



Performance Review

Q3-FY2021

January 25, 2021

Agenda

- **ISEC Franchise**
- Strategy
- Operating environment & Financial highlights
- Business Performance

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TECHNOLOGY

ICICI Securities franchise over the years...



Affluent franchise

- ❖ One of the largest equity franchise
- ❖ Total assets* of ₹ 3.4 tn
- ❖ Private wealth clients' assets** of ₹ 1.47 tn



Scale

- ❖ Client base at 5.07mn² from 2.48mn in FY14
- ❖ Overall active clients at 1.63mn² from 0.73mn in FY14
- ❖ NSE active clients at 1.29mn² from 0.50mn in FY14



Strong position across businesses

- ❖ Equities business¹ market share at 10.5%² from 7.5% in FY14
- ❖ MF Revenue market share at 4.5%³ from 2.9% in FY14
- ❖ Consistently ranked amongst top ECM players³



Free cashflow generating high operating leverage model

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



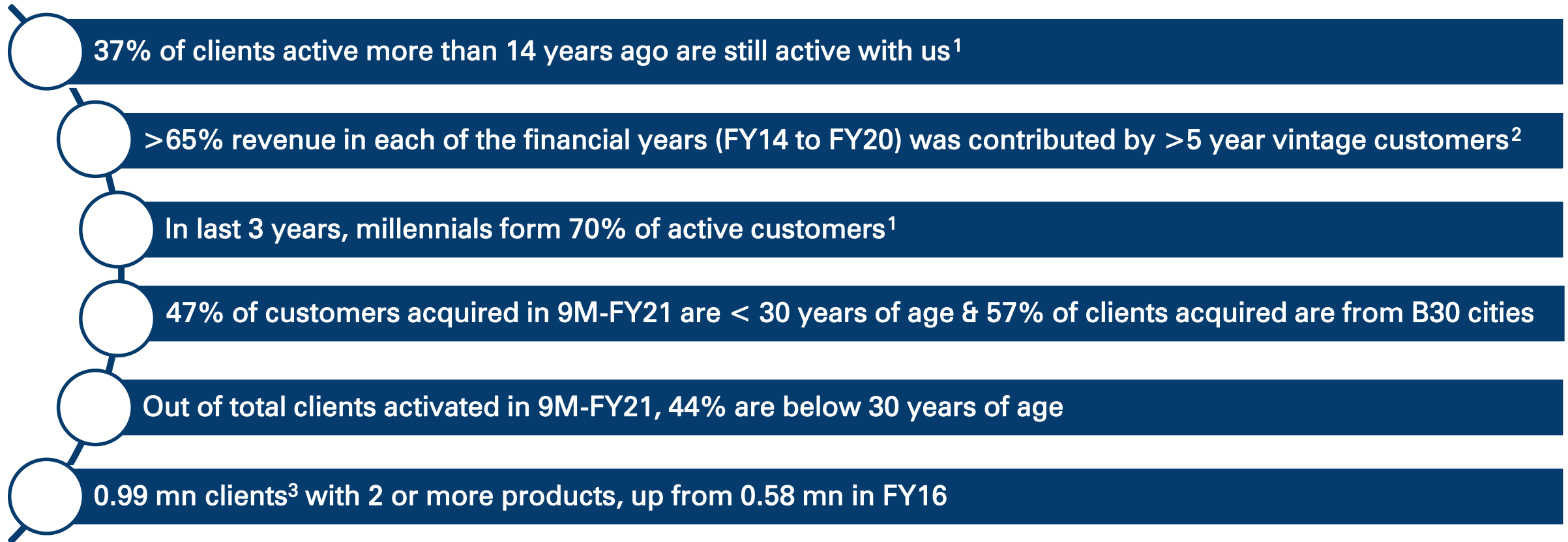
1. Combined market share for retail and institutional clients for cash delivery and intraday equity trades

2. As at Q3-FY21, active clients are for trailing 12 months 3. FY20 data, Source AMFI 4. 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...



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



1. As at FY20
2. Based on retail broking revenues
3. As at Q3-FY21

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

Strong Customer Focus

- Managing financial life cycle
- Nuanced insights of customer behaviour

Governance & Risk Management

- Independent Chairman
- Separate posts of Chairman & MD & CEO
- Strong Independent Director representation
- Proactive and real-time risk management

Innovation

- Demonstrated track record of maintaining leadership position across business cycles for over 2 decades
- Multiple first to market offerings

Cultural Anchors

Agility & Execution

- Ability to respond quickly to market dynamics
- Strong emphasis on execution

Nurturing Talent

- High quality, diverse talent pool
- Ability to attract & retain talent



...a robust digital business model enjoying strong brand equity

Unique business model

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

Wide range of products under one digital platform

- Open architecture business model
- Investments, loans, deposits and protection
- 50+ products and services

Scalable digital capabilities and infrastructure

- 99% equity transactions performed online
- 95% mutual fund transactions performed online
- 80% of our client sourcing is digital, balance is phygital



Low capital intensive and high ROE business model

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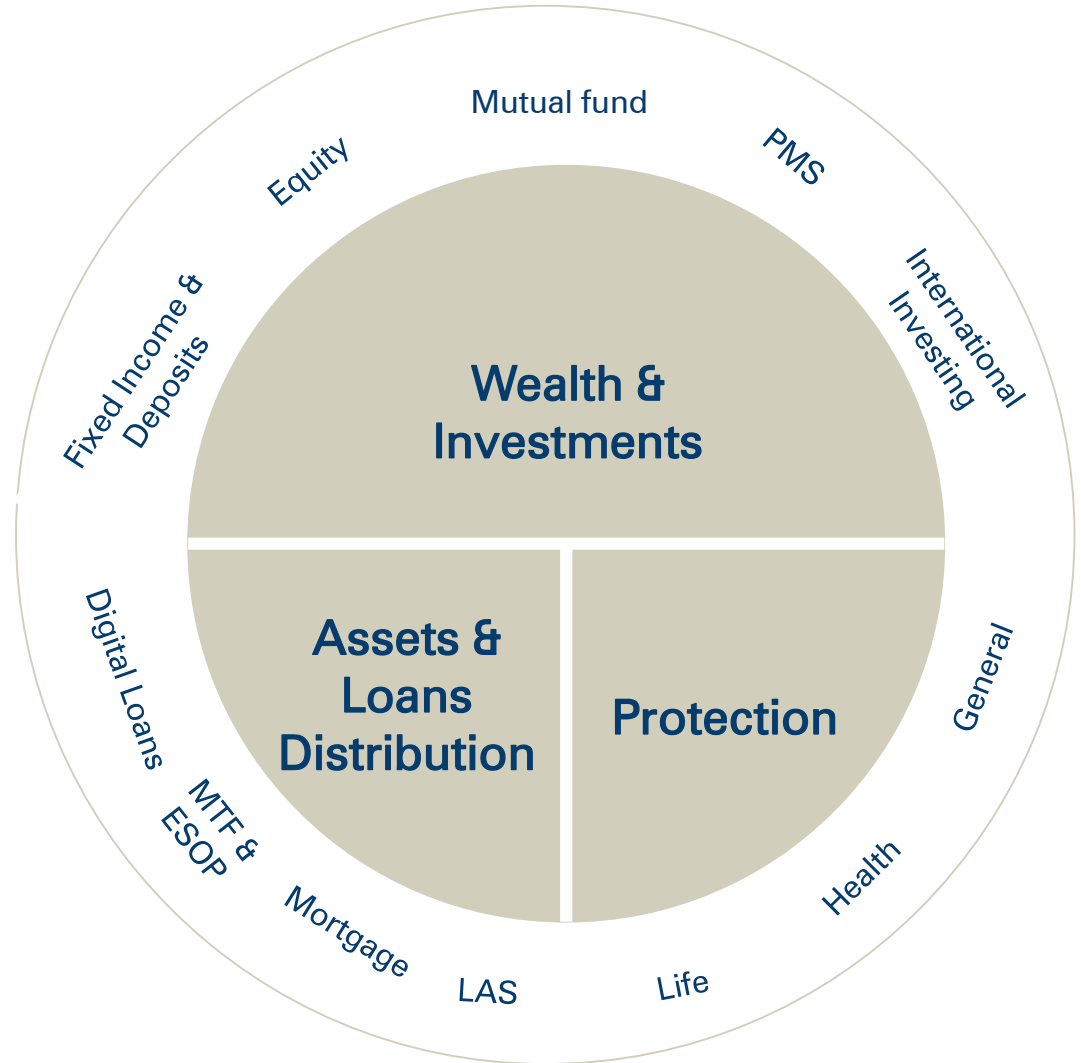


