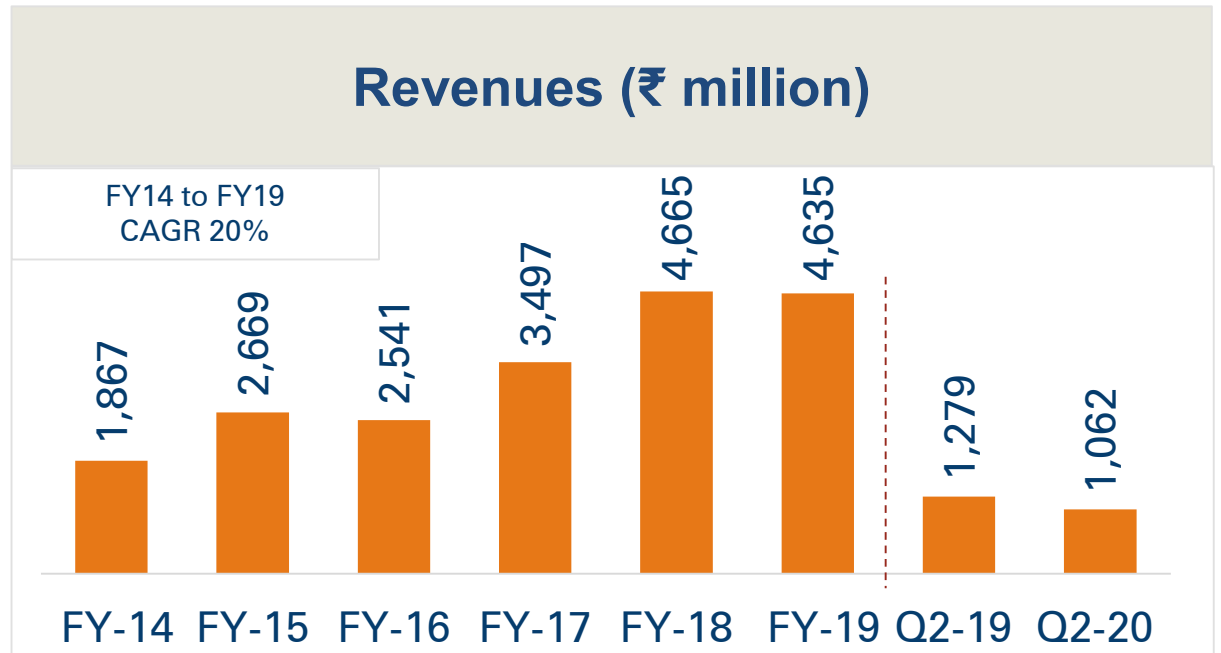
Distribution

Strong online presence aided by pan India distribution

- Presence in over 75+ cities with ~187 branches
- 1,300+ relationship managers and product specialists
- Wealth management solutions for HNIs/Family offices, 300+ member team
- Over 700+ cities/towns with 8,000+ sub-brokers, authorized persons, IFAs and IAs
- Significant presence in the Tier-II and Tier-III cities



Period: Q2-FY2020 vs Q2-FY2019



Overall distribution revenue down by 17% in Q2-FY20, sequential growth of 8%

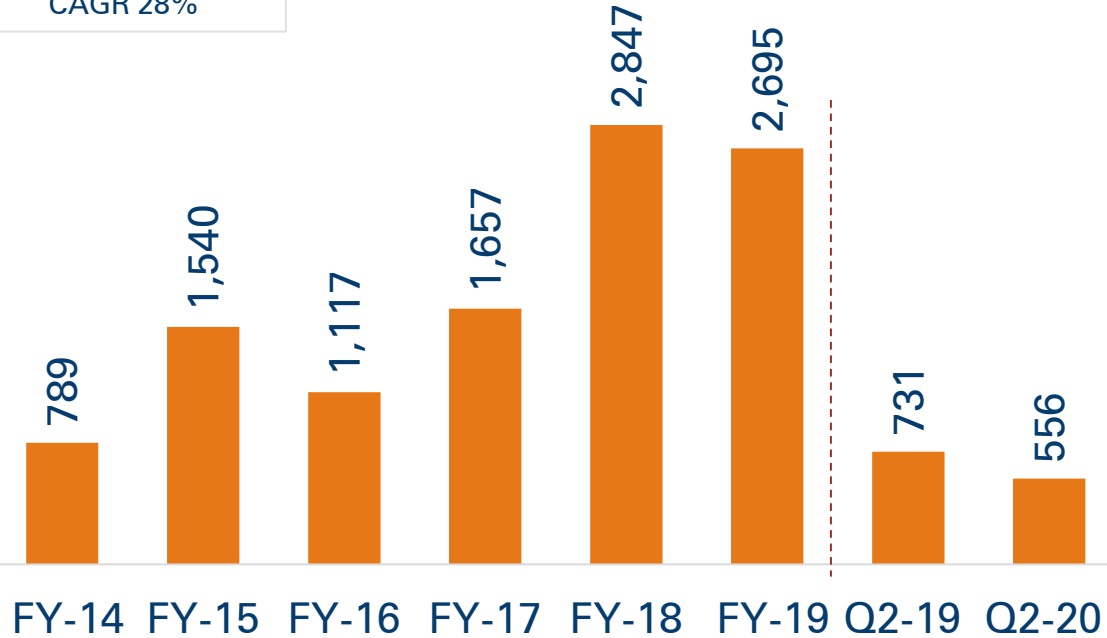
- Non MF distribution¹ revenue up by ~7%
- MF revenue down 24% in line with anticipated TER impact, almost flat sequentially

Distribution

2nd Largest non bank Mutual Fund distributor

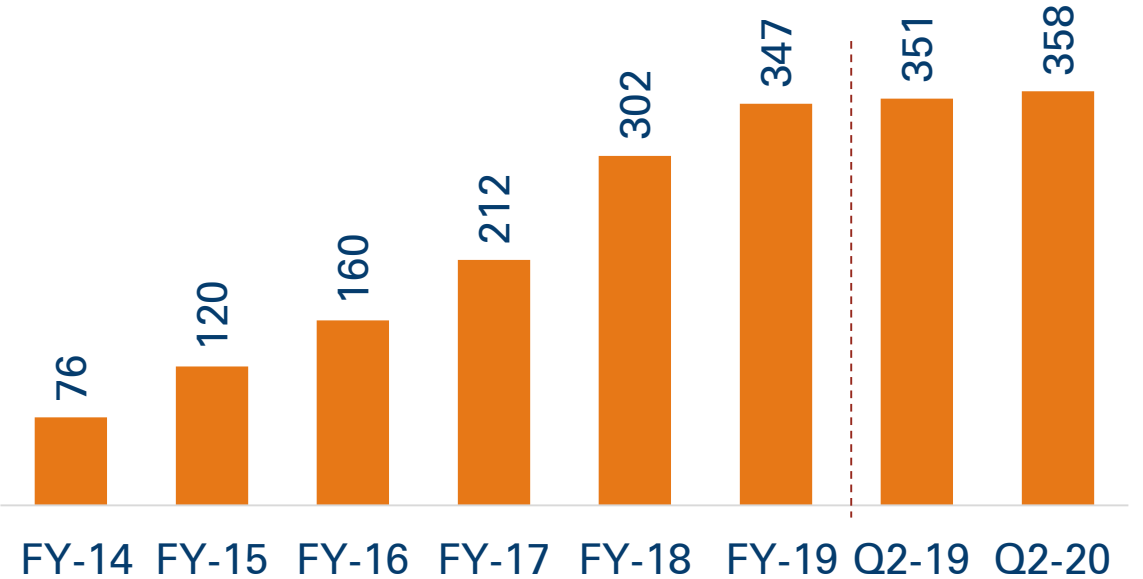
Mutual Funds revenue (₹ million)

FY14 to FY19
CAGR 28%



MF AUM (₹ billion)

FY14 to FY19
CAGR 36%



Distribution

Enhanced focus on non Mutual Fund distribution¹; up 7% in Q2-FY20

Investments

- IPOs, OFS, public bond offerings
- 3rd party corporate fixed deposits
- National Pension System

