



Performance review

FY2019

April 23, 2019

Natural beneficiary of transforming savings environment

- **Leading equity broker in India¹ powered by ICICIdirect**
- **Strong online presence aided by pan India distribution**
- **2nd largest non - bank mutual fund distributor²**
- **Garnering scale in wealth management business**
- **Leading investment bank in equity capital market³**



1. By brokerage revenue; 2. Source: AMFI (in terms of revenue), period: FY2018

3. Equity Capital Market (ECM): IPO/FPO/InvIT/REIT, QIP/IPP, Rights issue, Offer for sale

Agenda

- FY2019 in perspective
- Business performance
- Industry



Agenda

- **FY2019 in perspective**
- Business performance
- Industry



Strong FY2018 base year followed by challenging FY2019

Secondary market

- Risk aversion in midcap and small cap
- Decline in delivery turnover¹ by 11%

Primary market

- ECM² market dried up; mobilisation down by 70%
- IPOs (including InvITs and REITs) down to 17 as compared to 47 in FY2018

Distribution

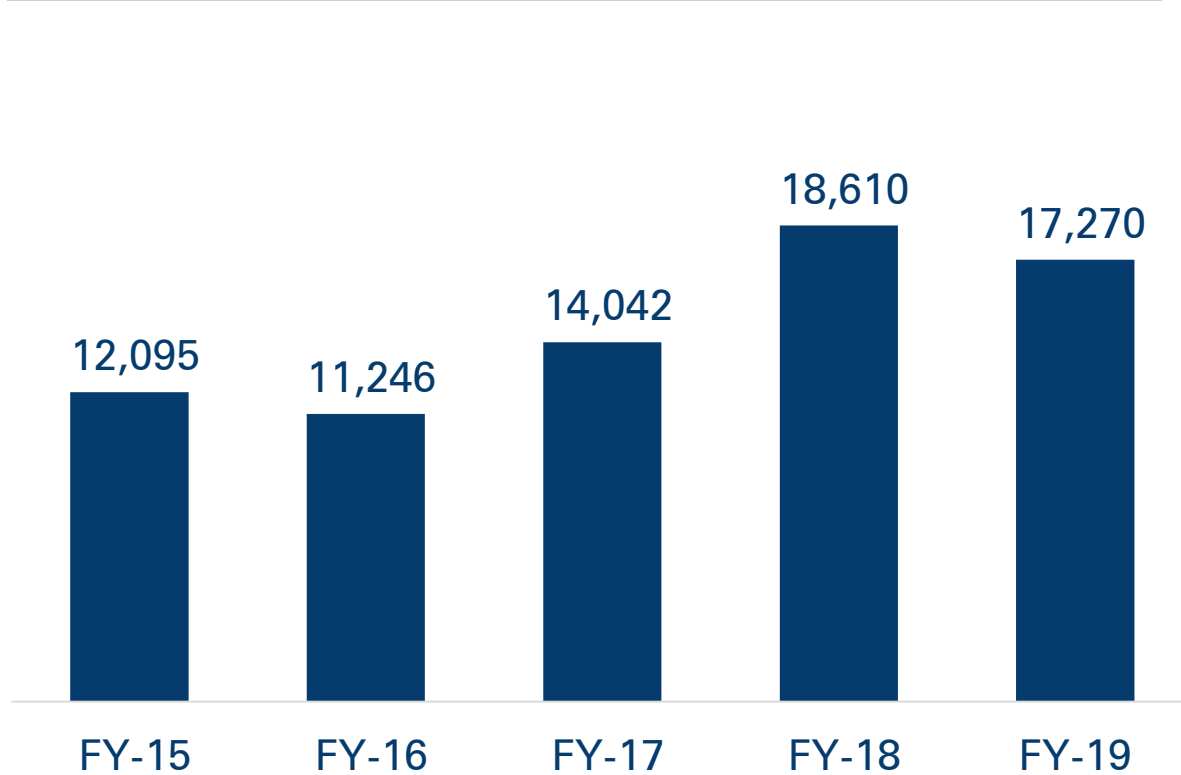
- MF revenue impacted due to regulatory change
- Retail flows in equity MFs down by 22%



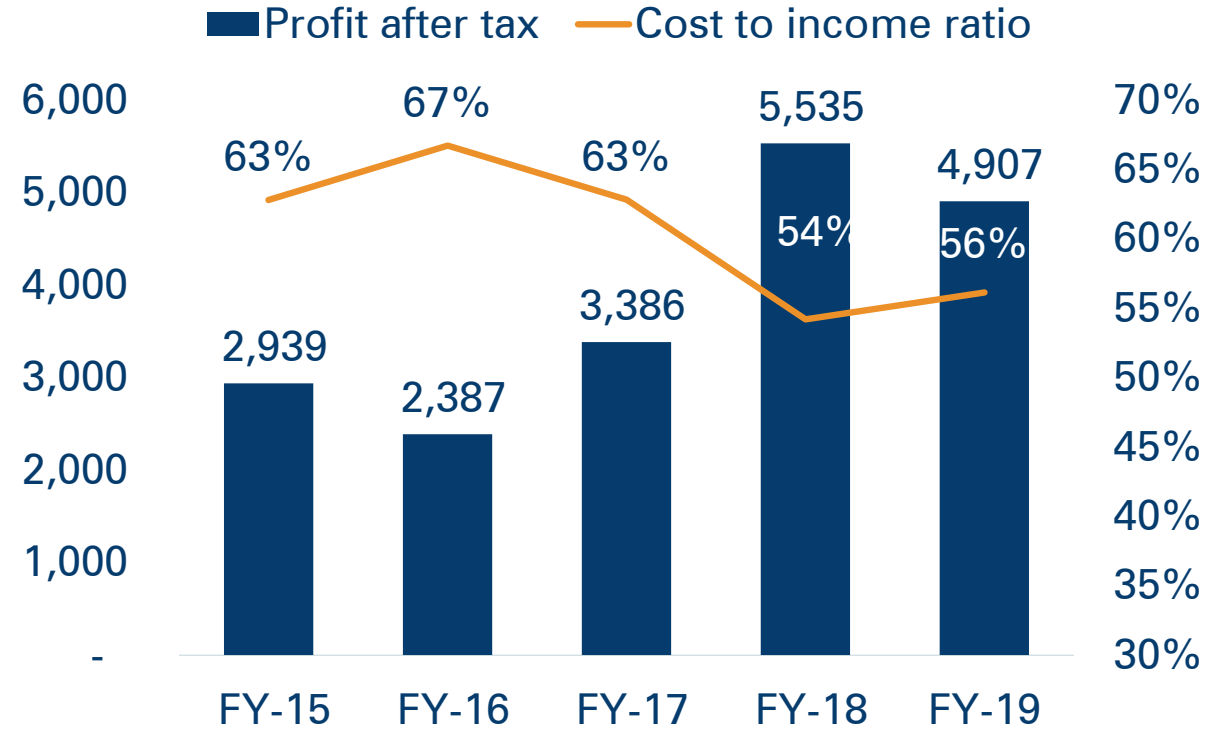
Period: FY2019 vs FY2018; 1. Daily average turnover 2. ECM: IPO/FPO/InvIT/REIT, QIP/IPP, Rights issue, Offer for sale, Source: Prime Database, SEBI, NSE, BSE, AMFI

Second highest year in terms of revenue and profits

Revenue (₹ million)



Profit after tax (₹ million)



Equity dividend including proposed final dividend for FY2019: ₹ 9.4 per share; Payout ratio ~62%



Focus on lead indicators

- Growth in active client base; strong customer acquisition
- Broking market share at 8.5%, sequentially up by 50 bps
- Overall average MF AUM growth higher than market
- Strong IPO pipeline; continue to grow advisory deals

FY2019: Used challenging year to move in strategic direction

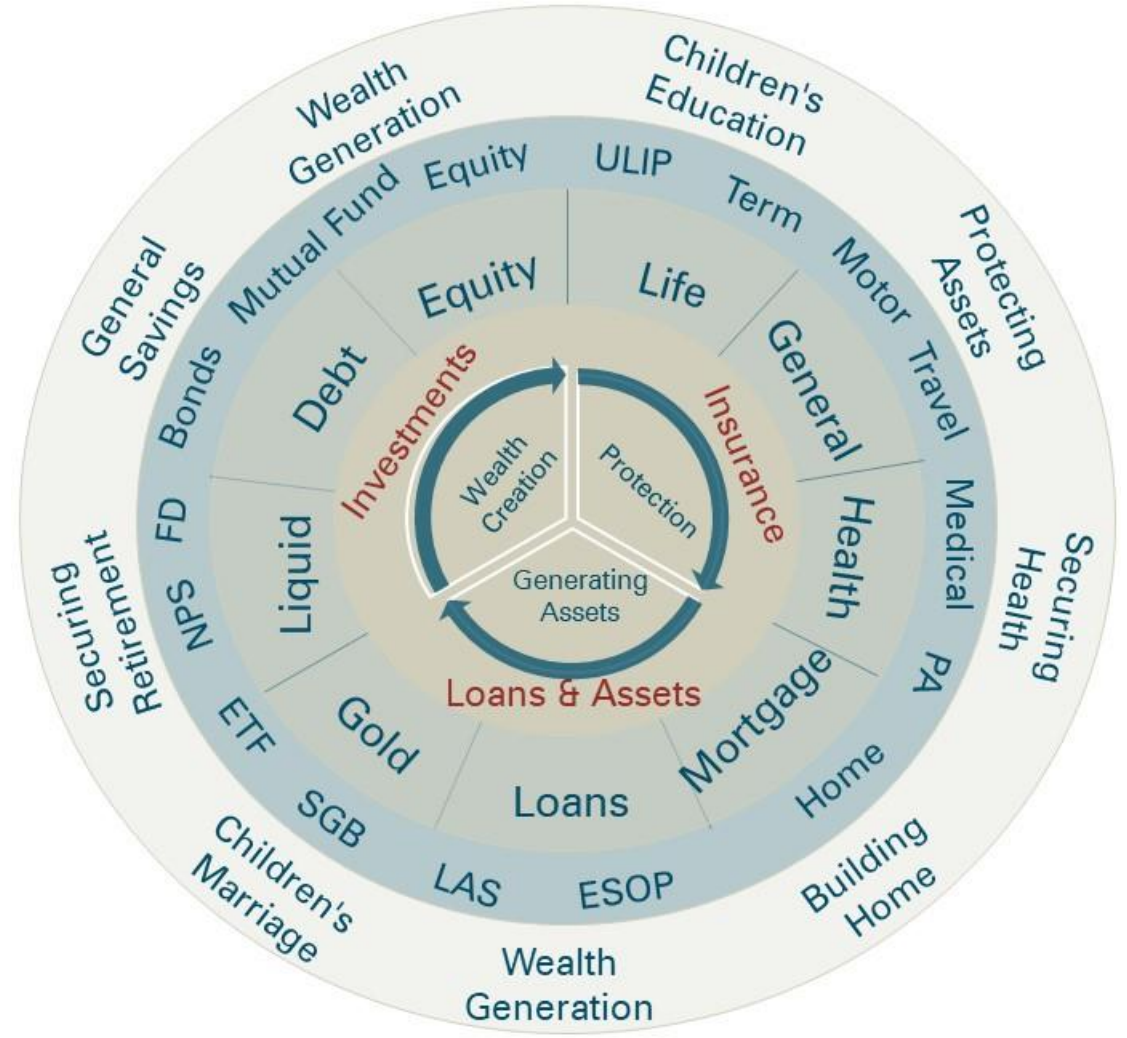


Our strategy

Guiding Principle
Customer Lifecycle and Trust

Customer Acquisition + **Customer Engagement**

Enabler
Digital Openness



Strategy: Client acquisition

Reach

- **Increase reach by strengthening on successful partnership with Bank:**
 - Increasing bank branch coverage
 - Integrating with bank for tab based account opening
 - Digital integration