TECHNOLOGY

Broadening the positioning by focusing on strategic anchors

Imperatives:

- Broad basing business model
- Diverse and granular revenue streams



To emerge as a provider of financial services requirements across life stages of Retail Indian - Powered digitally in an open architecture format

We remain committed to our implementation of following strategic anchors for a transformation journey



Progress against strategic anchors discussed in the following slides

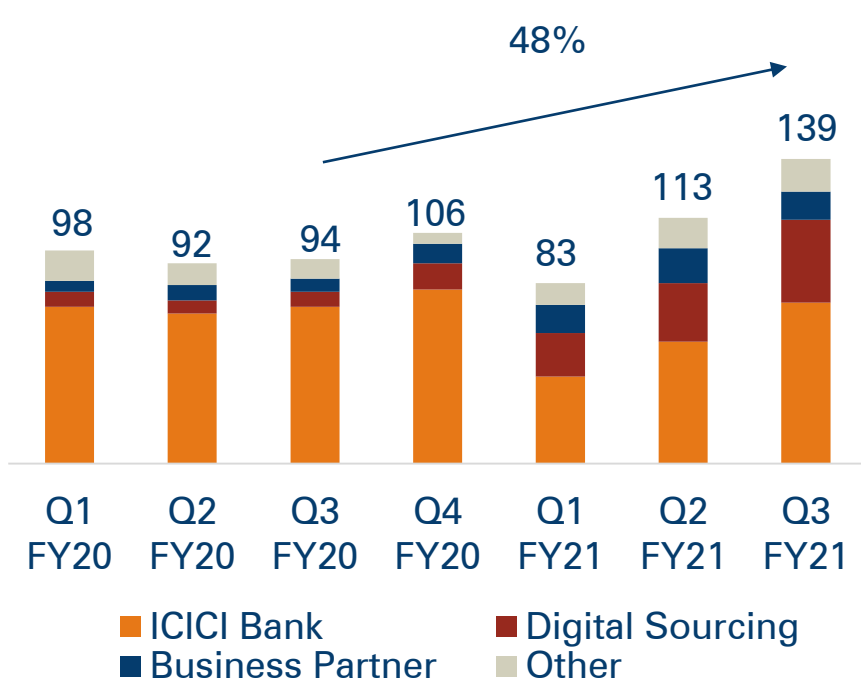


Progress: Ramping up Scale and Value...

Growing and diversifying customer acquisition channels

- Diversified our client sourcing channel mix, largest sourcing channel now contributing about 59% vs 80% in FY20

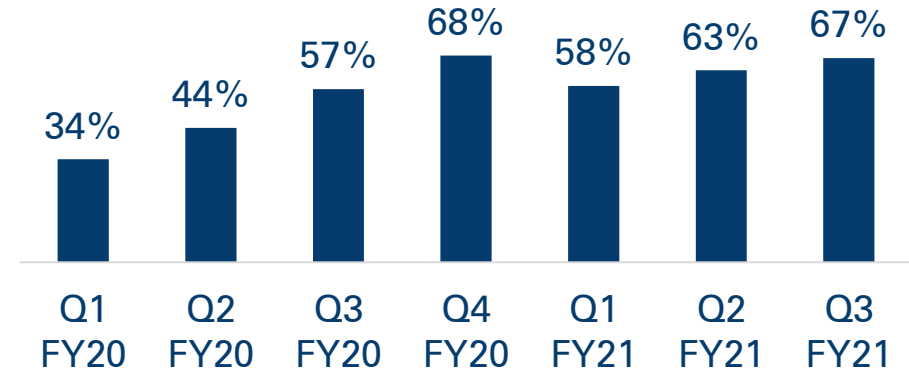
New clients acquired ('000)



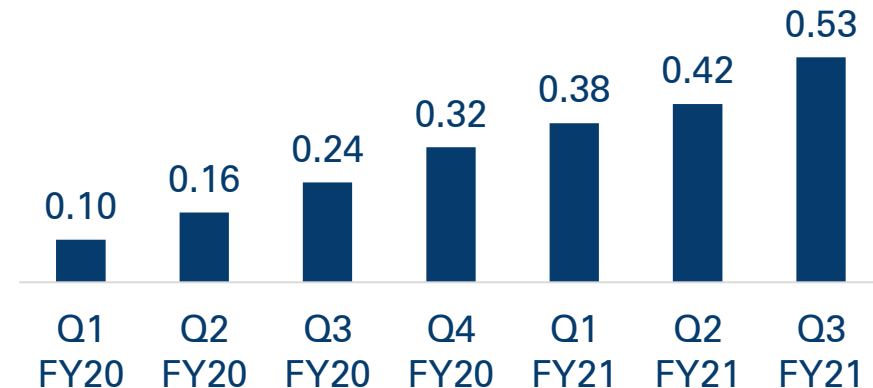
Activation rates = % of New client acquisition (NCA) who have traded during the quarter

Improving quality of sourcing

- Activation rates trending up post new arrangement with ICICI Bank in Q1-FY20 and new product propositions

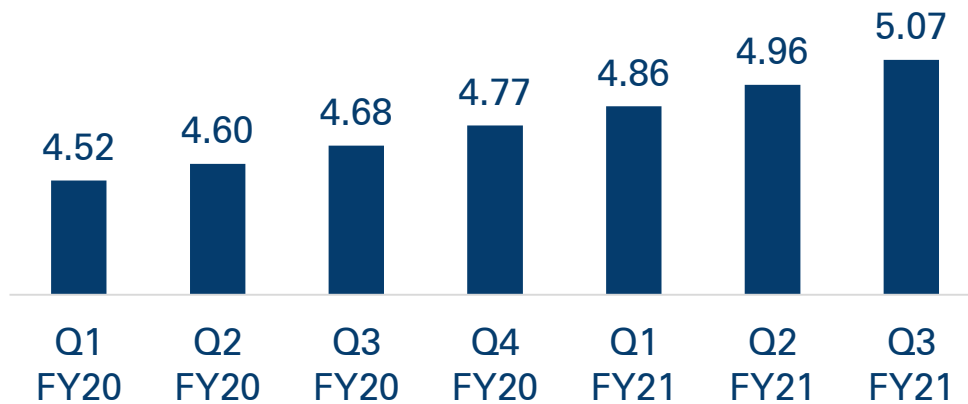


- Prime customers: ~56% of retail equities revenue in Q3-FY21 up from ~35% in Q3-FY20