Protection

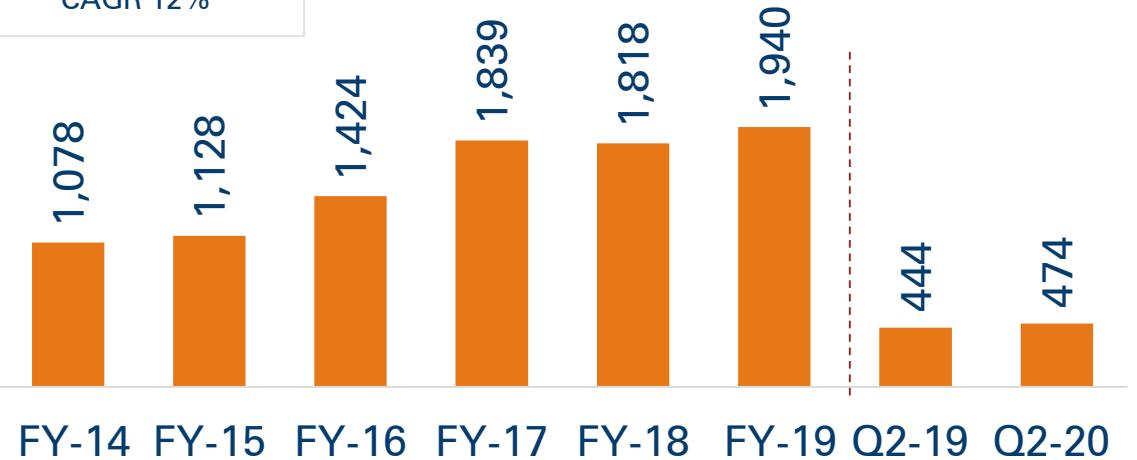
- Life /General Insurance

Assets/Wealth creation

- Loan products referrals
- Portfolio management services
- Alternate investment funds

Non MF distribution revenue (₹ million)

FY14 to FY19
CAGR 12%



Launched Digital loans; ~ 0.9 million customers pre-approved for instant loan



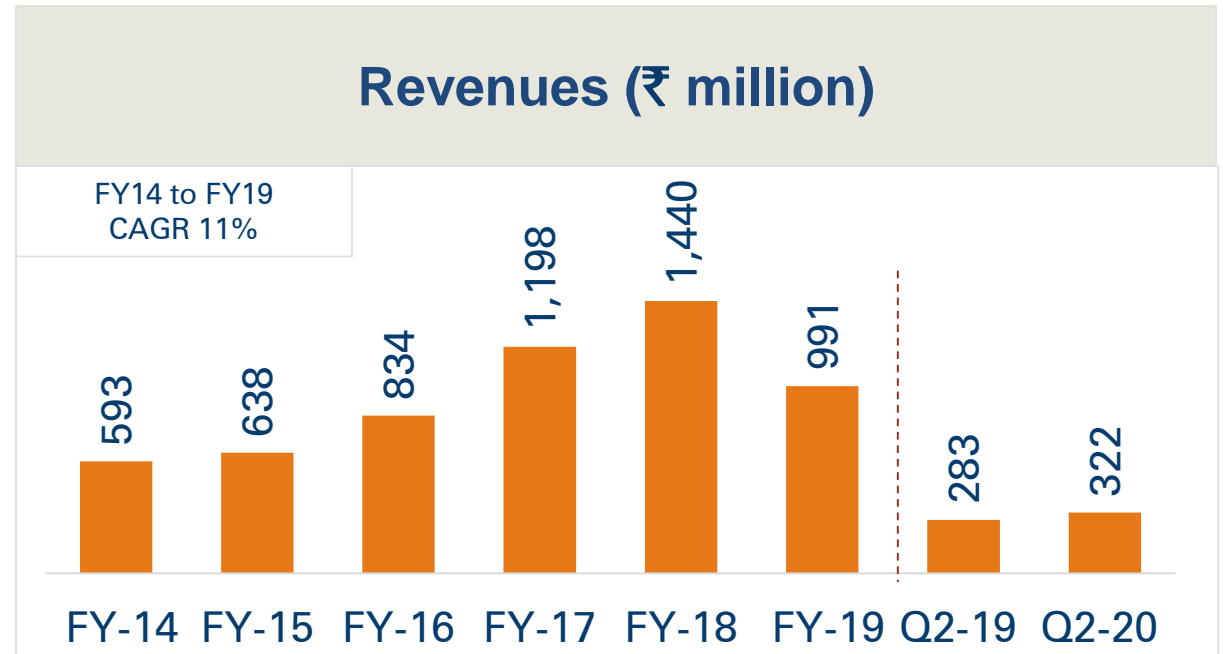
1. Group of products which are being focused on to grow overall distribution revenue and include PMS, AIF, NPS, General insurance, Bonds, Deposits etc. and exclude income such as marketing fees and paid educational programs

Period: Q2-FY2020 vs Q2-FY2019

Corporate Finance

Leading Investment Bank in India

- Ranked 1st in IPO¹ league table by value
- Rank 1st amongst domestic financial advisors by number of deals in merger market table
- Strengths
 - Sector expertise
 - Corporate relationships
 - Strong distribution franchise
- Expected to benefit from the robust deal pipeline



- Corporate finance revenue increased by 14% in Q2-FY20, up 93% sequentially (QoQ)
- 11 Investment Banking deals including 4 advisory deals in Q2-FY20



1. IPO: IPO/FPO/InvIT/REIT
Source: Prime Database, Merger market, SEBI
Period: Q2-FY2020 vs Q2-FY2019

Corporate Finance: Q2-FY20 snapshot

IPO

- Ranked 1st in IPOs¹ league table in H1-FY20
- SEBI IPO pipeline of over ₹ 57 bn as on Sept'19
 - Left lead banker in 6 deals

Consolidation

- Rights: Patel Engineering Ltd.
- Takeover: Linde India Ltd., International Paper Appm Ltd.

Advisory

- Ranked 1st among domestic financial advisors by number of deals in merger market league table
- 4 M&A deals in Q2-FY2020 vs 3 deal in Q2-FY2019
- Advisory: ASG Eye Hospital Pvt. Ltd., Advent International Corporation, Sanofi India Ltd, Dhunseri Petrochem & Tea Ltd

Major deals

- IPOs/InvIT: Affle (India) Ltd, Spandana Sphoorty Financial Ltd., Sterling & Wilson Solar Ltd.
- Block deal: ICICI Lombard, Wheels India, AU small finance bank



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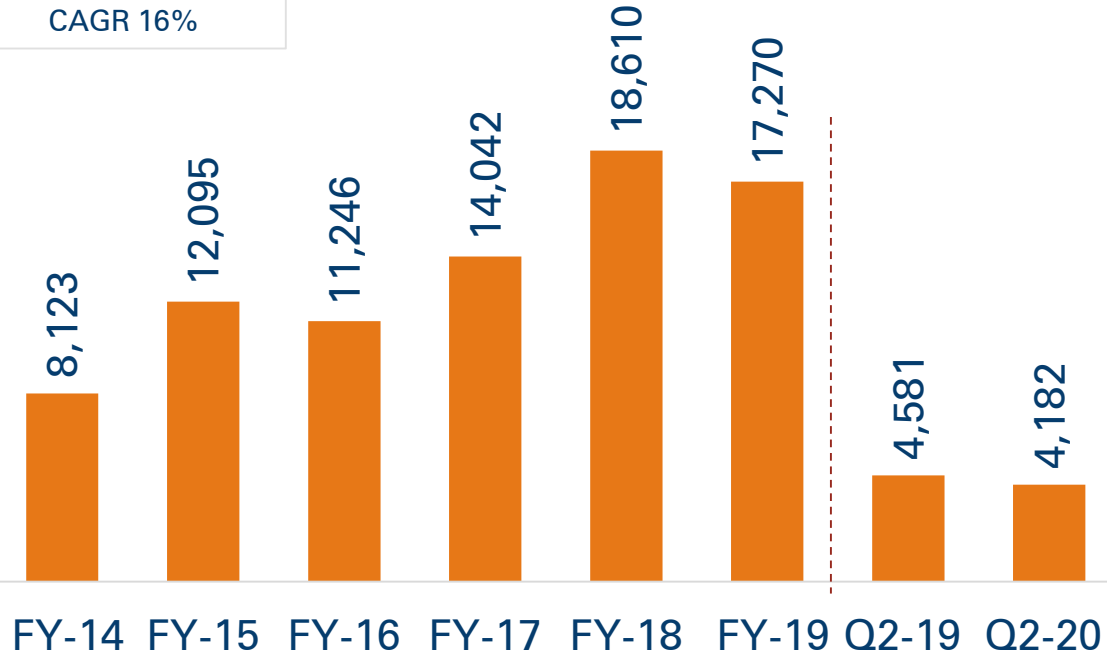
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Financials