Brand and digital pull

- **New age customer:**
 - Invest in brand
 - Create digital pull and delivery using e-infrastructure

Bharat focused

- **Focused on self employed across the country:**
 - Delivery through select branch network
 - Greater focus on business partner channel

Affluence

- **Improving reach:**
 - Targeted geographical presence of wealth & premier location
 - Reaching NRI customers online and offline



Strategy update: Client acquisition

Reach

- **Revenue sharing arrangement with bank**
 - Arrangement similar to business partner channel
- **T20: Tab based account opening**
 - Good initial response

Brand and digital pull

- **New website interface**
 - New information architecture
 - Tools to assist in decision making

Bharat focused

- **Mobile application for business partners launched in Q3-FY2019**
 - Better service delivery by partners to client; improved scalability

Affluence

- **D2U: Launched MF direct plan**
 - Better traction with HNI

To result in significant improvement in client acquisition



Strategy: Client engagement

Product choice

- **Complete suite across market verticals**
 - Enhance current range
 - Enhance choice: adding partners on different products
- **Advisory based solution for UHNI**

Price

- **eATM: Balance pricing with value proposition**
- **Make tangible liquidity/brokerage benefit by offering alternate product and features**

Personalization

- **Personalized user experience**
- **Personalized offerings**
- **Managing wealth holistically including tax and portfolio management**

Loyalty

- **Reward programme to strengthen relationship with loyal customer base**



Strategy update: Client engagement

Product choice

- **Move in to manufacturing of PMS**
 - Innovative product offering, better client engagement
- **Completed the insurance portfolio**
 - Added Religare & Star health

Price

- **eATM: BSE launched in Q3-FY2019**
- **New Prepaid plans: Change in pricing in retail broking business**

Personalization

- **Analytics based product push**

Loyalty

- **Launched Prime: Loyalty programme for broking clients**

Benefit from cross sell and upsell opportunities



Digital openness

Technology readiness

- **Fintech strategy: Building partnership for future development**
 - A deep-dive research on fintech strategies and collaboration programs of brokerage and wealth management firms across the globe
- **Seamless API based integration with partner system: Religare, ICICI Lombard`**

Automation through the ecosystem

- **Multiple payment methods (UPI): Mutual fund investment and IPO ASBA**
 - Available also for non ICICIdirect clients
- **Automation of process across client acquisition & engagement, mid/front office and employees outlook**



Key take away

Improved client acquisition and onboarding experience



Increase in productivity

Client engagement initiative



Cross sell and upsell opportunity/increase in revenue

Fintech and automation



Technology readiness for faster adoption



Agenda

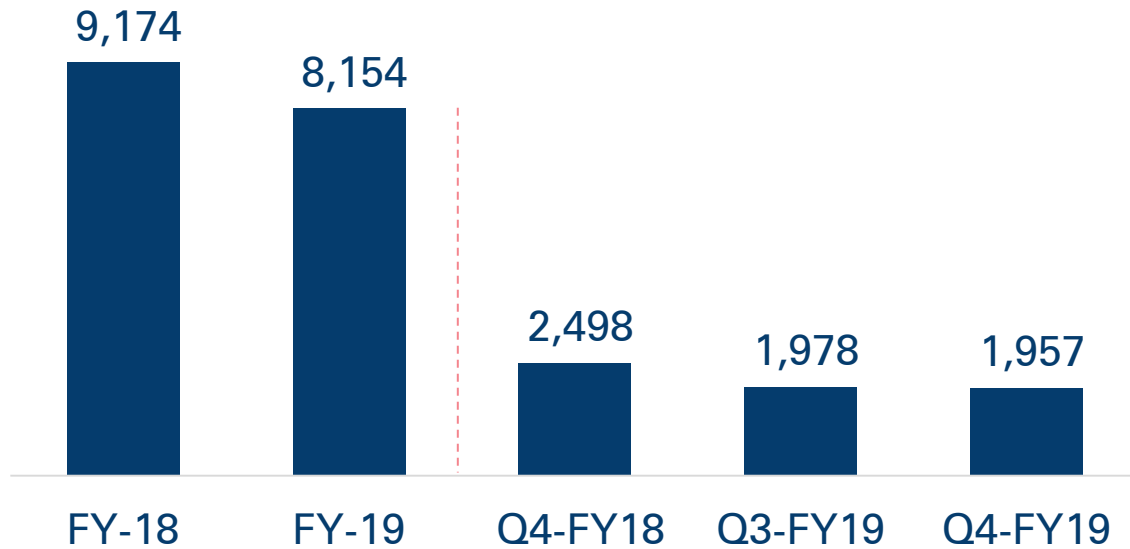
- FY2019 in perspective
- **Business performance**
- Industry



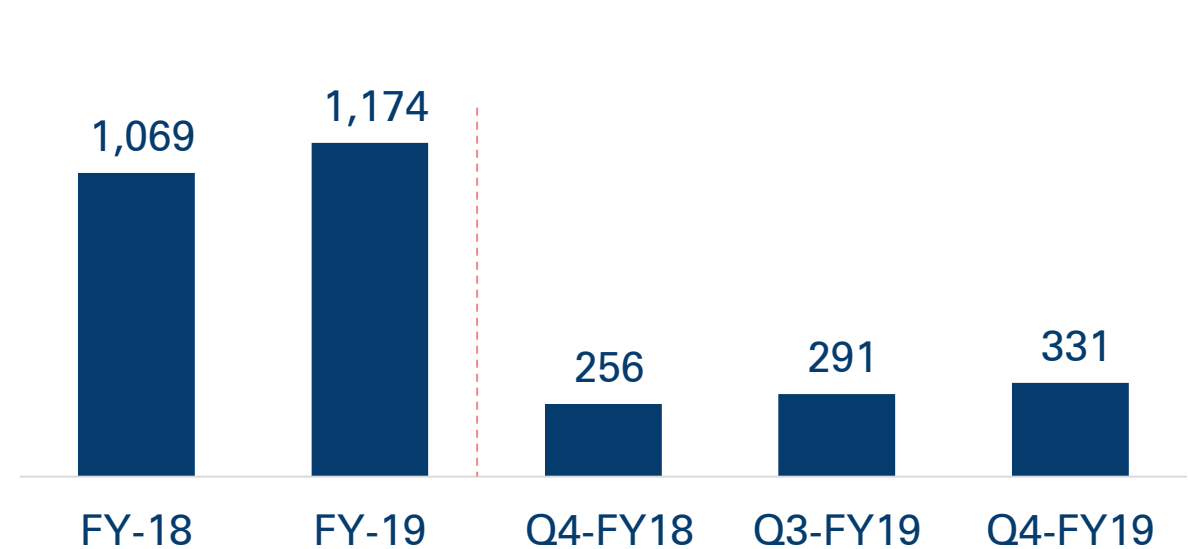
Retail led equity broking franchise

- Revenue declined due to subdued market conditions
- Institutional broking revenue increased by 10%; traction in block deals

Retail Brokerage (₹ million)



Institutional Brokerage (₹ million)

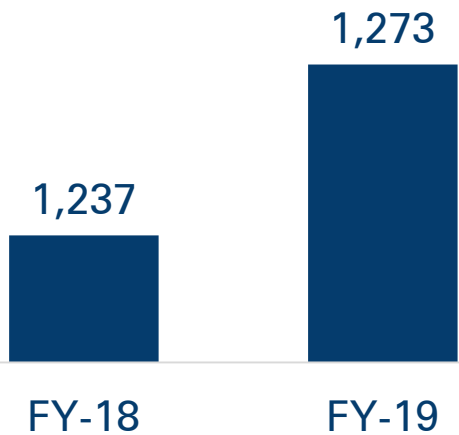


Growing client base and engagement

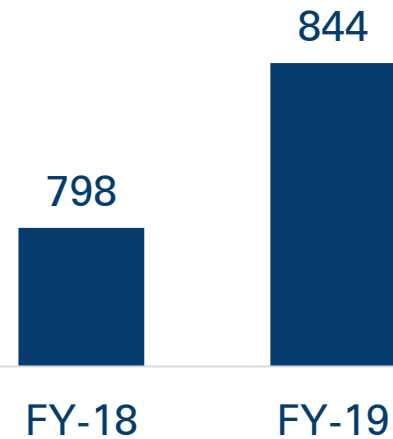
- 3% increase in overall active client; 6% increase in NSE active clients[#]
- 0.45 million new client acquired; 4.4 million strong base of operational accounts
- 8.5% market share, sequentially up from 8.0% to 8.5%

Growth in active client base; overall and equity (in '000)