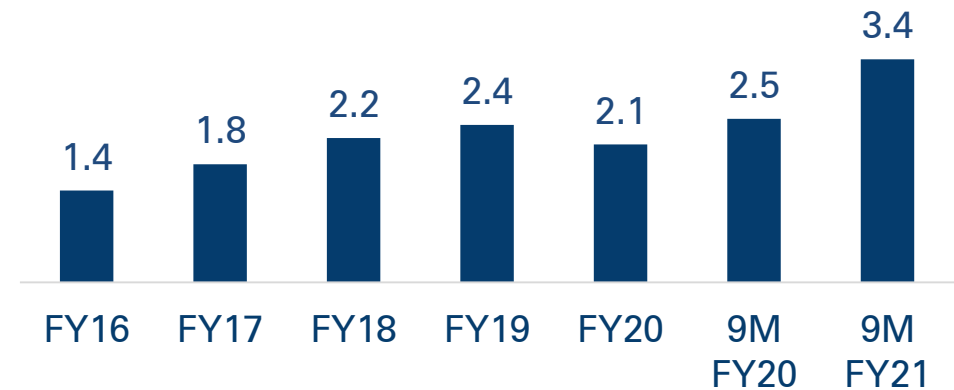


...resulting in increase in clients and assets

Client Base (mn)



Total Assets¹ (₹ tn)



Expansion of distribution network, digital sourcing and open architecture has helped us speed up our new client acquisition



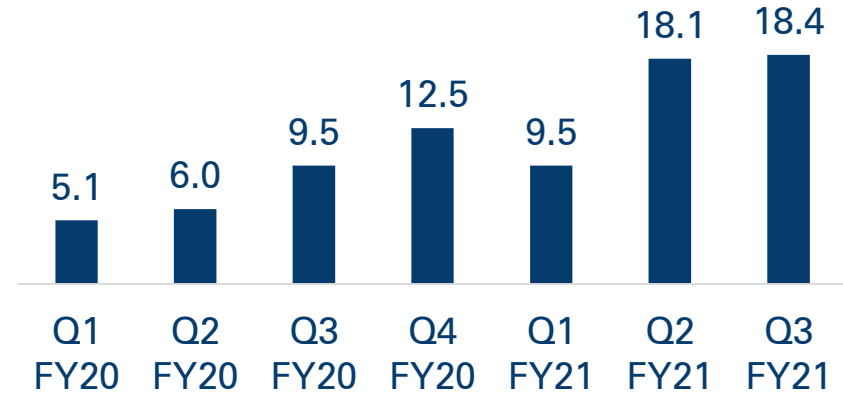
1. Assets of our clients including equity demat assets maintained with ICICI Bank and excluding promoter holding

Progress: Monetise client value

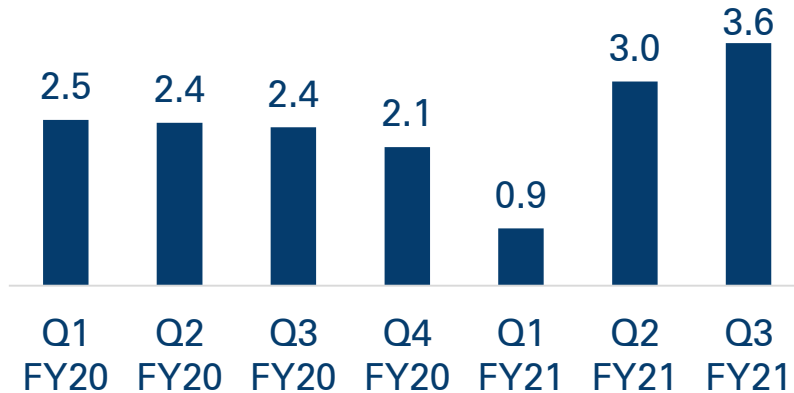
New Initiatives

- Launched **ICICIdirect NEO**, targeted at traders, offering zero brokerage on all Futures trades and flat ₹20 per order for Intraday and Options
- **ICICIdirect Money**, standalone mobile app for mutual fund investment launched

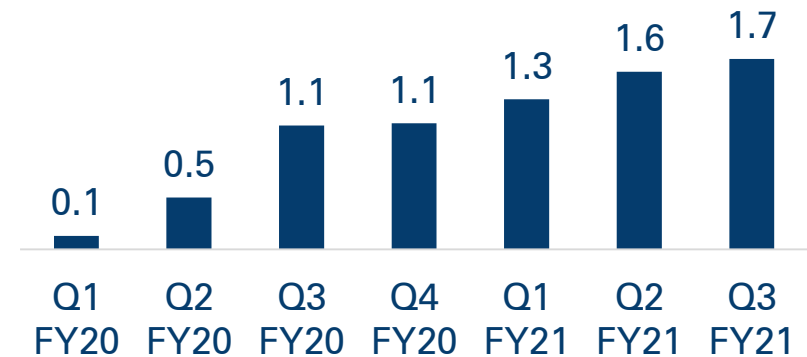
MTF & ESOP book* (₹ bn)



Home loans disbursed (₹ bn)



Own PMS AUM (₹ bn)



ROE at 71% in Q3-FY21, up from 51% in Q3-FY20



* Daily average for the quarter

Progress: Enhancing customer experience...

Deepening relationships to enhance life time value

Increase cross sell ratio

Win back clients who have stopped trading

Activate clients who have never traded

➤ One click investments

- ❖ Equity: ~50K portfolios subscribed till Dec 2020
- ❖ Wealth: New one click MF basket 'All Weather Multi Asset' launched

➤ Cross sell

- ❖ Cross sell ratio improved to 1.70 from 1.55 YoY
- ❖ Clients with 2 or more products reached ~1m, up 9% YoY

➤ Smart execution tools for research, trading strategies

- ❖ Sensibull: Derivatives trading strategy formulation
- ❖ iTrack: Insights on open positions in F&O
- ❖ iAlert: Investor alert when buying high risk stocks
- ❖ Payoff analyser: Estimates probable P&L for Options

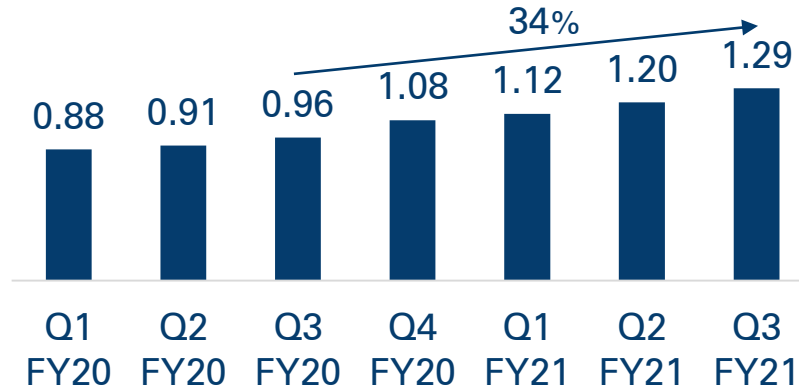
➤ Make product experience for the customer unique