Strong financial performance

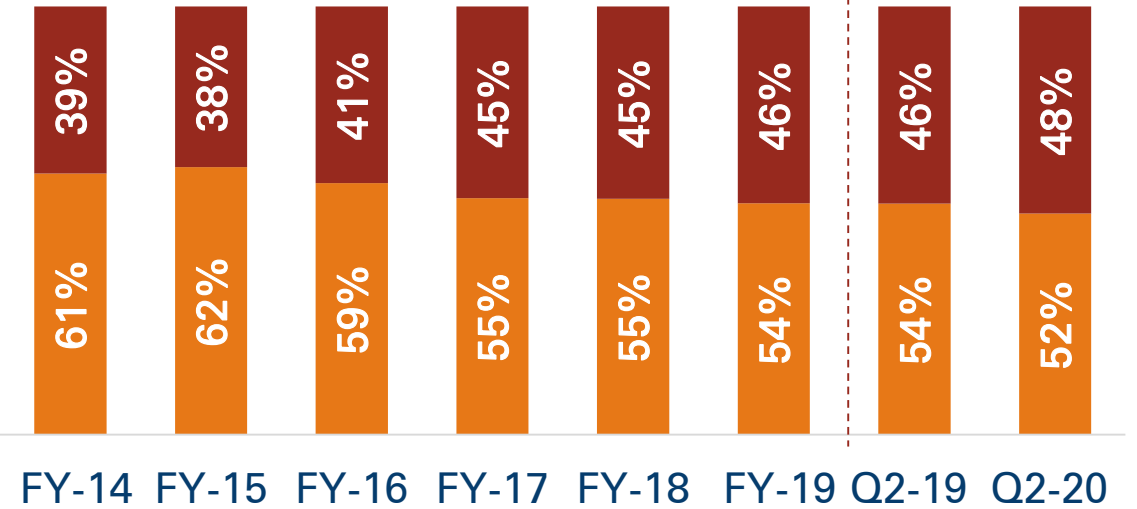
Revenue (₹ million)

FY14 to FY19
CAGR 16%



Revenue diversification¹ (%)

Brokerage revenue Others



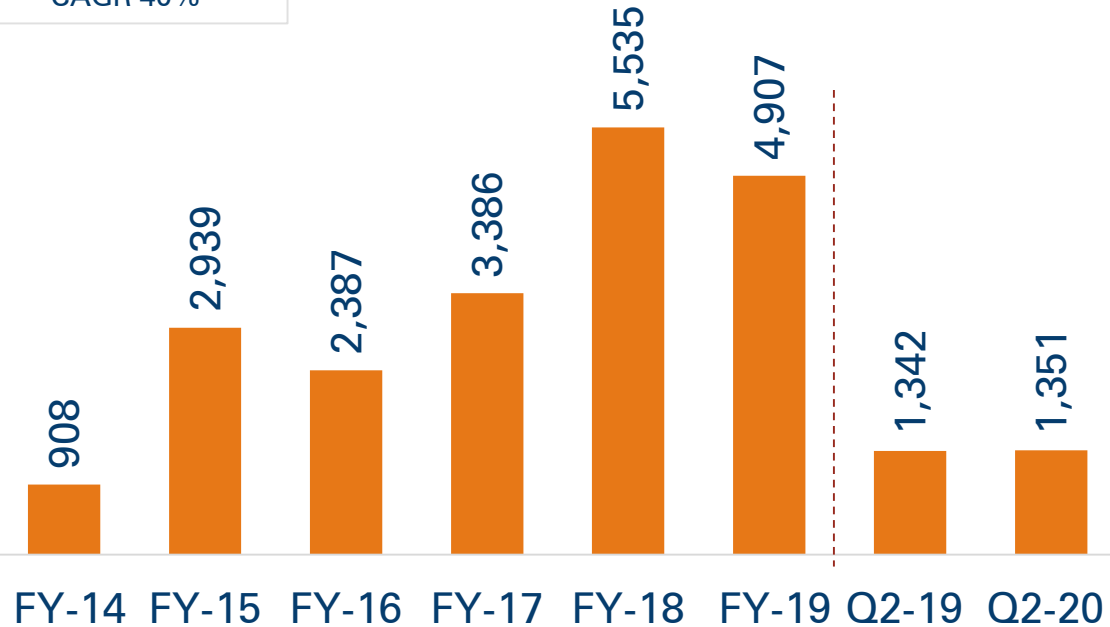
1. Brokerage is excluding interest & others

Asset light agency business with high returns

Consistent dividend payout & high ROE due to asset light model

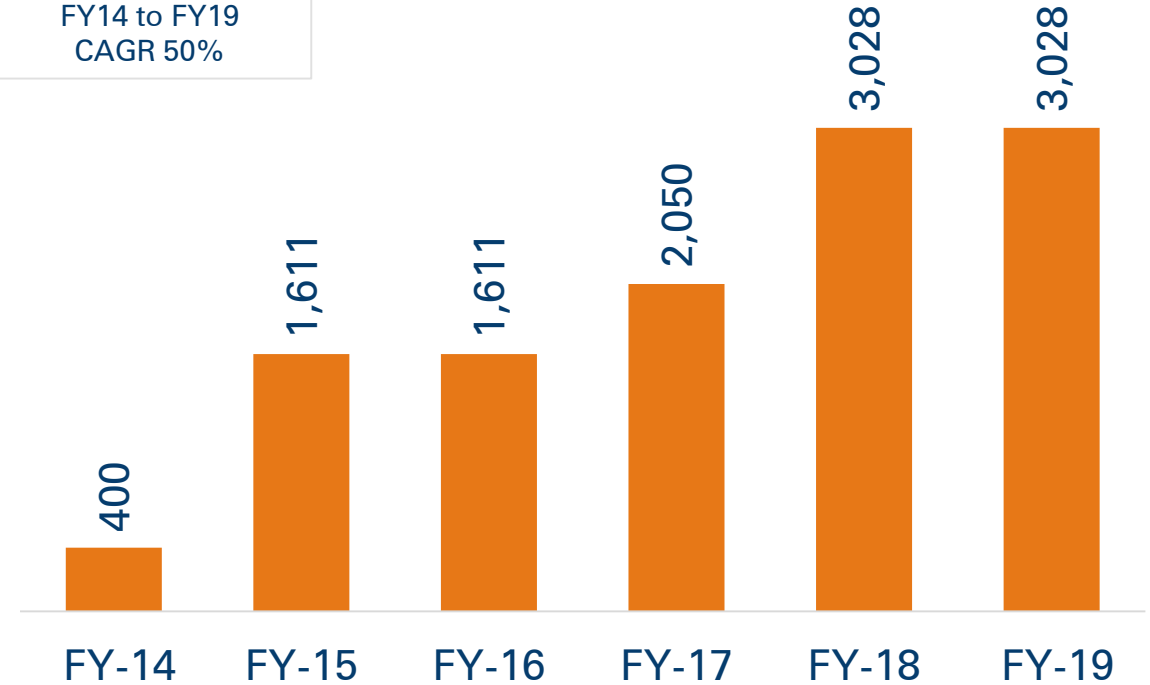
PAT (₹ million)

FY14 to FY19
CAGR 40%



Dividend payout (₹ million)