Overall active client

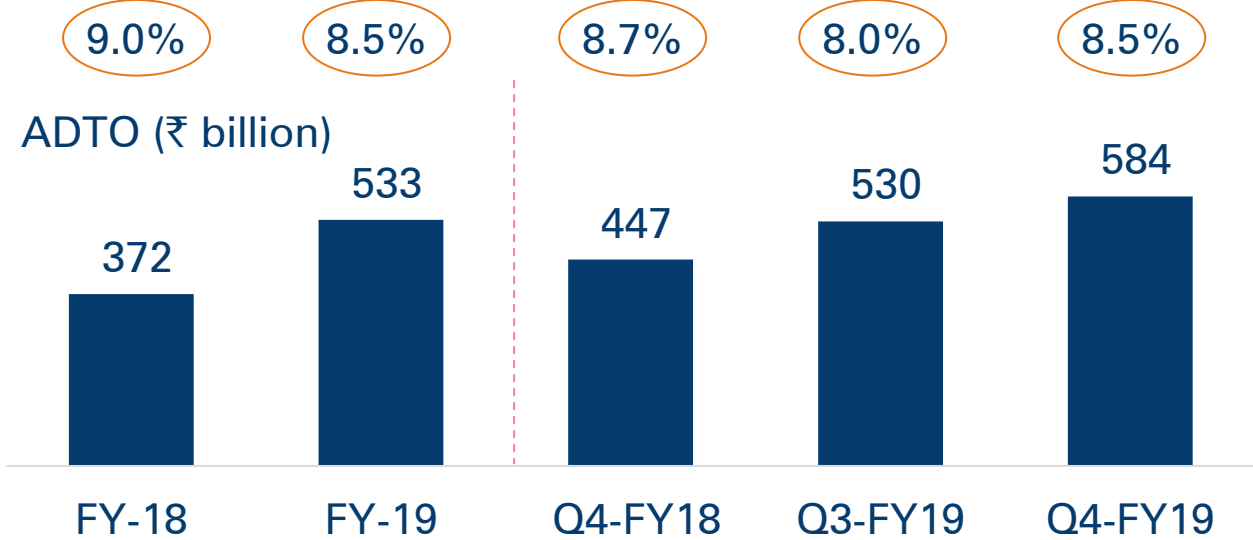


NSE active client[#]



Lower participation in derivative segment resulting in lower market share

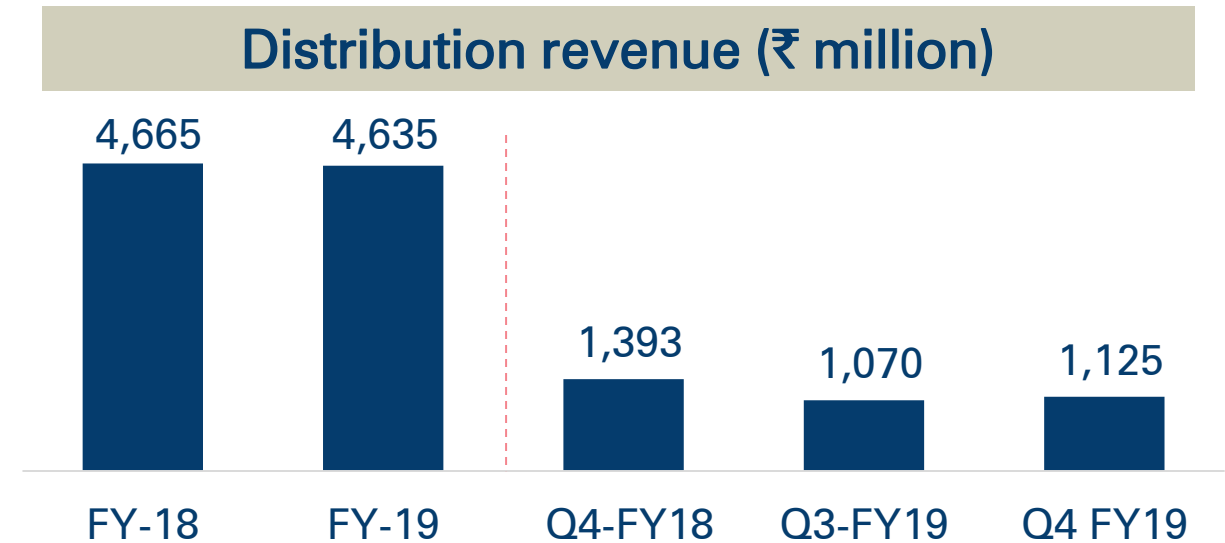
ADTO (₹ billion)



#Source: NSE, Trailing 12 month; Period: FY2019 vs FY2018; SEBI, BSE

Distribution business helping diversify revenues

- Revenue largely flat
 - 5% decline in MF
 - 7% growth in non MF revenue
- Revenue contribution at 27% from 25%



Strong online presence aided by pan India distribution

- Presence over 75+ cities with ~200 branches
- Presence in 3,750+ ICICI Bank branches

- 1,200+ relationship managers and product specialists
- Wealth management solutions for HNIs/Family offices, 330+ member team

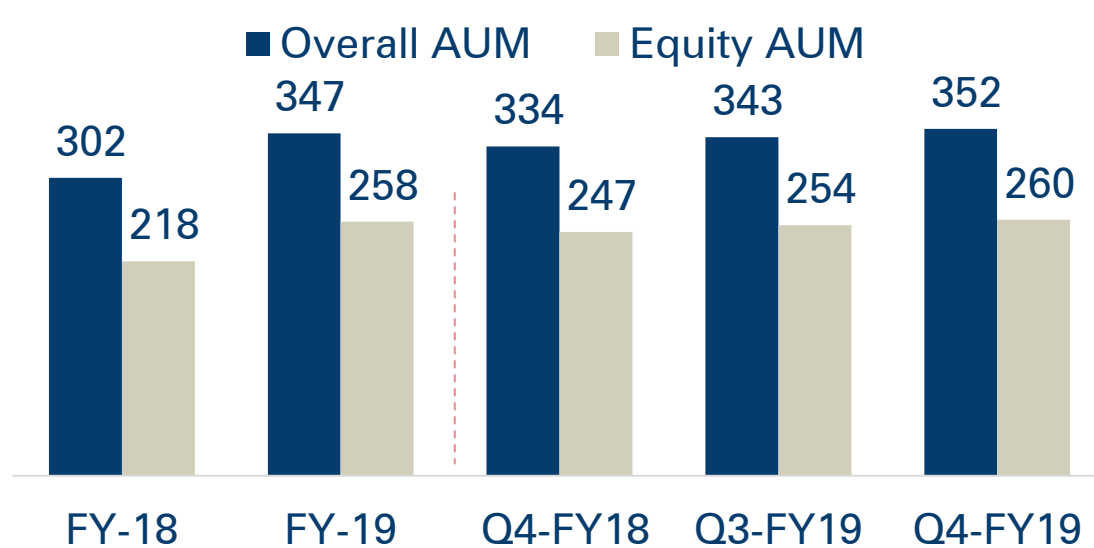
- Over 700+ cities with 7,100+ sub-brokers, authorized persons, IFAs and IAs
- Significant presence in the Tier-II and Tier-III cities



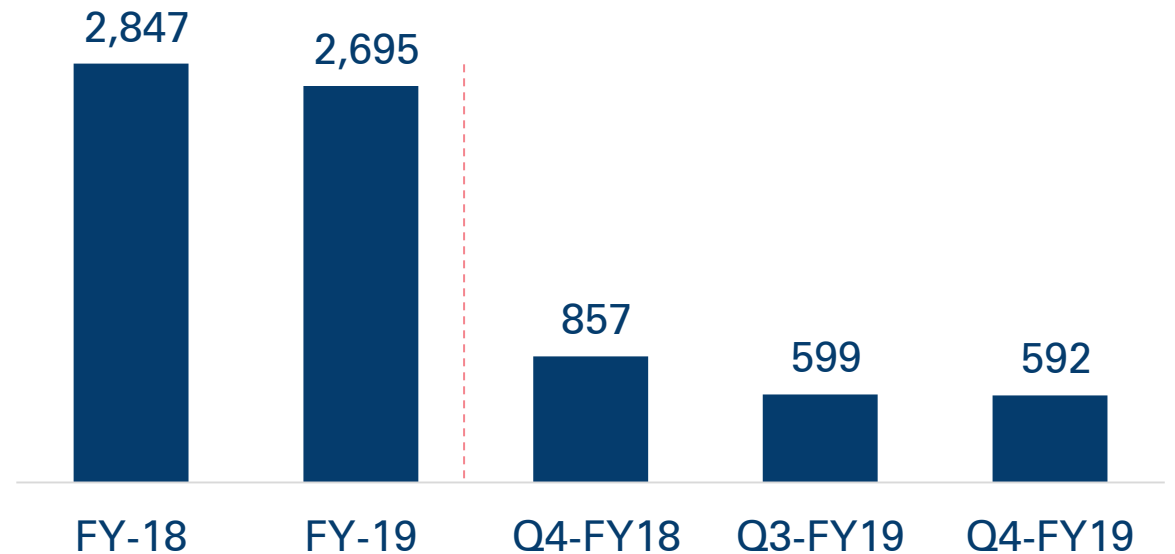
Leading non-bank MF distributor

- Significant regulatory changes impacting MF commission
- 15% growth in MF average AUM vs. 12% in Market
- SIP count¹ for FY2019 is 0.67 mn increased by 5% from 0.63 mn in FY2018

MF Average AUM (₹ billion)

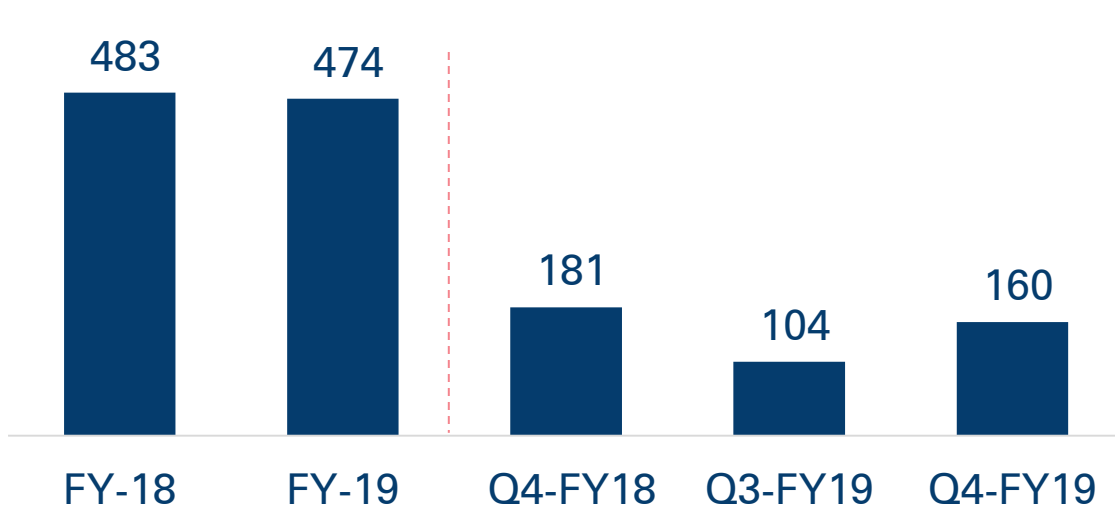


MF Revenue (₹ million)