- ❖ Fully digital global investing platform

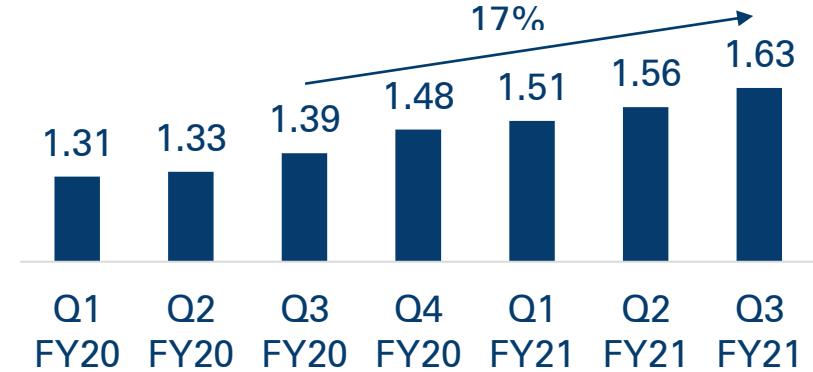


...resulting in increased client activity and engagement

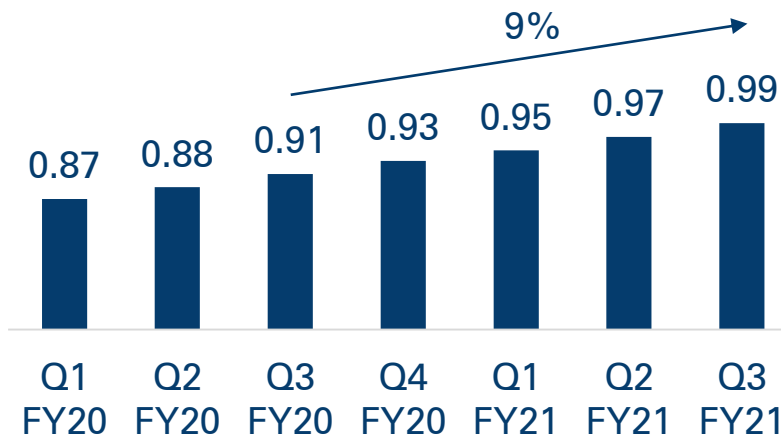
NSE active clients (mn)



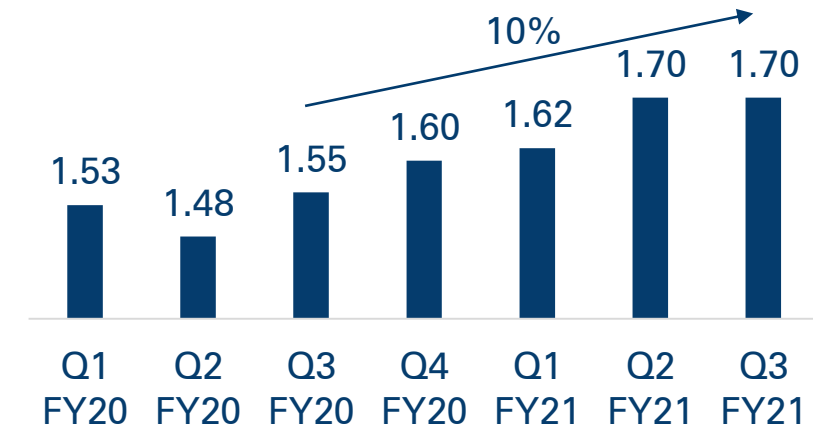
Overall active clients (mn)



Clients with 2 or more products (mn)



Cross sell ratio



Net Promoter Score (NPS): 26.3% in Q3-FY21, up from 21.8% in Q2-FY21
Sourcing NPS: 50.4% in Q3-FY21, up from 40.1% in Q2-FY21



Progress: Digital agility for enhancing customer experience

Robust technology platform



Digital Agility

Client engagement platform

- New website interface launched
- Re-engineering our mobile application

Partnership with Fintechs for digital experiences

- Integration of tax services with new partners
- Partnership for client acquisition
- Tool for improving customer experience in FNO
- Tool for charting based option trading solution



ICICIdirect Money launched

- 30k+ downloads with google app store rating of 4.0

Secure, Stable and Reliable system

- Peak orders + trades processed: 4.0 mn
- Peak concurrent users at 95k+; average 70k

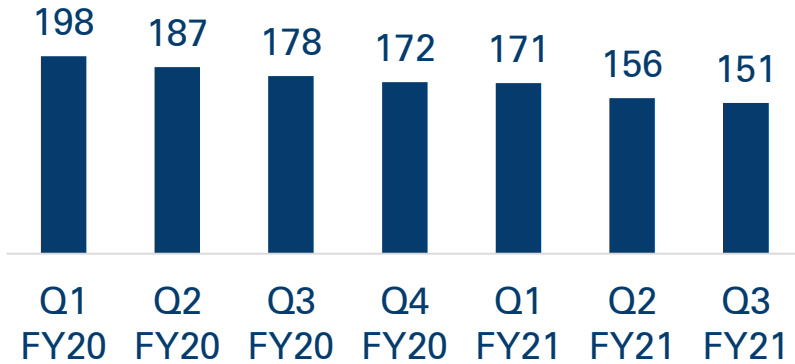
Increased traction on our platform

- ~1.5x increase in our website traffic in last 3 months
- 1.8x increase in unique client logins on our platform YoY

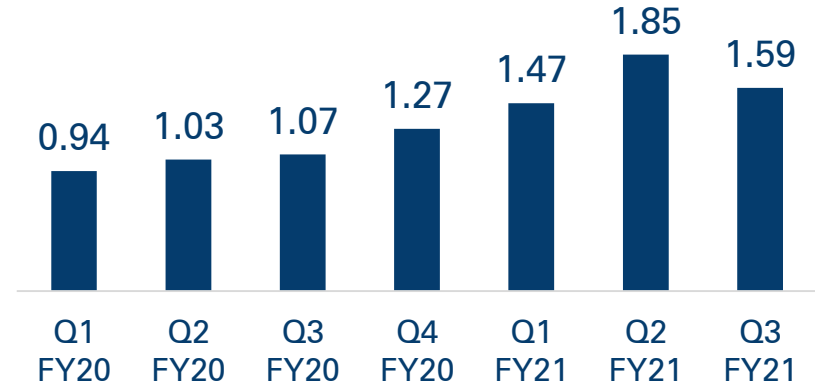


Progress: Cost efficiency

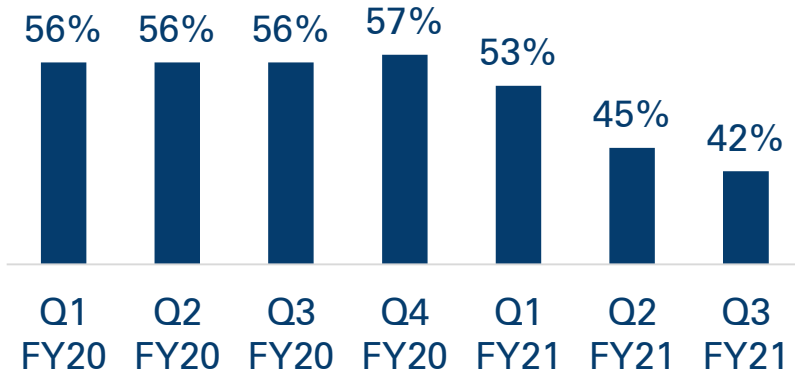
Number of branches



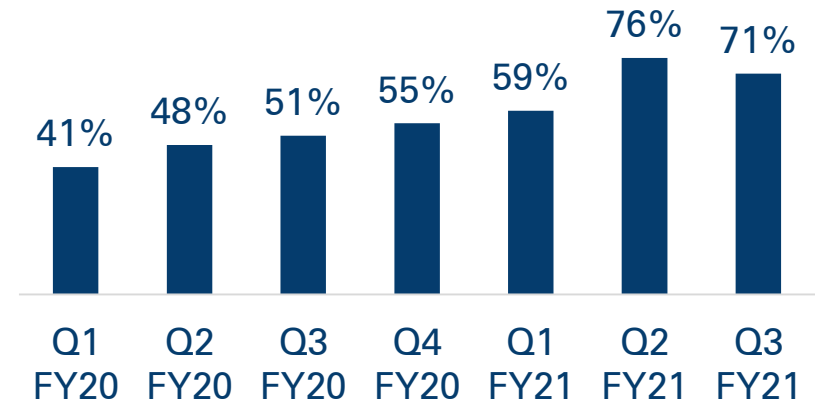
Revenue per employee (mn)