FY14 to FY19
CAGR 50%



Return on Equity remain robust at 48% for Q2 FY20

Consolidated P&L

(₹ million)

Particulars	Q2-FY19	H1-FY19	Q1-FY20	Q2-FY20	H1-FY20	Y-o-Y%
Revenue	4,581	8,940	4,021	4,182	8,203	(9)%
Operating Expenses ¹	340	592	245	244	489	(28)%
Employee benefits expenses	1,435	2,802	1,274	1,339	2,613	(7)%
Finance Cost ²	108	239	178	179	357	66%
Other expenses ²	621	1,204	564	579	1,143	(7)%
Total expenses	2,504	4,837	2,261	2,341	4,602	(7)%
Profit before tax	2,077	4,103	1,760	1,841	3,601	(11)%
Tax ³	735	1,423	622	490	1,112	(33)%
Profit after tax	1,342	2,680	1,138	1,351	2,489	1%
Other Comprehensive Income (OCI)	-	(16)	(35)	(16)	(52)	-
Total Comprehensive Income (TCI)	1,342	2,664	1,103	1,335	2,437	(1)%

1. Includes MTM of ₹ 108 mn & 36 mn taken in Q1-FY2020 and Q2-FY2020 respectively on DHFL
2. Impact of Ind AS116 in Q1-FY2020 & Q2-FY2020 respectively: finance cost & depreciation increase by ₹ 156 mn , ₹ 141 mn; lease expense reduce by ₹ 128 mn and ₹ 119 mn; having a net impact of ₹ 28 mn and 22 mn
3. Impact of change in income tax rate including impact on account of revaluation of deferred tax asset given in Q2-FY2020



Y-o-Y: Q2-FY2020 vs Q2-FY2019

Segment performance

(₹ million)

Particulars	Q2-FY19	H1-FY19	Q1-FY20	Q2-FY20	H1-FY20	Y-o-Y%
Segment Revenue						
Broking & commission	4,241	8,209	3,637	3,810	7,448	(10)%
Advisory services ¹	283	605	167	323	489	14%
Investment & trading	57	126	69	49	118	(14)%
Income from operations²	4,581	8,940	4,021	4,182	8,203	(9)%
Segment Profit before tax						
Broking & commission	1,904	3704	1,647	1,672	3,318	(12)%
Advisory services	144	315	16	175	191	22%
Investment & trading	29	84	(51)	(6)	(56)	
Total Result	2,077	4,103	1,760	1,841	3,601	(11)%



1. Advisory services includes Financial advisory services such as equity-debt issue management services, merger and acquisition advice and other related activities
2. Amount of ₹ 207 mn and ₹ 148 mn pertaining to interest on income tax refund is not allocated to any segment and is included in total revenues and results of FY2019 and Q1-FY2020 respectively

Y-o-Y: Q2-FY2020 vs Q2-FY2019

Balance sheet : Assets

(₹ million)

ASSETS	At Sep 30, 2018	At Mar 31, 2019	At Sep 30, 2019
Financial assets (A)	25,538	43,697	31,030
Cash/Bank and cash equivalents	16,823	31,486 ¹	15,322
Derivative financial instruments and Securities for trade	700	2,563	5,642
Receivables	2,013	4,770	2,457
Loans	5,022	4,033	6,797
Investments	37	28	27
Other financial assets	943	817	785
Non-financial assets (B)	2,694	2,949	4,986
Deferred tax assets (net)	647	737	571 ²
Right-of-use assets ³	-	-	1,662
Fixed assets, CWIP & Intangible assets	454	476	517
Current tax assets & other non financial assets	1,593	1,736	2,236
Assets (A+B)	28,232	46,646	36,016



1. Settlement obligation pertaining to an offer for sale of ₹ 17,362 mn was pending for payment as on March 31, 2019
2. Re-measured deferred tax assets at new income tax rate
3. 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 Sep 30, 2018	At March 31, 2019	At Sep 30, 2019
Financial liabilities (A)	13,285	30,182	19,892
Derivative financial instruments	3	17	-
Payables	6,091	23,362 ¹	5,650
Debt securities	5,204	4,473	10,143
Lease liabilities ²	-	-	1,654
Deposits & Other financial liabilities	1,987	2,330	2,445
Non-financial liabilities (B)	5,288	5,991	5,366
Equity (C)	9,659	10,473	10,758
Equity share capital	1,611	1,611	1,611
Other equity	8,048	8,862	9,147
Equity and Liabilities (A+B+C)	28,232	46,646	36,016



1. Settlement obligation pertaining to an offer for sale of ₹ 17,362 mn was pending for payment as at March 31, 2019
2. Lease liabilities are being capitalised in financial liabilities as per Ind AS116 applicable from April 1, 2019

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Enablers: Rapidly transforming Digital India

High device penetration

- 1.2bn mobile phones in India
- Smartphone penetration at 26.2% in 2018
 - Expected to be 66% by FY22¹
- 0.6bn internet subscribers in India
 - Second only to china

Affordable access spurring adoption

- Mobile data consumption at 8.3gb per month per user
 - China at 5.5gb
- Digital payment transactions at 15bn up from 5bn FY14
- Mobile trading² at 10% in 2018 from 1% in 2014
- Data costs are down by more than 95% since 2013
- Download speed increased 4x between 2014 and 2017

Digital Data infrastructure

- Increasing volume of quality data available across various agencies
- Developments in
 - Data Sciences & Analytics
 - Machine learning/ Artificial Intelligence technologies
 - Artificial Intelligence

Policy led systematic push

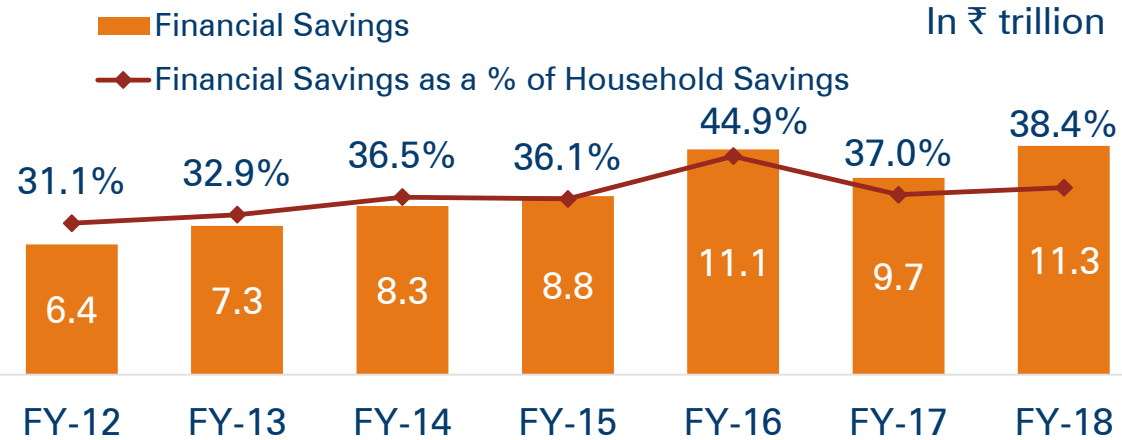
- 1.2bn Aadhaar enrollment
- 740m+ direct benefit transfer transactions
- 10mn+ businesses on online GST network