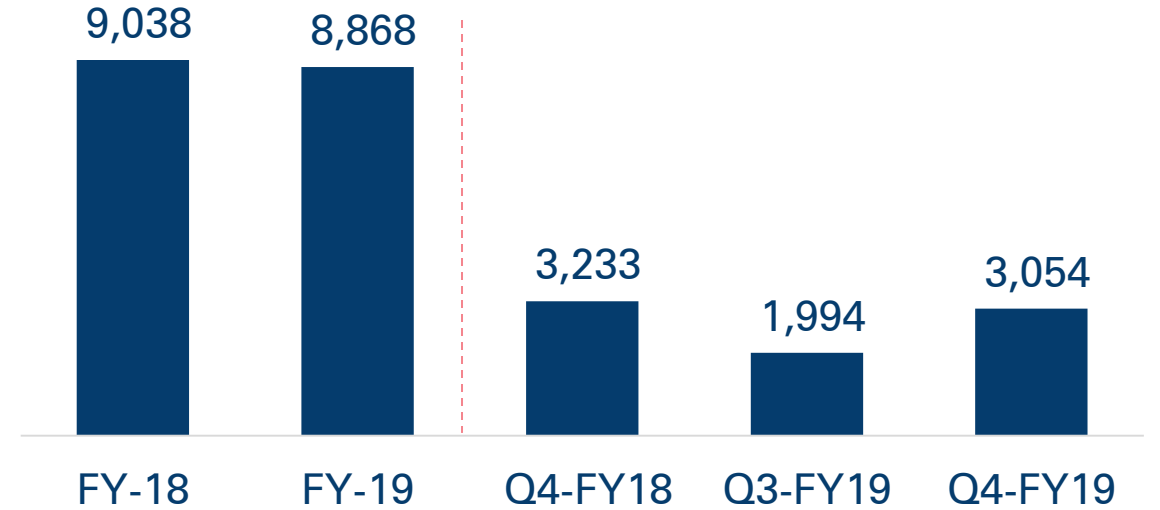


Life Insurance

Revenue (₹ million)



Premium (₹ million)

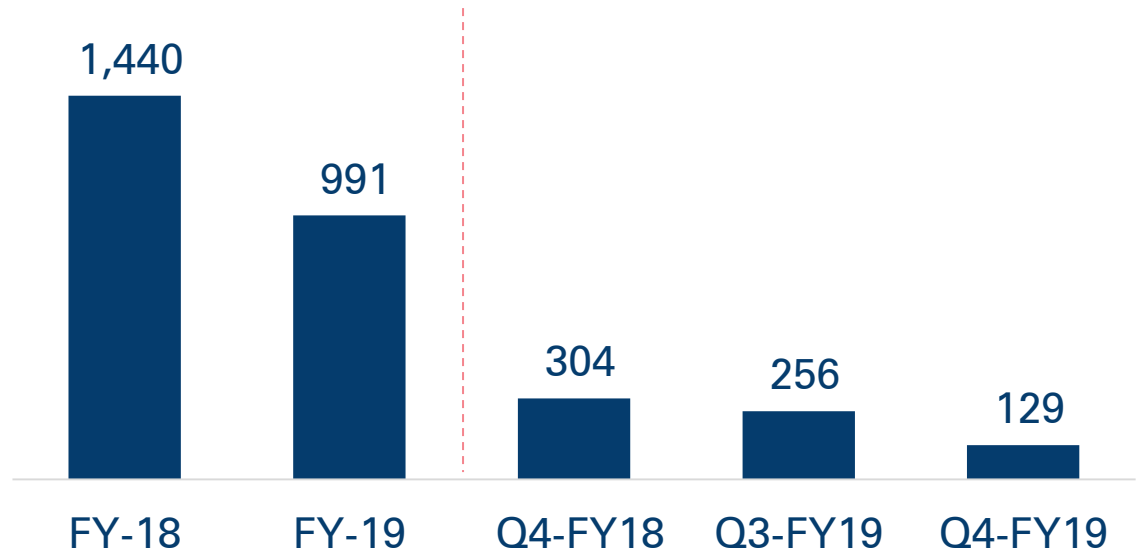


Period: FY2019 vs FY2018

Leading Investment Bank in India

- 34 Investment Banking deals vs 36 deals in FY2018
- 12 advisory deals compared to 5 deals in FY2018
- 70% decline in Market ECM mobilization amounting to ₹ 569 bn vs ₹ 1,899 bn in FY2018
- 31% decline in revenue
- Strong IPO pipeline, over 20 deals amounting over ₹ 250 bn

Corporate Finance revenue (₹ million)

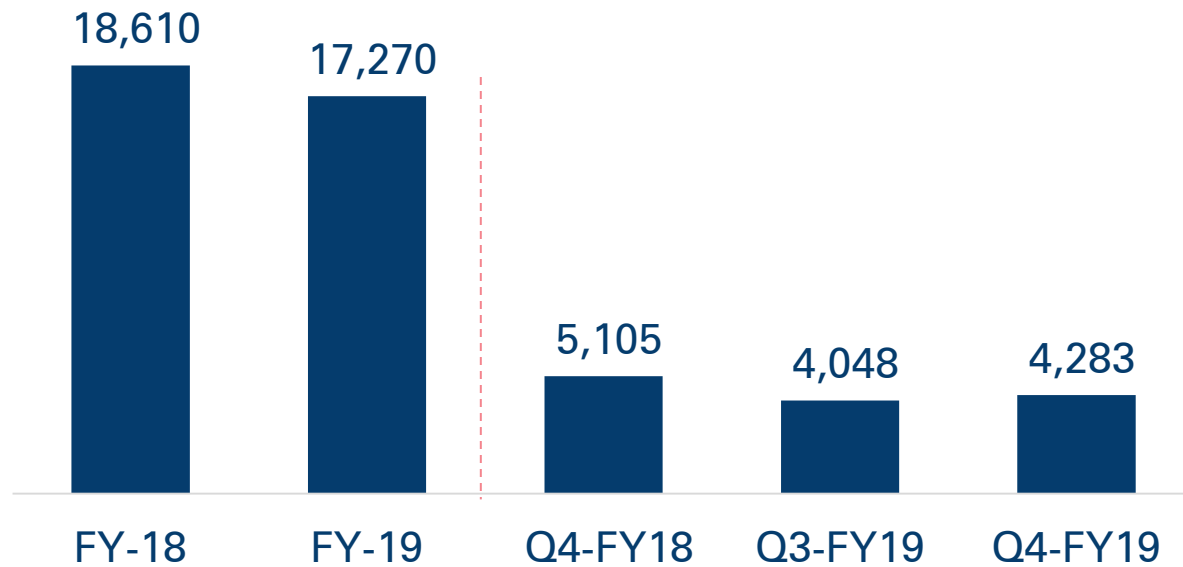


Period: FY2019 vs FY2018; Source: Prime Database, Merger market , SEBI
ECM: IPO/FPO/InvIT/REIT, QIP/IPP, Rights issue, Offer for sale

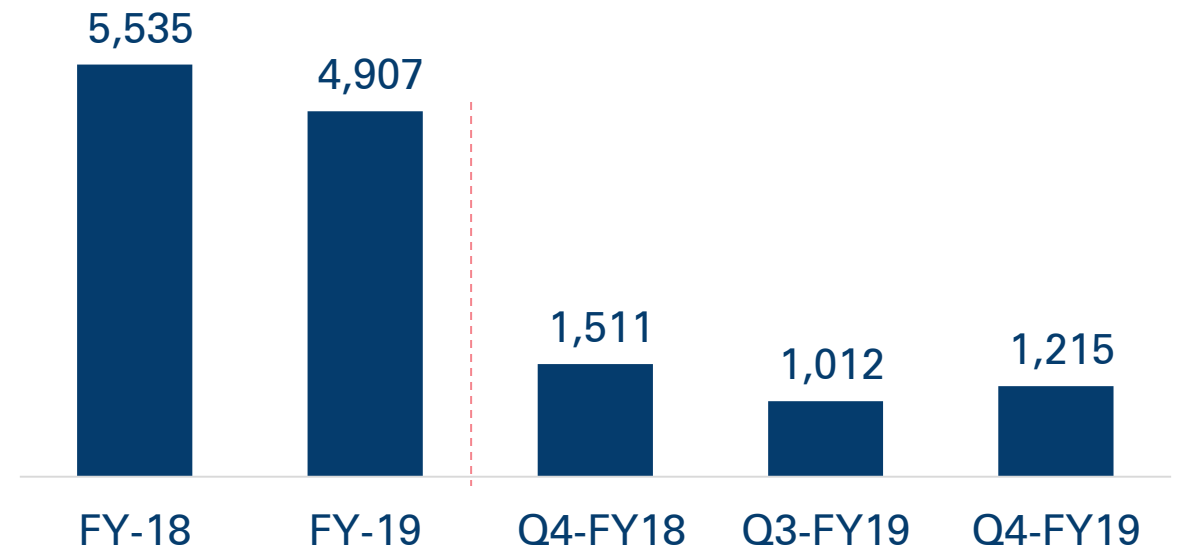
Financial performance

- 7% decline in consolidated revenue, sequentially up by 6%
- 11% decline in consolidated PAT, sequentially up by 20%
- Cost to income ratio: 56%, absolute cost down by 4%

Revenue (₹ million)



Profit after tax (₹ million)