Cost to Income ratio



Return on equity*



Variabilization of costs: variable cost as % of total cost increased to 43% from 29%¹



1. Period: 9M-FY2021 vs 9M-FY2020
* Annualized

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Operating environment

Key highlights

Regulatory developments

- Implementation of first phase of minimum margin requirement for intraday equity & derivative segment

Secondary market – Sustained momentum

- 3.2mn demat accounts opened in the quarter
- Equity market ADTO ex Prop increased 53% YoY, flat sequentially
 - Industry witnessed decline of 10% in equity intraday ADTO in Dec'20 vs Nov'20
 - However, cash delivery volume for industry increased by 17% in the same period
- Derivative market ADTO ex Prop increased 76% YoY, up 36% sequentially
 - Derivative ADTO for the industry grew by 7% in Dec'20 as compared to Nov'20, growth moderated MoM

Mutual Funds – Subdued flows

- Overall gross flows for the industry down 44% YoY, gross equity flows for industry down 7% YoY
- Net inflows for the industry increased by 2% YoY, led by increase in net flows in debt mutual fund
- Net equity outflow for the industry continued in Q3-21: December was sixth consecutive month of net outflows
- Equity AUM increased by 4% YoY and 9% sequentially,
- SIP flows for the market decreased by 6% YoY

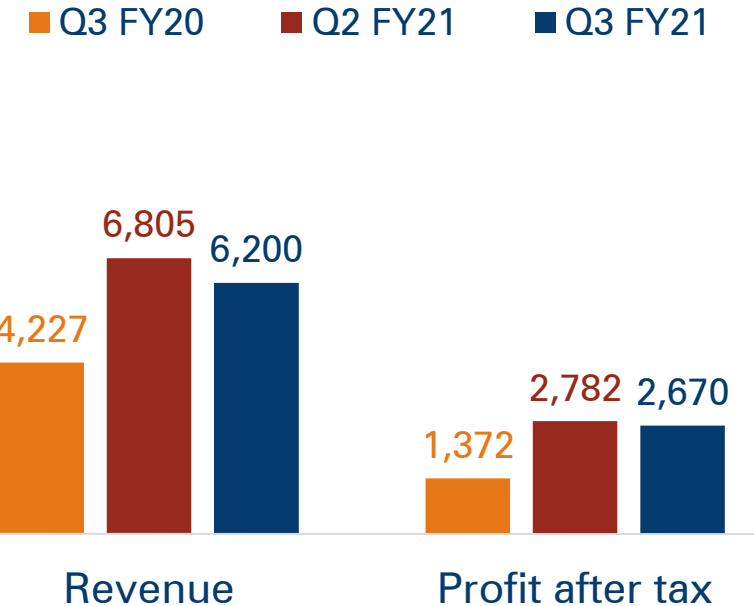


Financial Results

Revenue and Profit after Tax

- **Consolidated revenue increased by 47%**
 - Retail equities & allied revenue at ₹3,904mn, up 70%
 - Distribution revenue at ₹1,079mn, up 5%
 - Private Wealth Management revenue at ₹ 1,137mn up 86%
 - Institutional equities revenue at ₹380mn, up 34%
 - Issuer Services and Advisory revenue at ₹234mn, up 33%
- **Cost to Income ratio of 42% vs 56%**
- **Consolidated PAT up 95%**

Revenue and PAT (₹ million)



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Business Performance

Equities business

Equity segment volumes and market share

- Equity ADTO increased by 80% YoY
- Equity market share up YoY however declined sequentially due to:
 - Oct'20 & Nov'20 (10.8%)
 - Decline due to lower institutional equity business in November where we lost some market share due to MSCI rebalance
 - Dec'20 (9.9%)
 - Decline due to new margin norms however revenue was up due to better mix of delivery and higher active client base

Derivatives segment volumes & market share

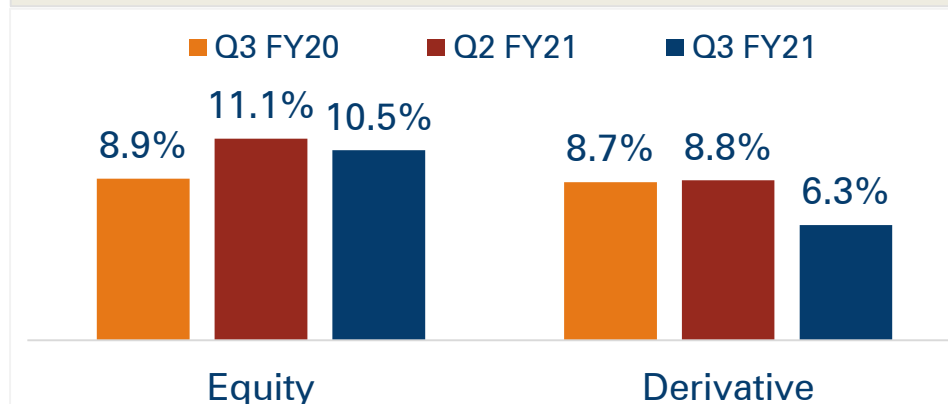
- ISEC derivative ADTO increased by 28% YoY
- Market Share: Oct'20 & Nov'20 (8.0%), Dec'20 (3.4%)
- Down in Dec due to decline intraday derivatives having low yields;
 - Revenue decline in Dec'20 is 7.6% of retail brokerage revenue for Dec
 - Launch of NEO to help increase derivative client base and grow the business

Retail equity revenue in December up MoM despite lower derivative and intraday equity revenues



1. Combined market share for retail and institutional clients
 Period: Q3-FY2021 vs Q3-FY2020; Sequential: Q3-FY2021 vs Q2-FY2021

Volume Market Share¹



Retail equities revenue (₹ million)