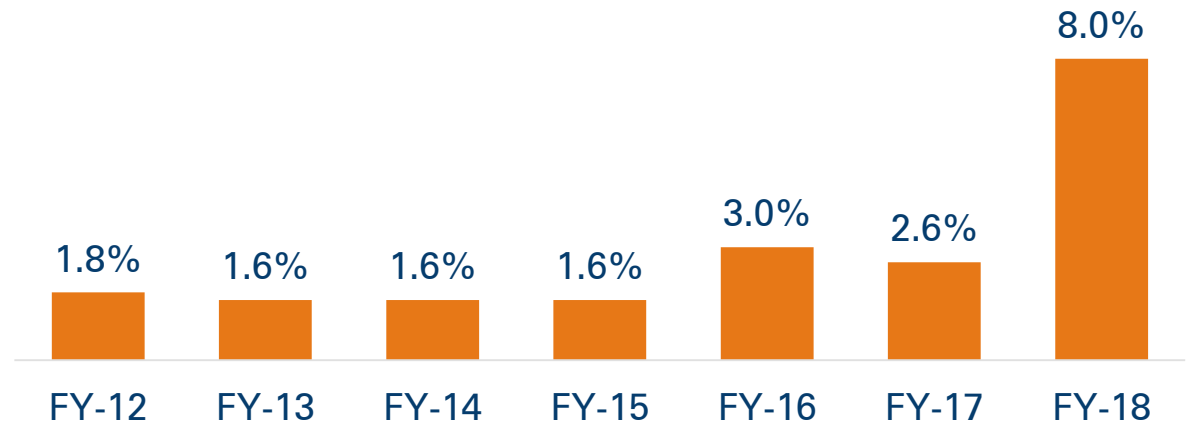
Source: McKinsey, 1. CRISIL, 2. SEBI (Mobile as a mode of trading in cash market at NSE)

Enablers: Financialisation and equitisation of savings

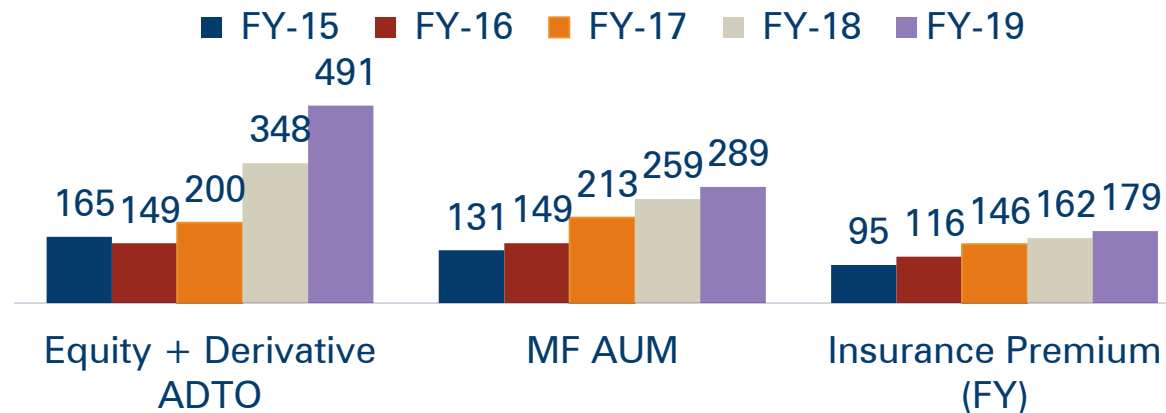
Rising financial savings



Growing incremental share of financial investments in shares & debentures¹



High growth across financial asset classes²



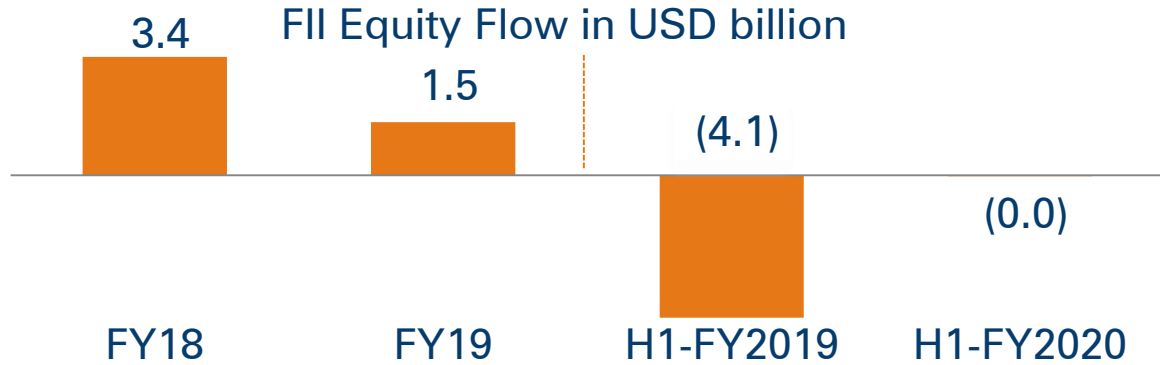
Source: RBI, IRDA, AMFI, NSE, BSE, EIU; ADTO: Average daily turnover;

1. 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)

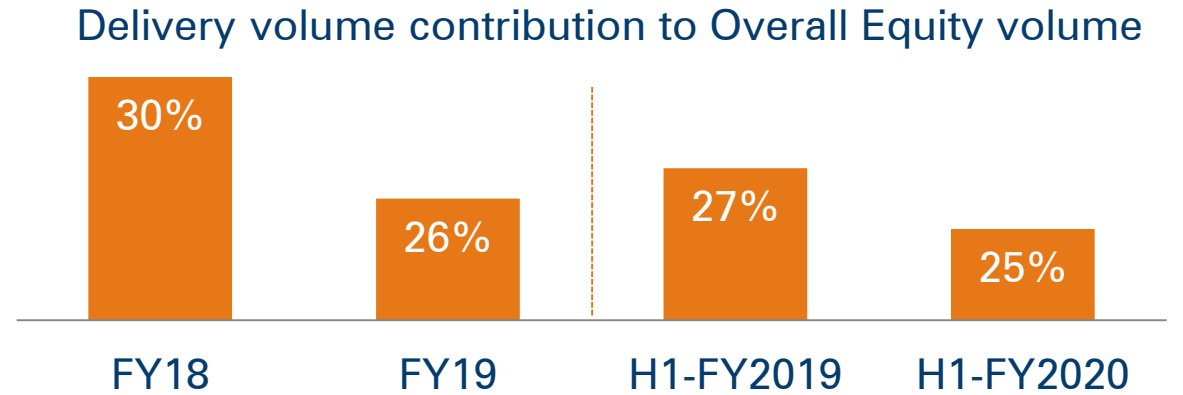
2. Indexed to 100 in FY 14

Industry trends: Slow down in primary & secondary market

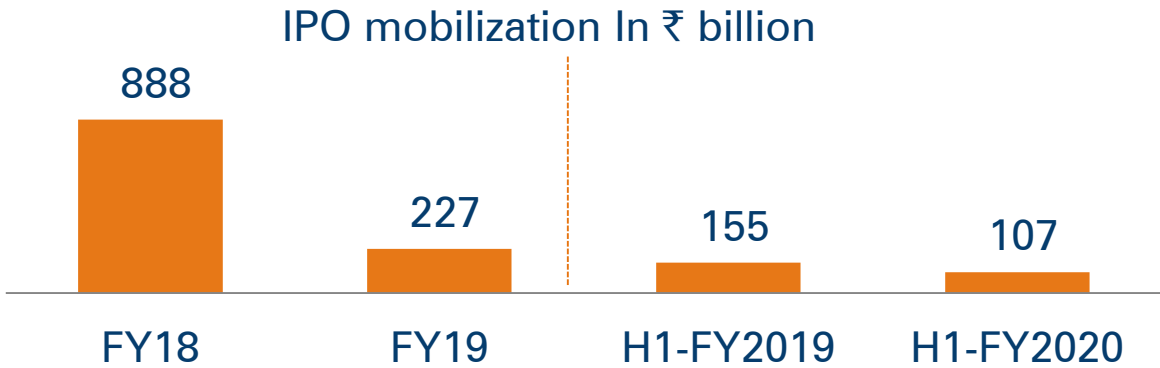
Weak FII flow



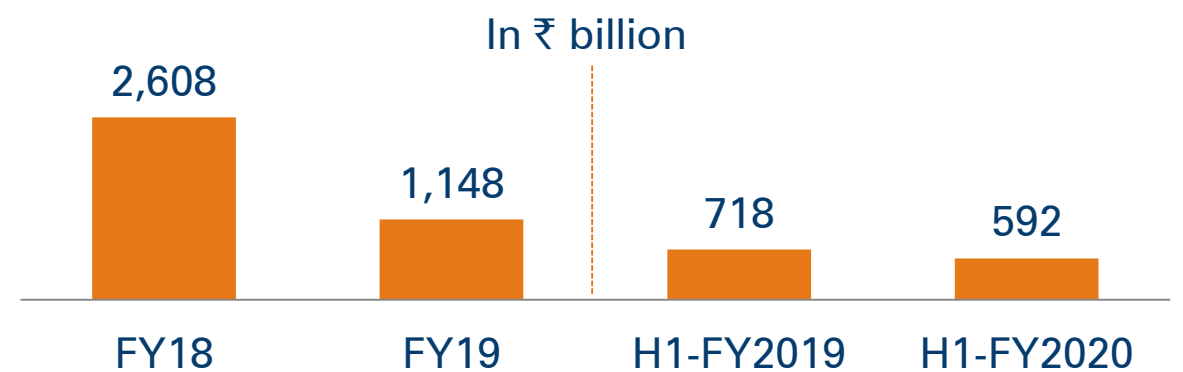
Contribution of better yielding delivery volume reducing