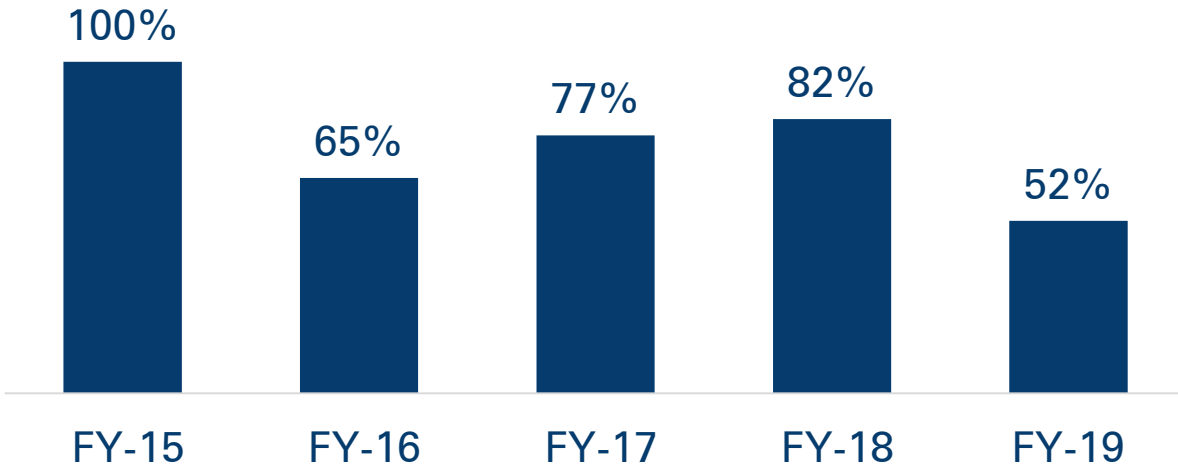


Period: FY2019 vs FY2018

Consistent dividend payout

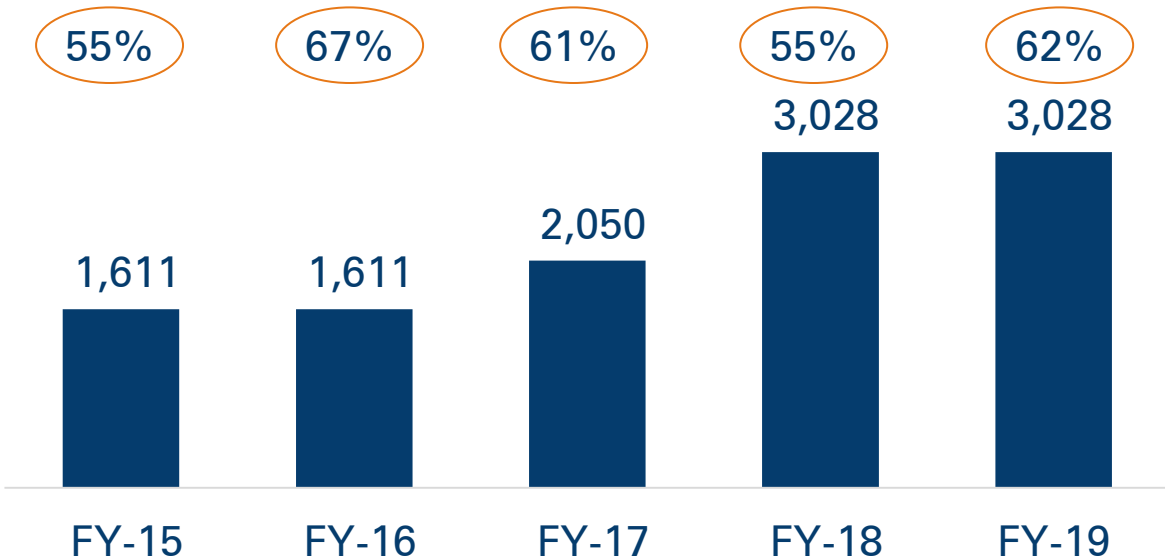
- Return on equity: 52%
- Dividend of ₹ 9.4 per share for FY2019, payout ratio over 50% since FY15

Return on Equity



Dividend (₹ million)

Dividend Payout ratio



Return on equity = PAT : Average networth excluding other comprehensive income and translation reserve

Equity dividend : FY 19 includes interim dividend and proposed final dividend

Dividend payout (%) = Dividend on equity shares / profit after tax

Consolidated P&L: Y-o-Y

	(₹ million)		
Particulars	FY2018	FY2019	Y-o-Y%
Revenue	18,610	17,270	(7)%
Employee benefits expenses	5,504	5,545	1%
Operating expenses ¹	1677	1,253	(25)%
Finance costs	495	423	(15)%
Other expenses	2,410	2,477	3%
Total Expenses	10,086	9,698	(4)%
Profit before tax	8,524	7,572	(11)%
Tax expense	2,989	2,665	(11)%
Profit after tax	5,535	4,907	(11)%
Other comprehensive income (OCI)	(16)	(26)	63%
Total comprehensive income (TCI)	5,519	4,881	(12)%



Period: FY2019 vs FY2018, Revenue for FY2019 includes interest on income tax refunds amounting to ₹ 207 millions

1. Operating expenses include fees & commission expense and impairment on financial instruments

Consolidated P&L: Quarter

(₹ million)

Particulars	Q4-FY18	Q3-FY19	Q-o-Q%	Q4-FY19	Y-o-Y%
Revenue	5,105	4,048	6%	4,283	(16)%
Employee benefits expenses	1,325	1,416	(6)%	1,328	0%
Operating expenses ¹	574	354	(14)%	306	(47)%
Finance costs	141	85	18%	100	(29)%
Other expenses	694	612	8%	660	(5)%
Total Expenses	2,734	2,467	(3)%	2,394	(12)%
Profit before tax	2,371	1,581	19%	1,889	(20)%
Tax expense	860	569	18%	674	(22)%
Profit after tax	1,511	1,012	20%	1,215	(20)%
Other comprehensive income (OCI)	0	(6)	(33)%	(4)	-
Total comprehensive income (TCI)	1,511	1,006	20%	1,211	(20)%



Revenue for Q4-FY19 includes interest on income tax refunds amounting to ₹ 207 millions

1. Operating expenses includes fees and commission expense and impairment on financial instruments

Period: Y-o-Y: Q4-FY19 vs Q4-FY18, Q-o-Q: Q4-FY19 vs Q3-FY19

Segment performance: Y-o-Y

(₹ million)

Particulars	FY2018	FY2019	Y-o-Y%
Segment Revenue			
Broking & commission	16,882	15,807	(6)%
Advisory services	1,440	991	(31)%
Investment & trading	288	265	(8)%
Income from operations	18,610	17,270¹	(7)%
Segment Result			
Broking & commission	7,747	6,975	(10)%
Advisory services	657	253	(61)%
Investment & trading	120	137	14%
Total Result	8,524	7,572¹	(11)%

Note –Advisory services includes Financial advisory services such as equity-debt issue management services, merger and acquisition advice and other related activities

1.Unallocated Amount of ₹ 207 mn is included in total revenues and results of FY2019

Period: FY2019 vs FY2018



Segment performance : Quarter

(₹ million)

Particulars	Q4-FY18	Q3-FY19	Q-o-Q%	Q4-FY19	YoY%
Segment Revenue					
Broking & commission	4,717	3,765	2%	3,835	(19)%
Advisory services	304	256	(50)%	129	(58)%
Investment & trading	84	27	-	112	33%
Income from operations	5,105	4,048	6%	4,283¹	(16)%
Segment Result					
Broking & commission	2,187	1,516	16%	1,757	(20)%
Advisory services	131	60	-	(122)	-
Investment & trading	53	5	-	47	(11)%
Total Result	2,371	1,581	19%	1,889¹	(20)%

Note –Advisory services includes Financial advisory services such as equity-debt issue management services, merger and acquisition advice and other related activities

1.Unallocated Amount of ₹ 207 mn is included in total revenues and results of Q4-19

Period: Y-o-Y: Q4-FY19 vs Q4-FY18, Q-o-Q: Q4-FY19 vs Q3-FY19



Balance Sheet : Assets

(₹ million)

ASSETS	At March 31, 2018	At Mar 31, 2019
Financial assets (A)	25,976	43,697
Cash/Bank and cash equivalents	15,460	31,486 ¹
Securities for trade	380	2,563
Receivables	3,101	4,770
Loans	5,782	4,033
Investments	39	28
Other financial assets	1,214	817
Non-financial assets (B)	2,763	2,949
Deferred tax assets (net)	666	737
Fixed assets, CWIP and Intangible assets	421	476
Current tax assets & other non financial assets	1,676	1,736
Assets (A+B)	28,739	46,646



1. As on 31st March 2019, settlement obligation pertaining to an offer for sale amounting to ₹ 17,362 mn is pending for payment

Balance Sheet : Equity and Liabilities

(₹ million)

EQUITY AND LIABILITIES	At March 31, 2018	At Mar 31, 2019
Financial liabilities (A)	14,518	30,182
Derivative financial instruments	2	17
Payables	6,117	23,362 ¹
Debt securities	6,724	4,473
Deposits & Other financial liabilities	1,675	2,330
Non-financial liabilities (B)	5,744	5,991
Equity (C)	8,477	10,473
Equity share capital	1,611	1,611
Other equity	6,866	8,862
Equity and Liabilities (A+B+C)	28,739	46,646



1. As on 31st March 2019, settlement obligation pertaining to an offer for sale amounting to ₹ 17,362 mn is pending for payment