Business Performance

Equities business

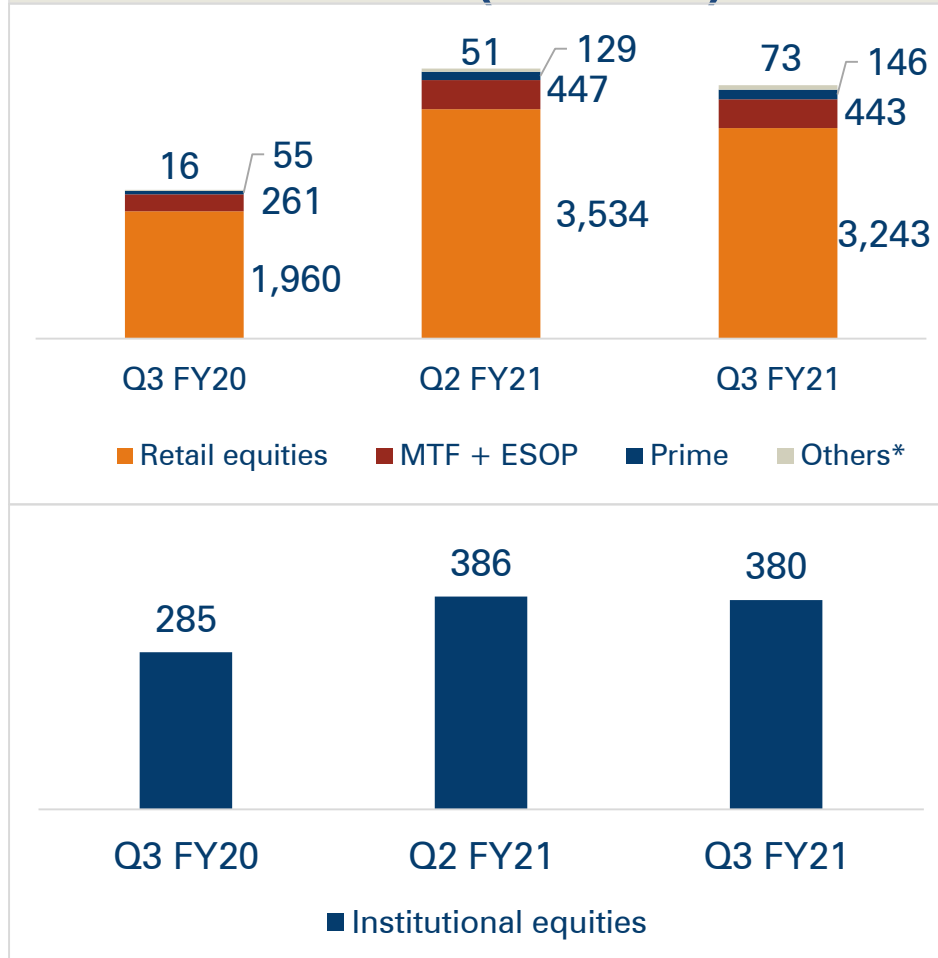
Retail equities and allied¹ revenue up by 70%

- Brokerage grew by 65% YoY, however declined by 8% sequentially
 - Lesser number of trading less (3 days less or ~5%) compared to last quarter
 - Prime and Prepaid: ~64% of retail equities revenue
- Allied income now contribute to 17% of total Retail equities revenue up from 15% YoY

Institutional equities³ revenue up by 34%

- Franchise consolidated its position among the top domestic institutions
- Strengthened FII franchise by entering into partnership with a US firm
- Institutional Research:
 - Cover ~300 stocks, ~30% higher than nearest competitor
 - Consumer analyst is India's top analyst consistently over last decade
 - Metal, Utilities, Energy, Auto analysts are top-ranked

Revenue (₹ million)



1. Retail equities includes broking income from cash & derivatives & allied revenue includes ESOP & MTF interest income, depository charges recovery, NEO subscription fees and Prime fees

2. Institutional equities includes broking income from cash & derivatives

* Others include NEO fees, Depository charges which were previously netted off in expenses and now reclassified as gross revenue

(Retail equities & allied as previously reported: Q3FY20 = ₹2,277m, Q2FY21 = ₹ 4,110m)

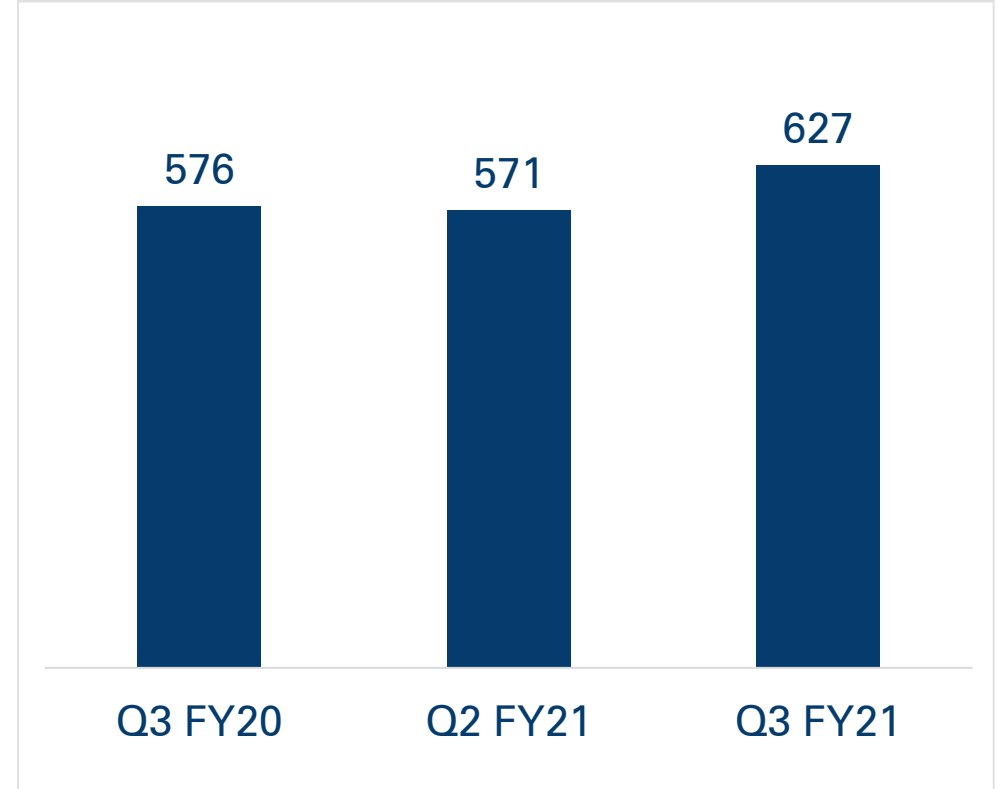
Period: Q3-FY2021 vs Q3-FY2020; Sequential: Q3-FY2021 vs Q2-FY2021

Business Performance

Distribution business – Mutual Funds

- **Distribution revenue at ₹ 1,079 mn, up 5%,**
 - At 3 quarter high, sequential growth of 9%
- Mutual Fund revenue up by 9%
 - ISEC Mutual Fund average AUM¹ up 2%, at all time high
 - Our gross flows grew faster than the industry
 - Market share increased from 0.15% to 0.28%
 - While we witnessed net outflows, our net flows market share in equity increased
- Concerted efforts on to increase market share
 - Launched exclusive mobile app for mutual fund investments
 - Loan against MF launched
- SIP count² for Q3 FY21 is 0.68 mn, up from 0.65 mn YoY
 - Market share in SIP flow increased to 3.66% from 3.22%

Revenue (₹ million)



Period: Q3-FY2021 vs Q3-FY2020; Sequential: Q3-FY2021 vs Q2-FY2021

1. AUM excluding direct

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

Source: AMFI

Business Performance

Distribution business – Focused Non Mutual Fund

Focused Non MF distribution¹ revenue up 5% YoY...