Subdued capital market (IPO) activity



Slow down in MF net equity flow



Industry trends: Equity market volatile with downward bias

Nifty Midcap Index



Down by 21% and 13% from April-18 and April-19 peak respectively

Nifty Small cap Index

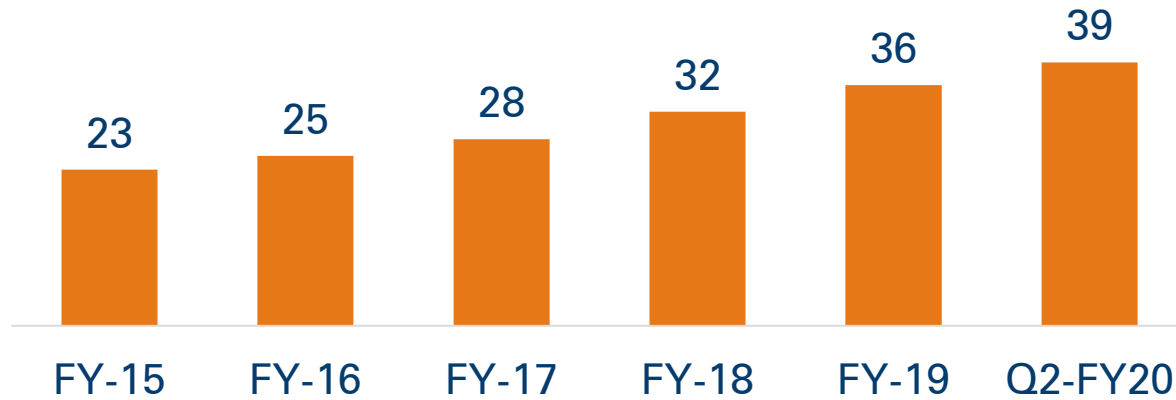


Down by 33% and 18% from April-18 and April-19 peak respectively

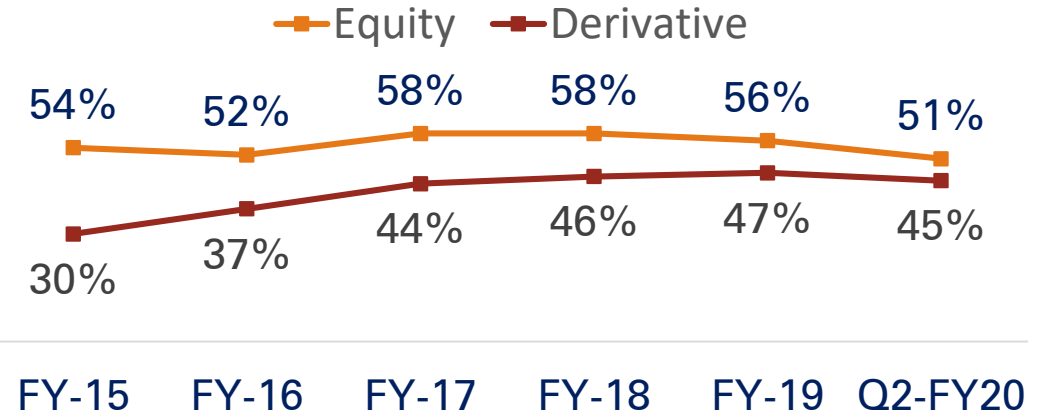


Industry trends: Equity secondary market

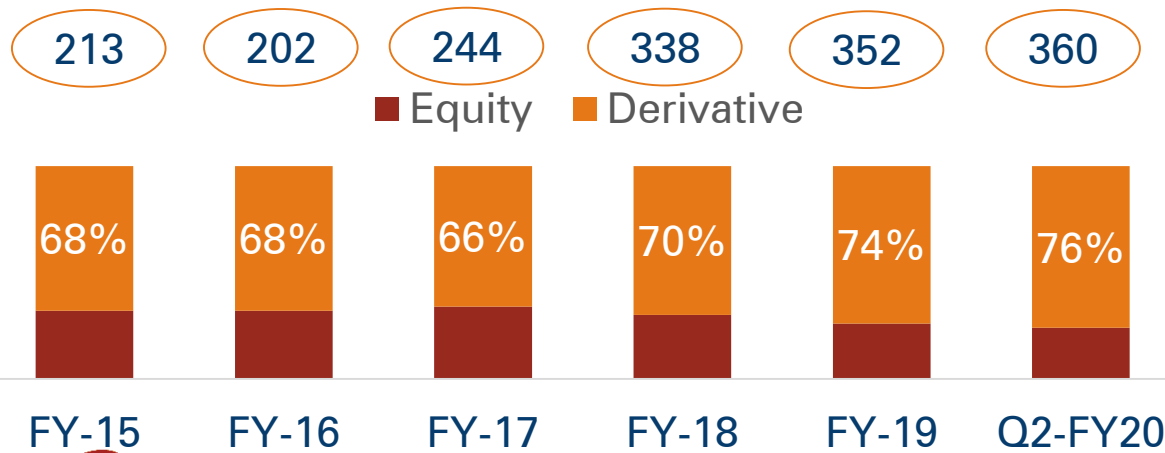
Rise in demat accounts (In million)



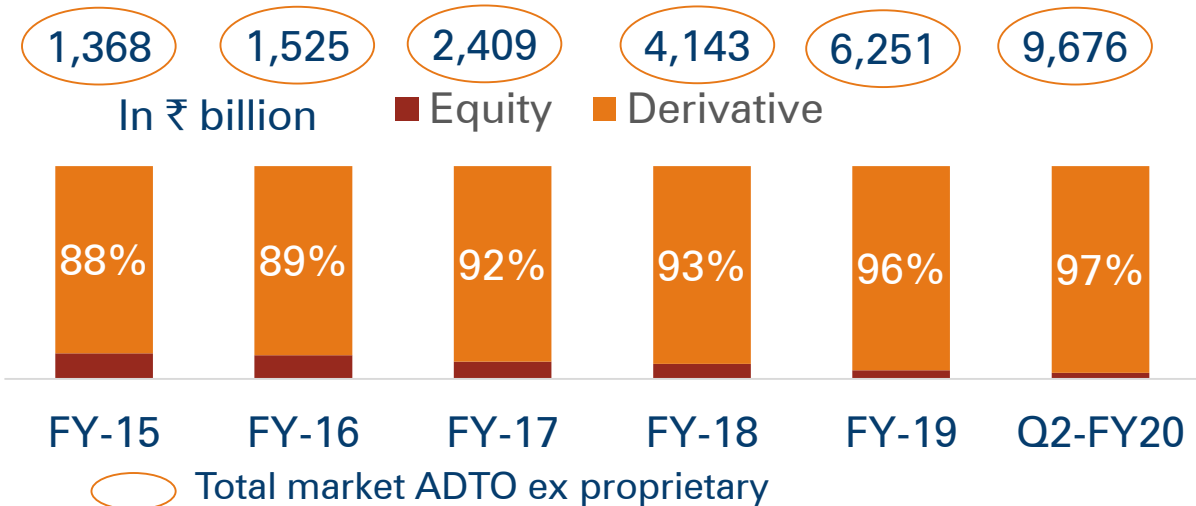
Growing retail participation



Growing share of trading volume (₹ billion)