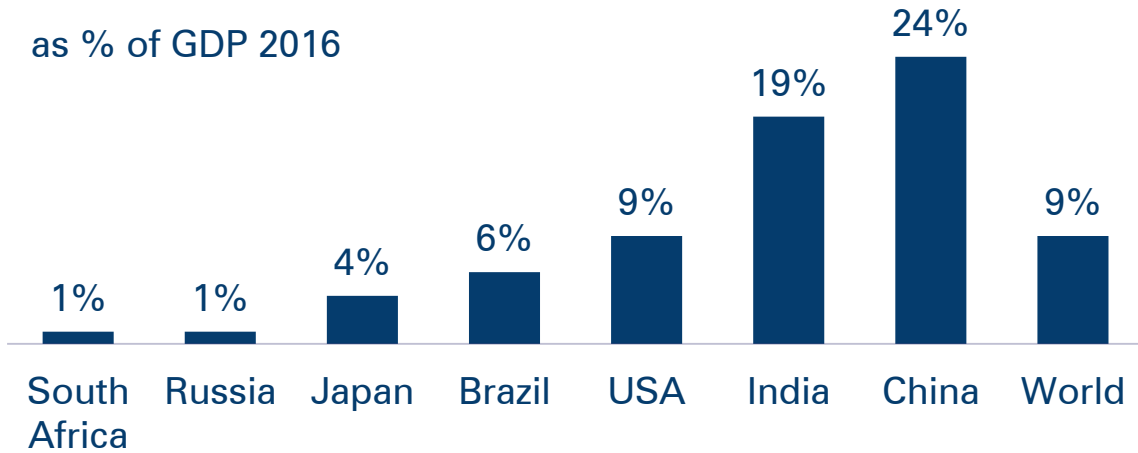
Agenda

- FY2019 in perspective
- Business performance
- **Industry**

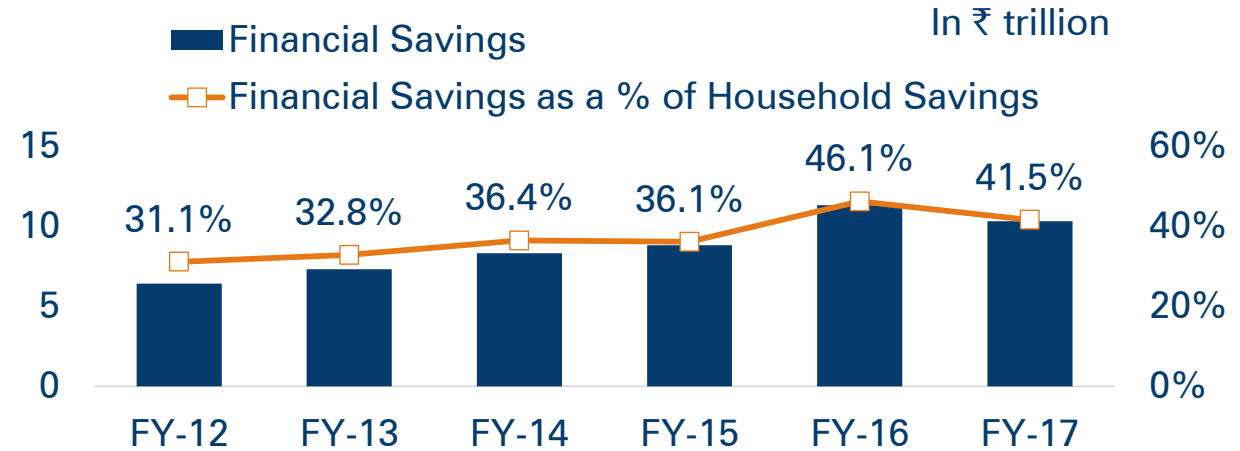


India: Financialisation and equitisation of savings

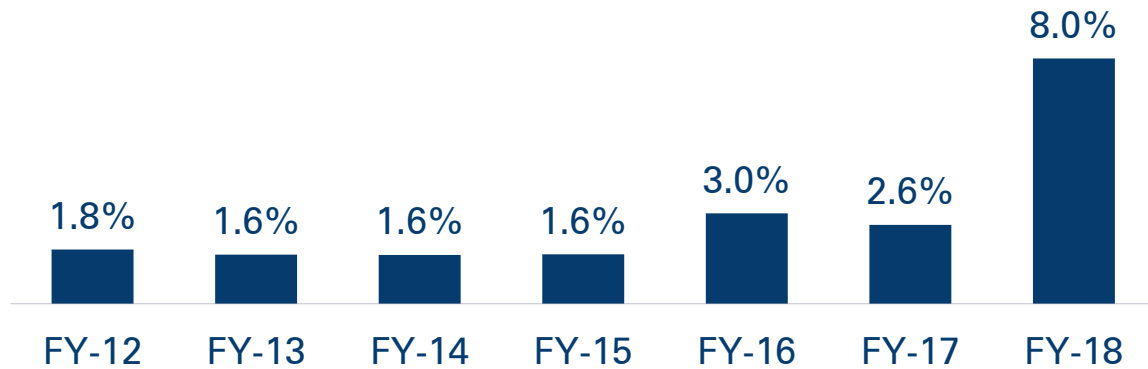
India household saving highest among growing economies



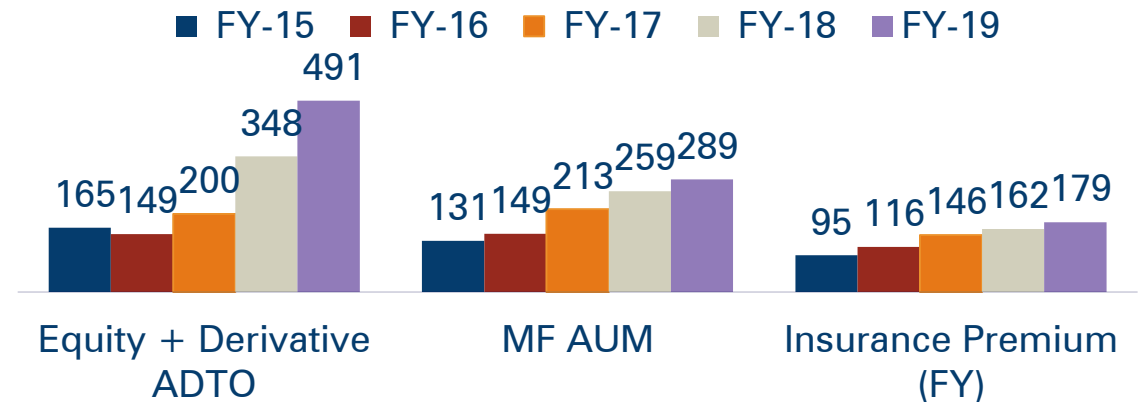
Rising financial savings



Growing incremental investments in shares & debentures



High growth across financial asset classes#

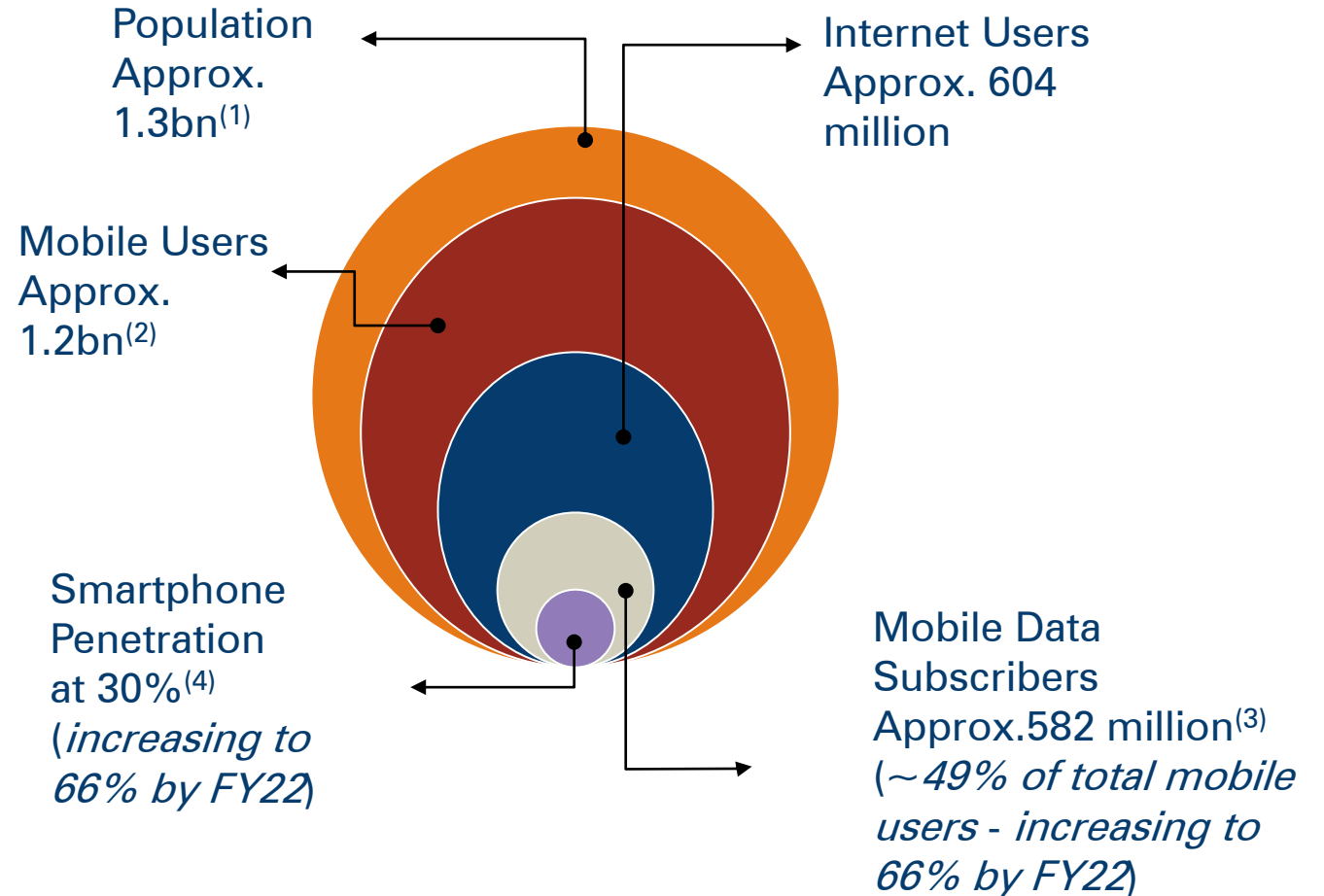


Include investment in shares and debentures of credit / non-credit societies and investment in mutual funds (other than Specified Undertaking of the UTI) (Source: RBI, MOSPI)

Source: RBI, IRDA, AMFI, NSE, BSE, EIU; ADTO: Average daily turnover; # Indexed to 100 in FY 14

Digital infrastructure set to expand exponentially

- Supportive structural reforms leading to positive change in consumer behavior
- Demonetization
- Aadhaar
- Financial inclusion
- Goods & Services Tax
- Direct benefit transfer