- Aided by increase in wealth products
 - Proprietary PMS at ₹ 1.7 bn; up from ₹ 1.1 bn in Q3-FY20
- Home loan disbursement at ₹ 3.6 bn, up 54% YoY

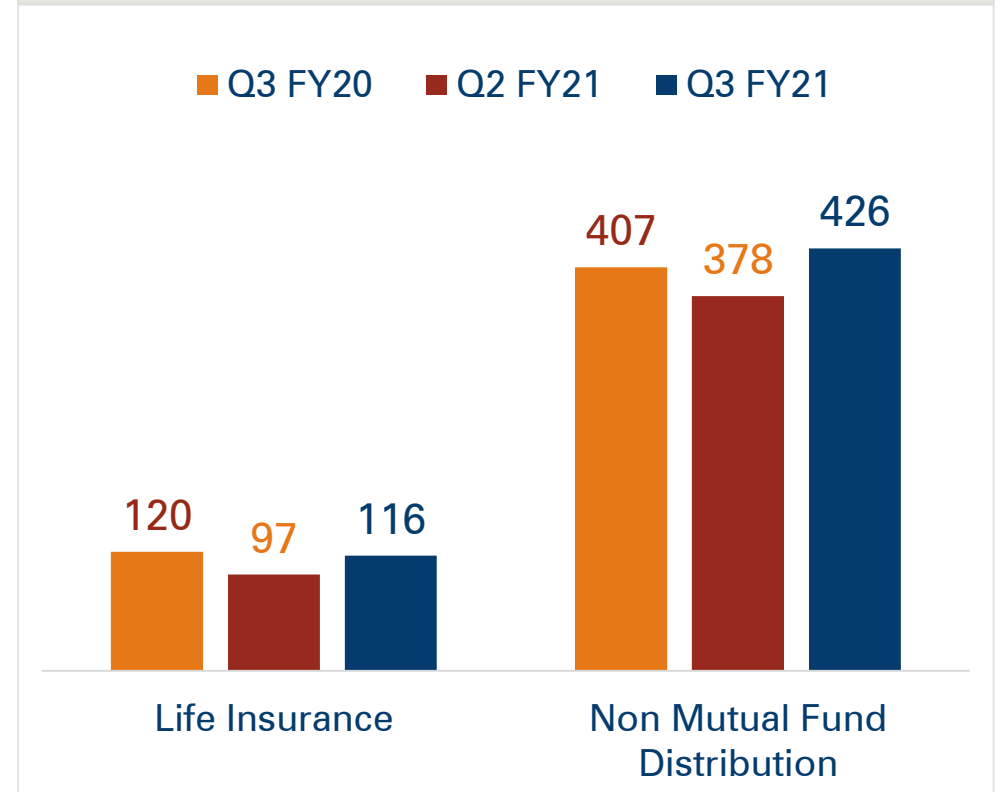
... strong momentum continued sequentially

- Focused Non MF distribution¹ revenue up by 13%
- Strong growth in AIF & PMS, up 55% sequentially
- Life Insurance revenue up 20% sequentially

Key initiatives

- Paperless NPS account opening
- Offering pre-approved sum assured to more than 1 million customers

Revenue (₹ million)



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

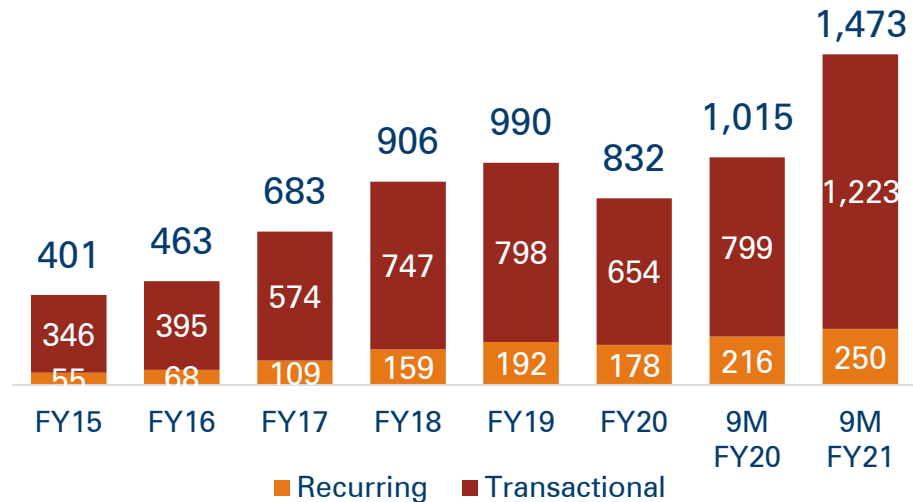
Period: Q3-FY2021 vs Q3-FY2020; Sequential: Q3-FY2021 vs Q2-FY2021

Business Performance

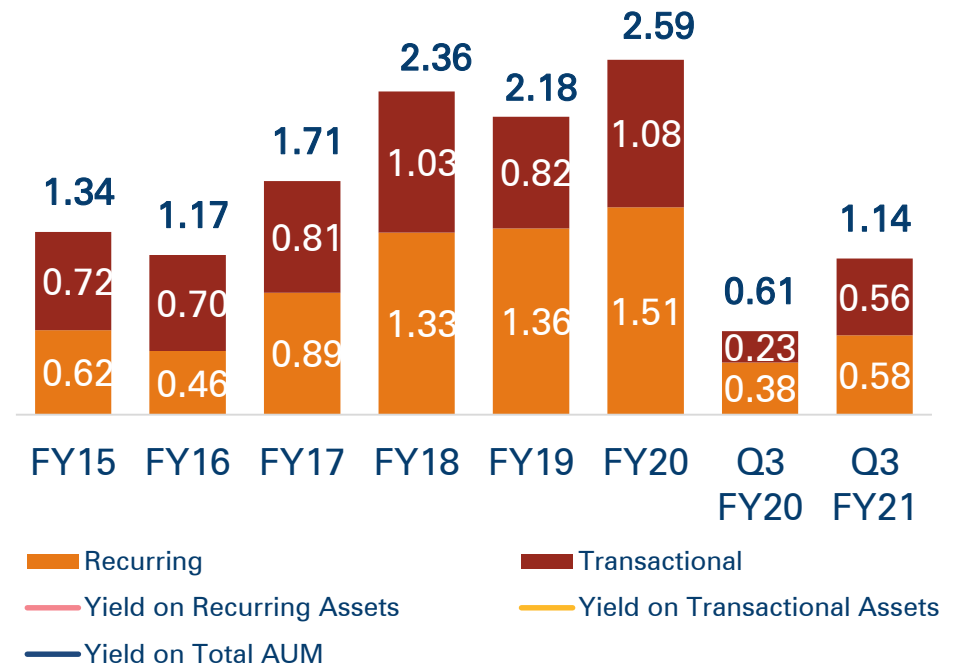
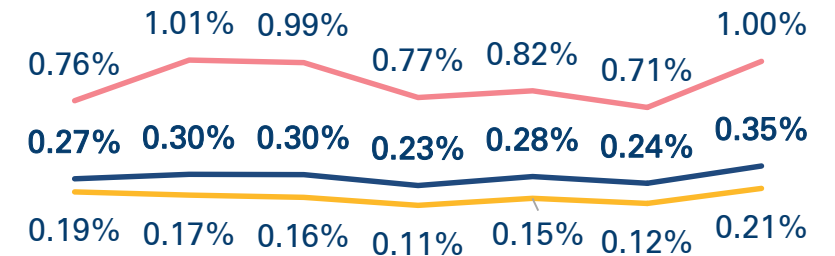
Private Wealth Management

- Total AUM at ~₹ 1.47 tn, up 45%
- Total Revenue at ₹ 1.14bn, up 86%
- Overall yield* at 0.35% compared to 0.24% in Q3FY20
- Clients: ~42,700; 6,700+ clients added during the quarter

Wealth Management Assets (₹ bn)



Wealth Management Revenue (₹ bn)