Secondary market volume growth led by derivative volume#



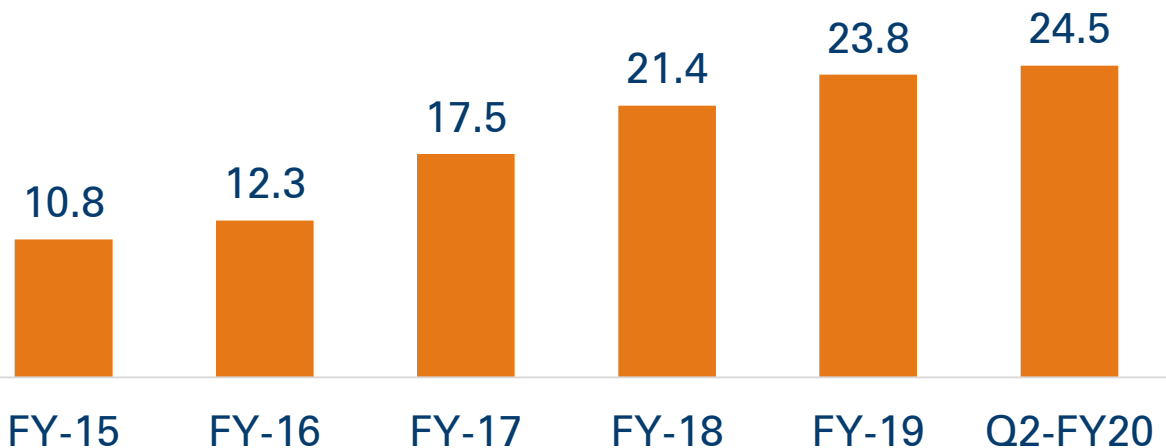
○ Equity market ADTO

○ Total market ADTO ex proprietary

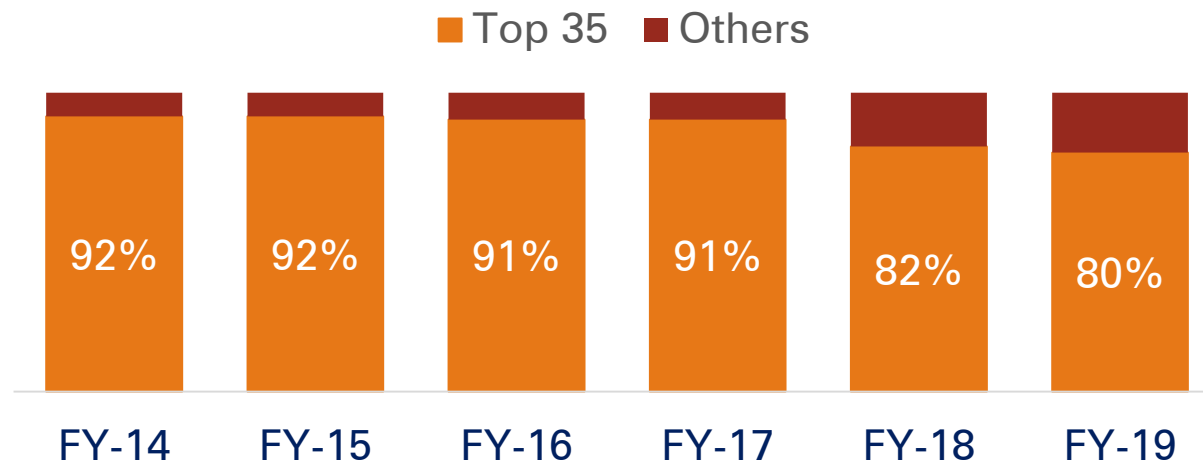
Source: NSE, BSE, SEBI, NSDL, CDSL; ADTO – Average daily turnover
#Excluding proprietary volume

Industry trends: Savings - Increasing managed equity

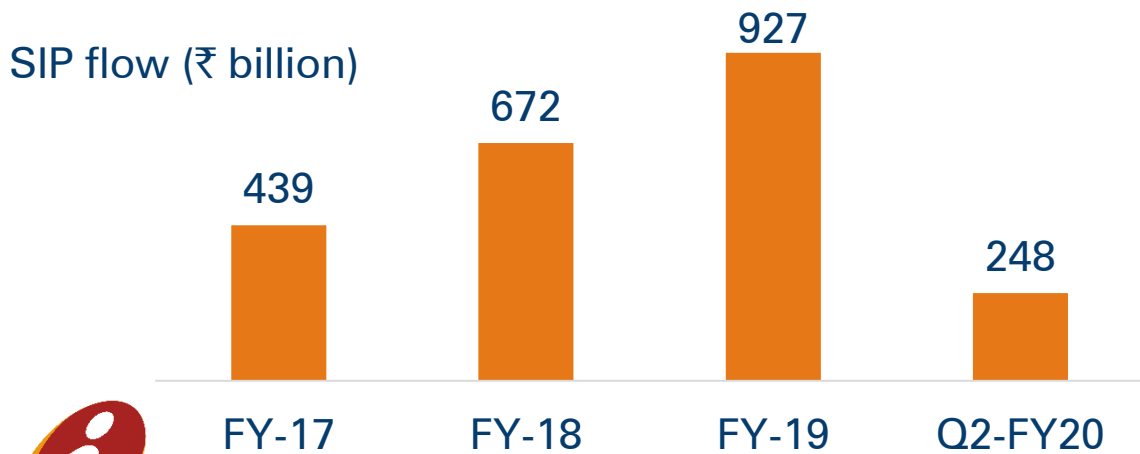
Mutual Fund (Exit) AUM (₹ trillion)



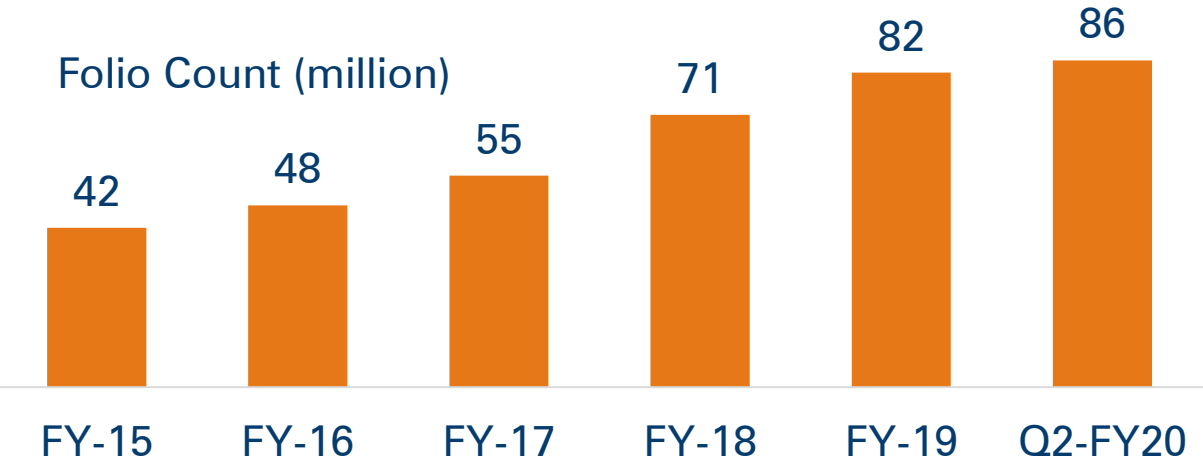
Growing share of beyond top 35 cities in MF AUM