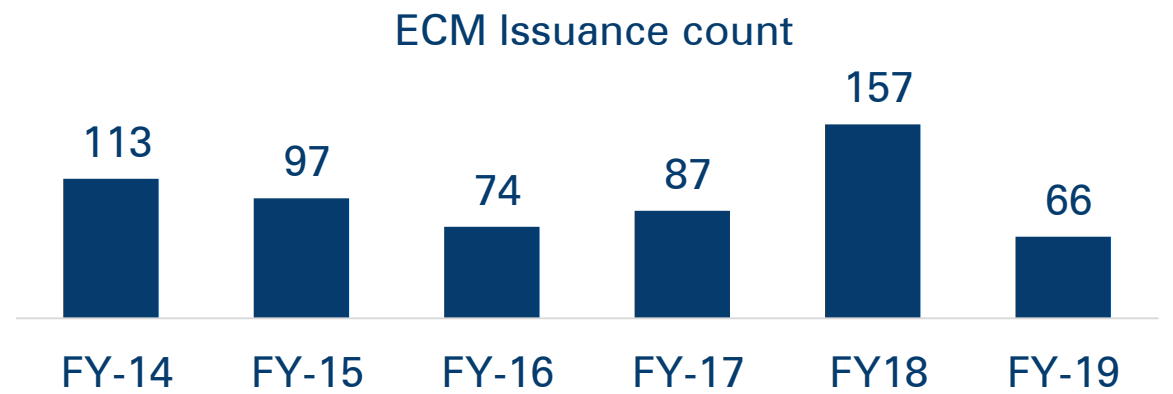
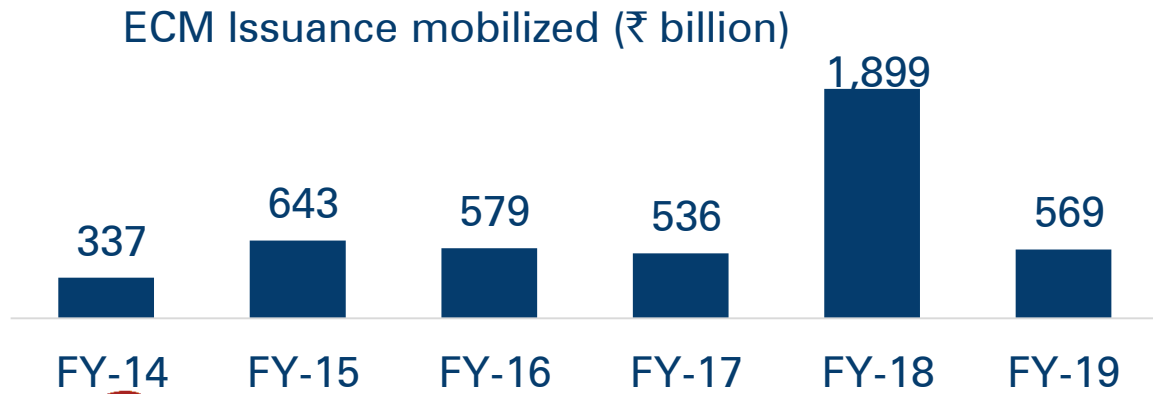
(1) Population in 2016 (Source: EIU); (2) Source: CRISIL Report; (3) Calculated as total mobile users (Approx. 1.2bn) * Share of mobile data subscribers as a proportion of overall mobile users (Source: TRAI and CRISIL Report); (4) In FY17 (Source: CRISIL Report)

Market witnessing short term headwinds

Secondary market witness higher volatility

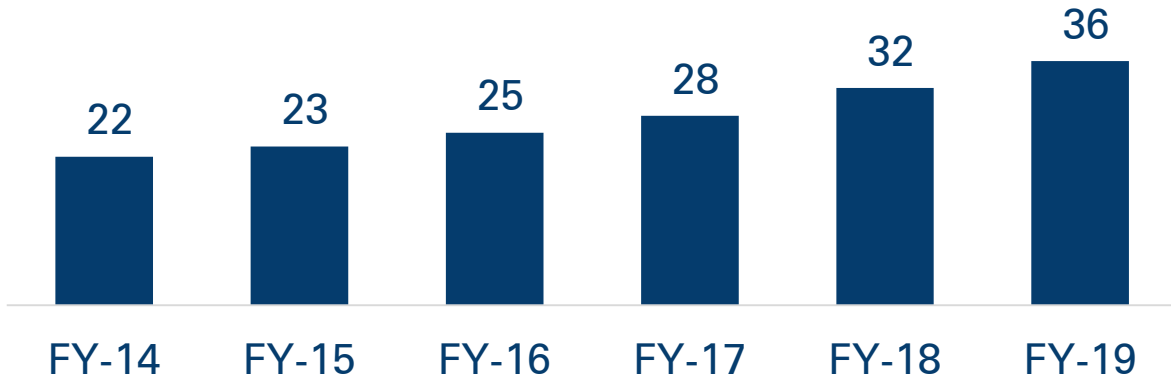


Subdued primary market, fund raising through equity slowed down

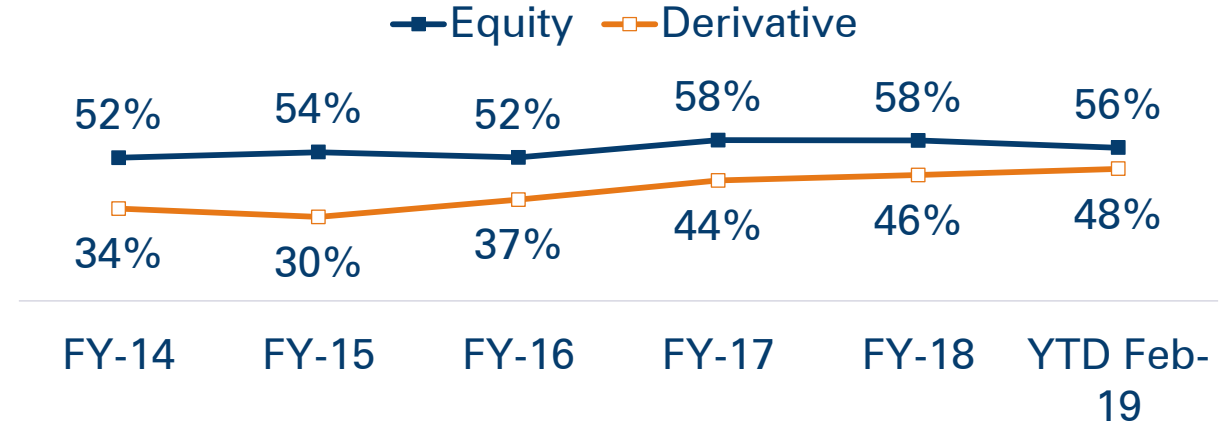


Broking: Retail participation

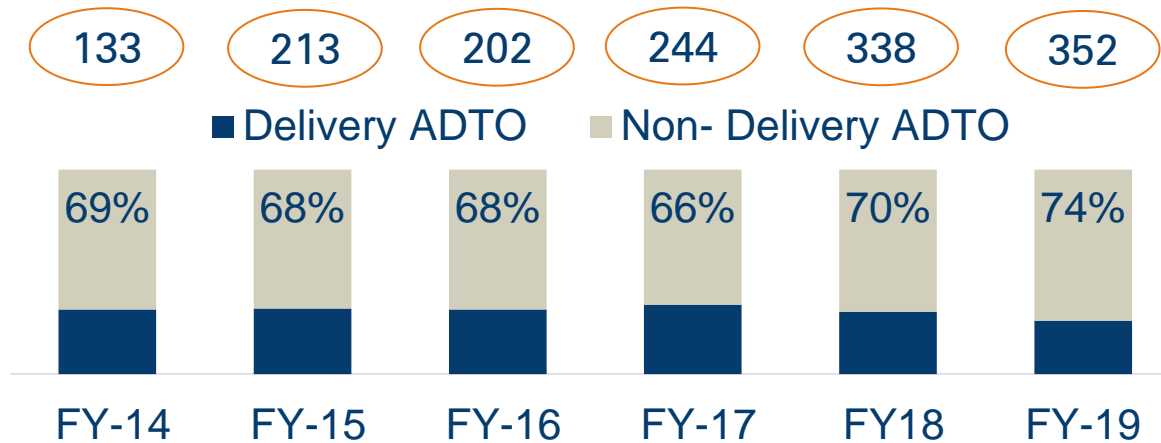
Rise in demat accounts (In million)



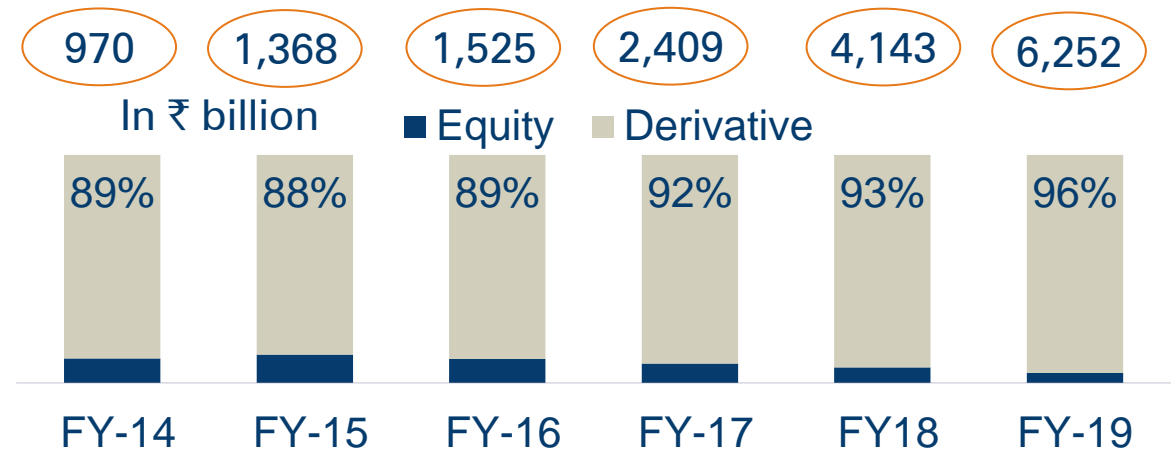
Retail participation



Growing share of trading volume (₹ billion)



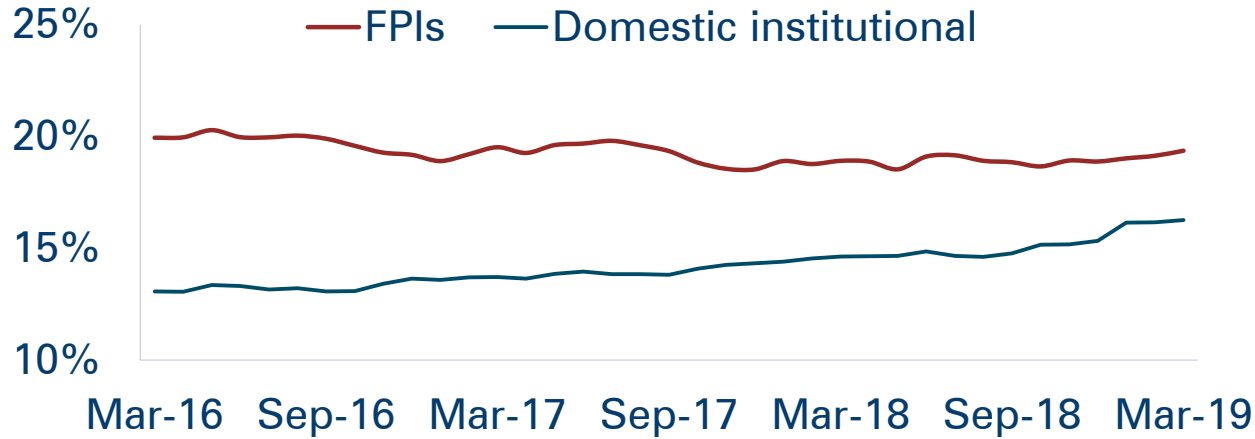
Secondary market volume growth led by derivative volume#