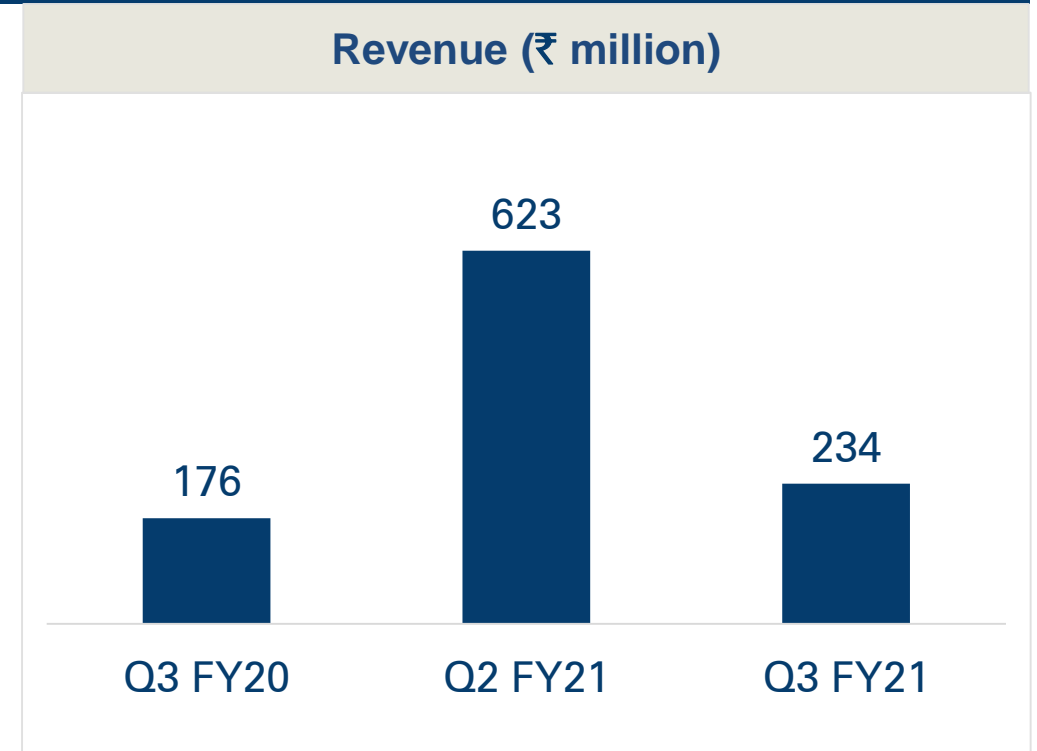


Period: Q3-FY2021 vs Q3-FY2020; Sequential: Q3-FY2021 vs Q2-FY2021
 *Yields are on average assets for the current & preceding period, quarterly yields are annualized

Business Performance

Issuer Services and Advisory

- Issuer Services & Advisory revenue up by 33%
- Executed 10 Investment banking deals in Q3-FY21 vs 7 in Q3-FY20
- #1 in IPO/FPO/ InvIT/ REIT¹ issuance, 85% market share
- #2 in merger market league table²
- Strong IPO³ pipeline, 10 deals amounting over ₹138 bn
- Continued focus on building non-IPO revenue



1. Source: Prime database, 9MFY21
2. Source Merger market, Amongst domestic financial advisors in terms of number of deals, 9M-FY20
3. IPO:IPO/FPO/InvIT/REIT, Source: SEBI

*Period: Q3-FY2021 vs Q3-FY2020; Sequential: Q3-FY2021 vs Q2-FY2021

Way forward

Core components of strategy remain intact

We continue to focus on all five anchors of our strategy, following areas require immediate attention

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

Digitize & decongest processes and products & enhance customer experience

Increased focus on cost

- Contain fixed costs and variabilisation of expenses
- Exploring moving certain teams to completely work from home, need for branch infrastructure may further reduce

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—in an open architecture format

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	Q3-FY20	Q2-FY21	Q3-FY21	% Q-o-Q	Y-o-Y%
Revenue	4,227	6,805	6,200	-9%	47%
Operating Expenses	270	425	413	-3%	53%
Employee benefits expenses	1,328	1,796	1,297	-28%	-2%
Other expenses ¹	558	576	659	14%	18%
Total operational expenses	2,156	2,797	2,369	-15%	10%
Finance Cost	219	285	253	-11%	16%
Total expenses	2,376	3,082	2,622	-15%	10%
Profit before tax	1,851	3,723	3,578	-4%	93%
Tax	479	941	908	-4%	90%
Profit after tax	1,372	2,782	2,670	-4%	95%
Other Comprehensive Income (OCI)	12	(6)	1		
Total Comprehensive Income (TCI)	1,384	2,776	2,671	-4%	93%



Segment performance

(₹ million)

Particulars	Q3-FY20	Q2-FY21	Q3-FY21	% Q-o-Q	Y-o-Y%
Segment Revenue					
Broking & Distribution ¹	3,875	6,033	5,792	-4%	49%
Issuer Services and Advisory ²	176	623	234	-62%	33%
Treasury ³	176	149	174	17%	-1%
Income from operations	4,227	6,805	6,200	-9%	47%
Segment Profit before tax					
Broking & Distribution ¹	1,752	3,243	3,396	5%	94%
Issuer Services and Advisory ²	27	393	74	-81%	174%
Treasury ³	72	87	108	25%	51%
Total Result	1,851	3,723	3,578	-4%	93%

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

Period: Q-o-Q: Q3-FY2021 vs Q2-FY2021; Y-o-Y: Q3-FY2021 vs Q3-FY2020



Balance sheet : Assets

(₹ million)

ASSETS	At Dec 31, 2019	At March 31, 2020	At Dec 31, 2020
Financial assets (A)	34,698	39,861	58,638
Cash/Bank and cash equivalents	15,715	24,114	31,803
Securities for trade & Derivatives financial instrument	5,547	8,351	3,266
Receivables	1,218	887	4,458
Loans	11,530	5,709	18,352
Investments	27	25	28
Other financial assets	661	775	731
Non-financial assets (B)	4,652	4,567	4,103
Deferred tax assets (net)	574	596	666
Right-of-use assets	1,573	1,529	1,047
Fixed assets, CWIP & Intangible assets	502	532	702
Current tax assets & other non financial assets	2,003	1,910	1,688
Assets (A+B)	39,350	44,428	62,741



Balance sheet : Equity and Liabilities

(₹ million)

EQUITY AND LIABILITIES	At Dec 31, 2019	At March 31, 2020	At Dec 31, 2020
Financial liabilities (A)	23,164	26,193	40,630
Payables	3,707	6,926	10,423
Derivative financial instruments	2	-	1
Debt securities	14,924	14,975	22,336
Borrowings (Other than debt securities)	-	-	600
Lease liabilities	1,593	1,574	1,134
Deposits & Other financial liabilities	2,938	2,718	6,136
Non-financial liabilities (B)	5,661	6,140	7,253
Equity (C)	10,525	12,095	14,858
Equity share capital	1,611	1,611	1,611
Other equity	8,914	10,484	13,247
Equity and Liabilities (A+B+C)	39,350	44,428	62,741



Additional data points

Particulars	Q1-FY20	Q2-FY20	Q3-FY20	Q4-FY20	Q1-FY21	Q2-FY21	Q3-FY21
Equity market ADTO ¹ (bn)	279	273	308	338	454	470	471
Derivative market ADTO ¹ (bn)	8,389	9,403	9,362	10,265	9,183	12,145	16,477
Total market ADTO ¹ (bn)	8,668	9,676	9,670	10,603	9,637	12,615	16,948
ISEC total ADTO (bn)	641	711	846	851	867	1118	1,093
ISEC Blended market share (%)	7.4%	7.3%	8.7%	8.0%	9.0%	8.9%	6.5%
ISEC Blended Equity market share (%)	8.1%	8.7%	8.9%	9.1%	10.7%	11.1%	10.5%
ISEC Blended Derivative market share (%)	7.4%	7.3%	8.7%	8.0%	8.9%	8.8%	6.3%
Mutual fund average AUM (bn)	368	358	375	345	318	352	383
Mutual fund average Equity AUM (bn)	274	263	279	254	236	262	287
Life Insurance Premium (mn)	1,483	1,982	1,865	2,653	1,231	1,729	1,783



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