More systematic retail participation through SIP



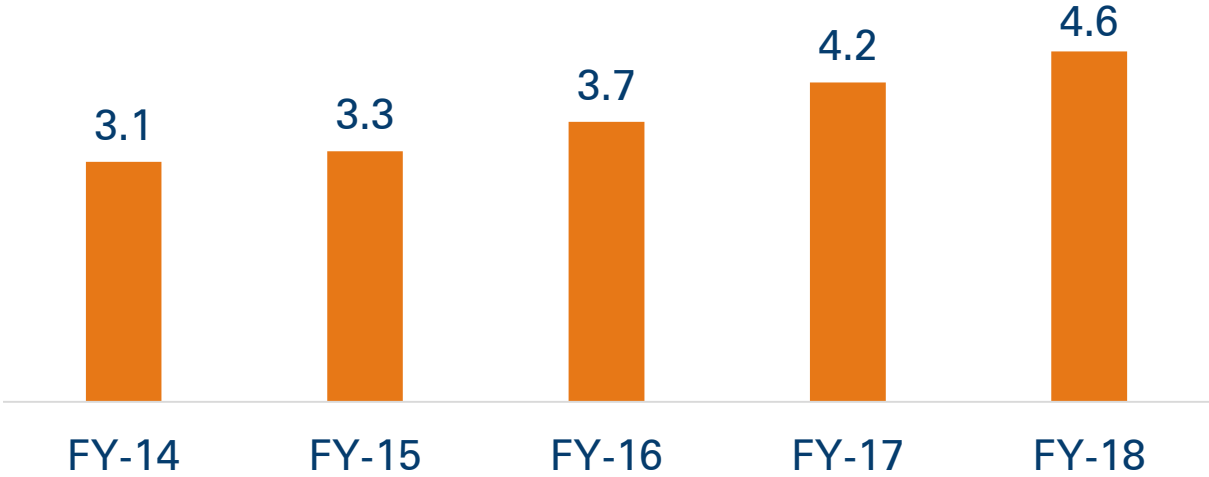
Mutual Fund folio



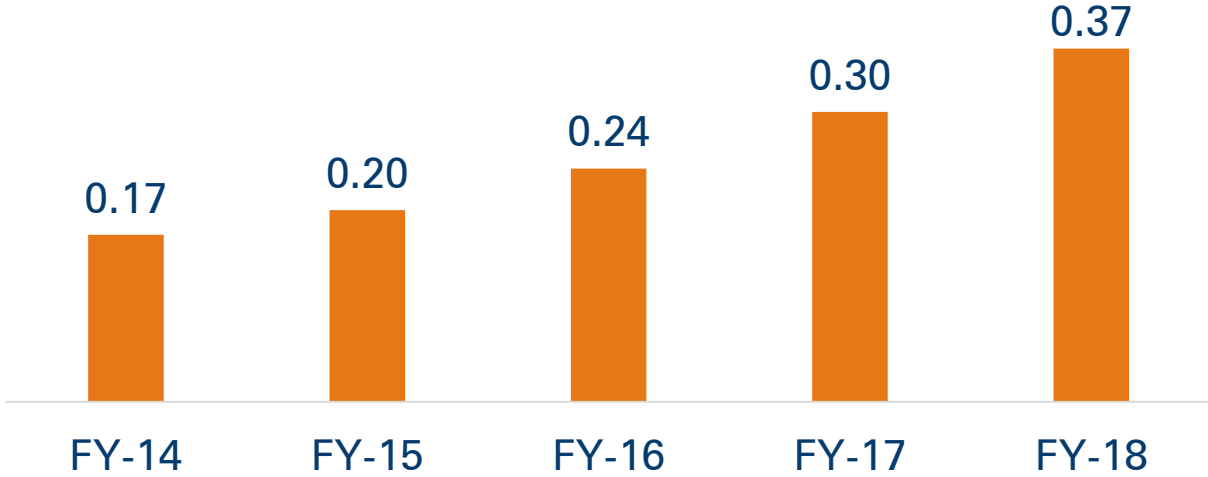
Source: AMFI

Industry trends: Protection

Life Insurance premium¹ (₹ trillion)



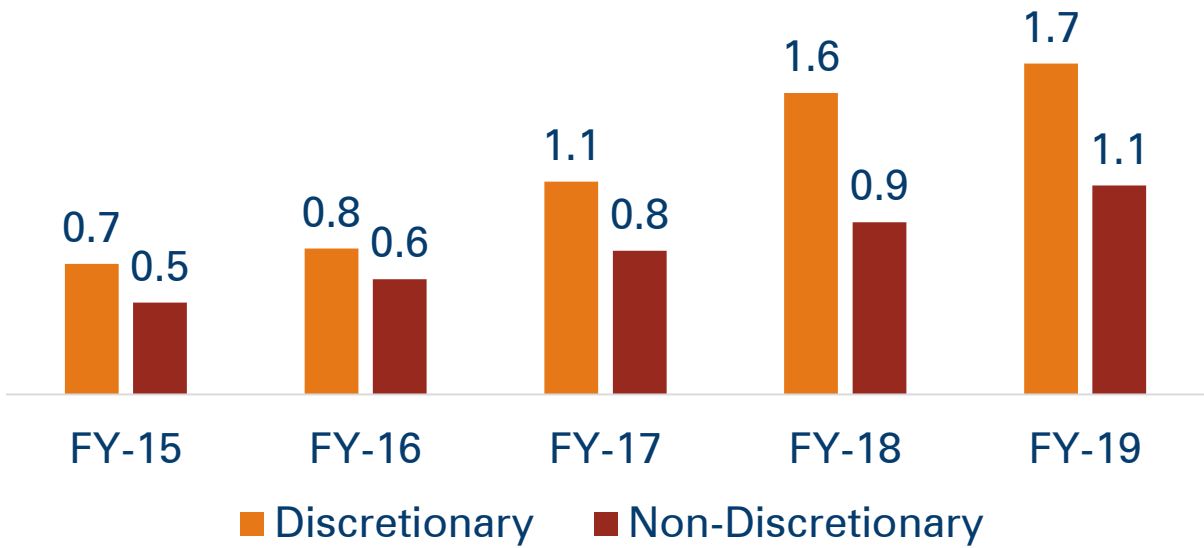
Health Insurance premium¹ (₹ trillion)



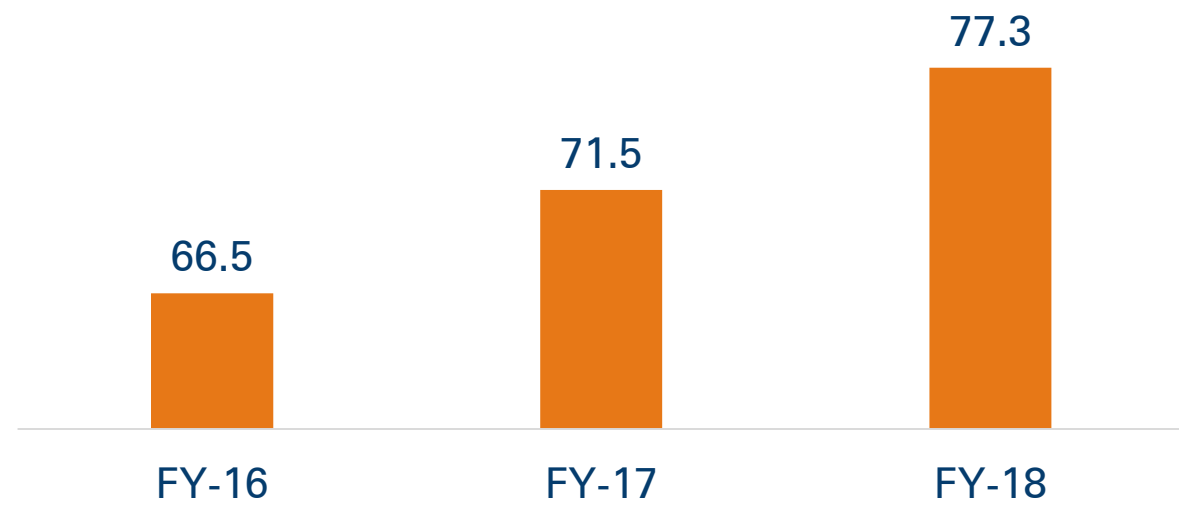
Source: IRDA

Industry trends: Wealth and Asset creation

PMS AUM¹ (₹ trillion)



Gross Bank Credit² (₹ trillion)



1. Source: SEBI 2. Source: RBI

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.

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Thank you