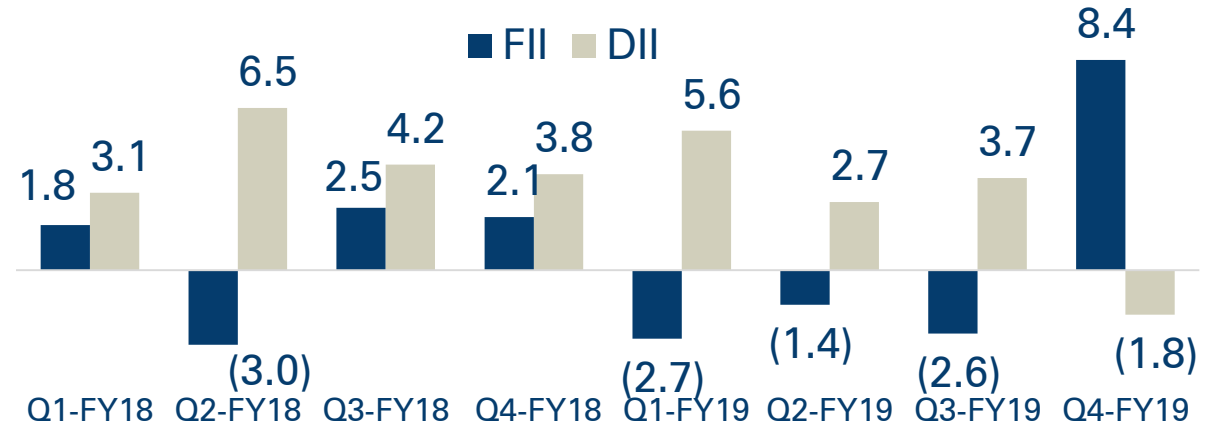
Source: NSE, BSE, SEBI, NSDL, CDSL; ADTO – Average daily turnover, YTD Feb-19: Apr 18 to Feb 19; #Excluding proprietary volume

Institutional broking: Increased FII flow in Q4-FY2019

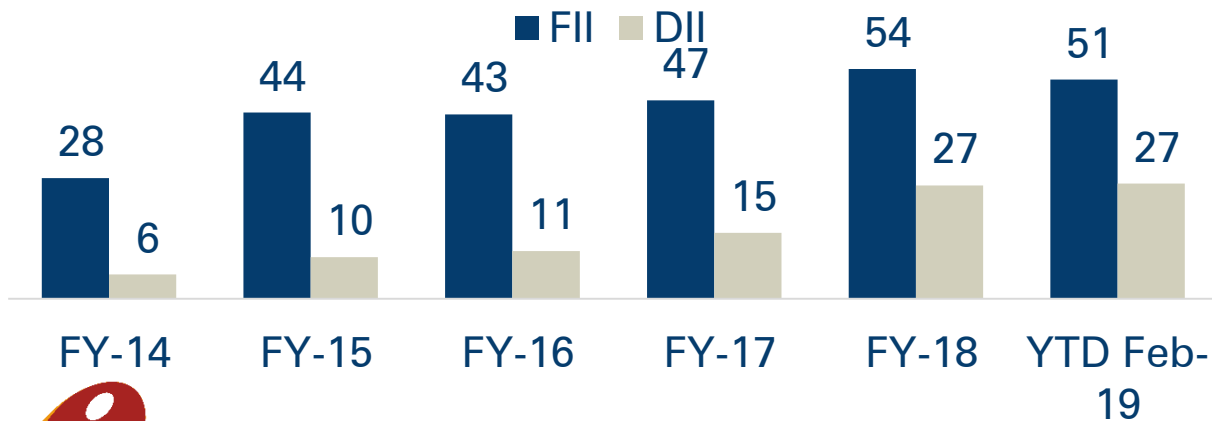
Holding % of market capitalisation



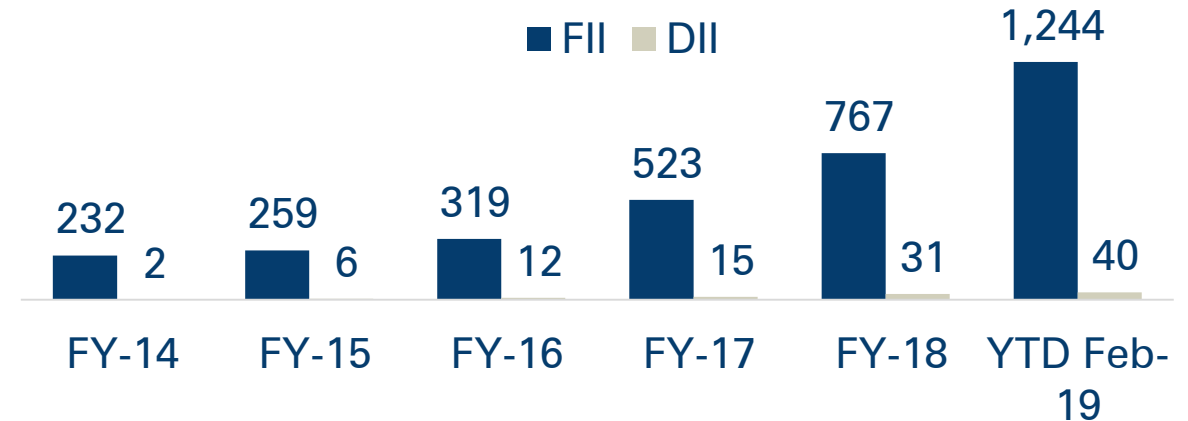
Equity Flow in USD billion



Equity ADTO in (₹ billion)

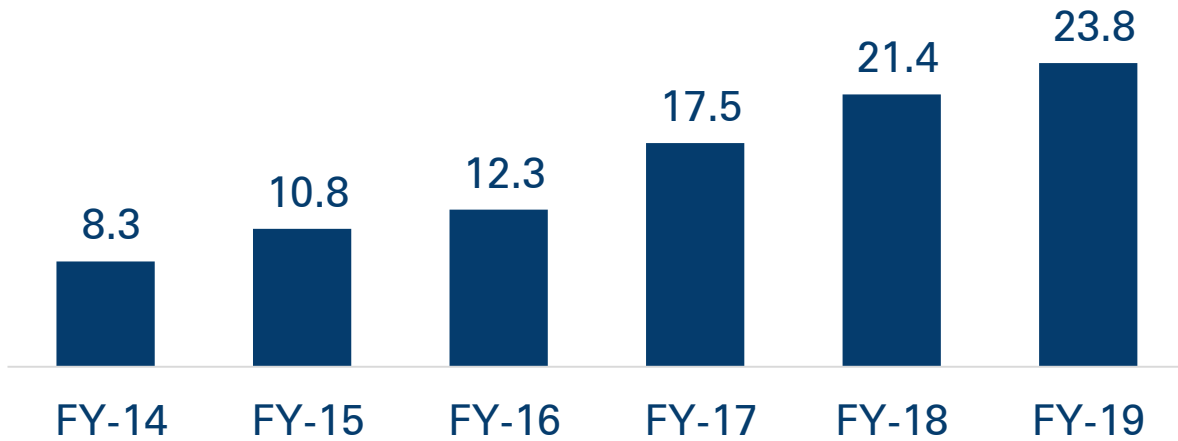


Derivative ADTO in (₹ billion)

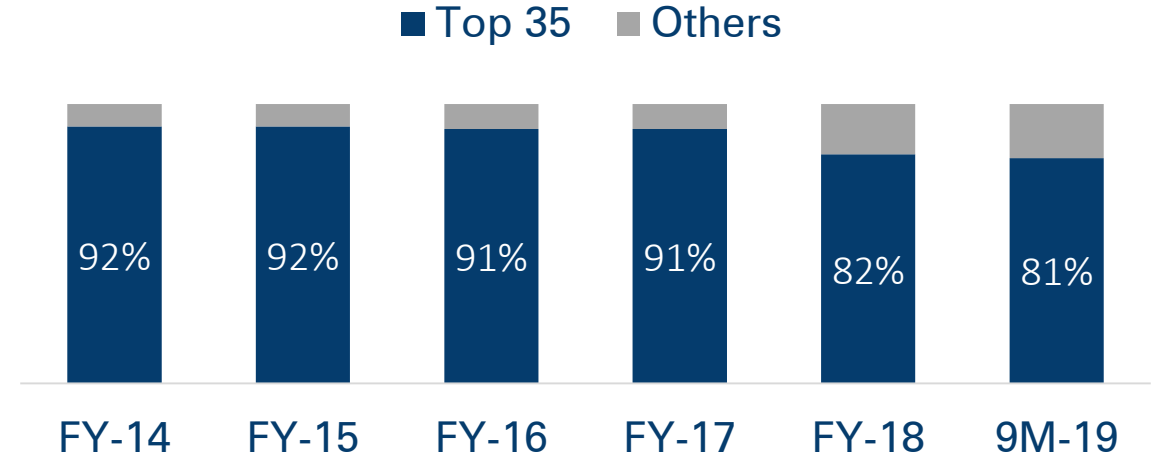


Saving landscape: Increasing managed equity

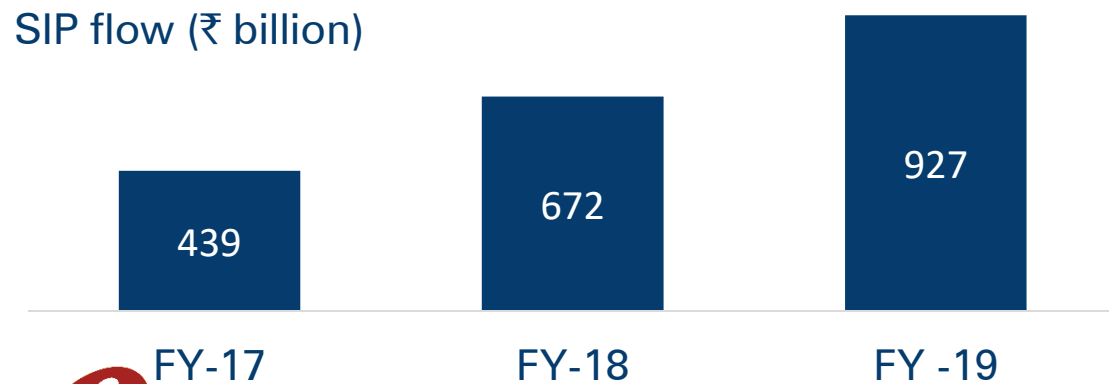
Mutual Fund (Exit) AUM (₹ trillion)



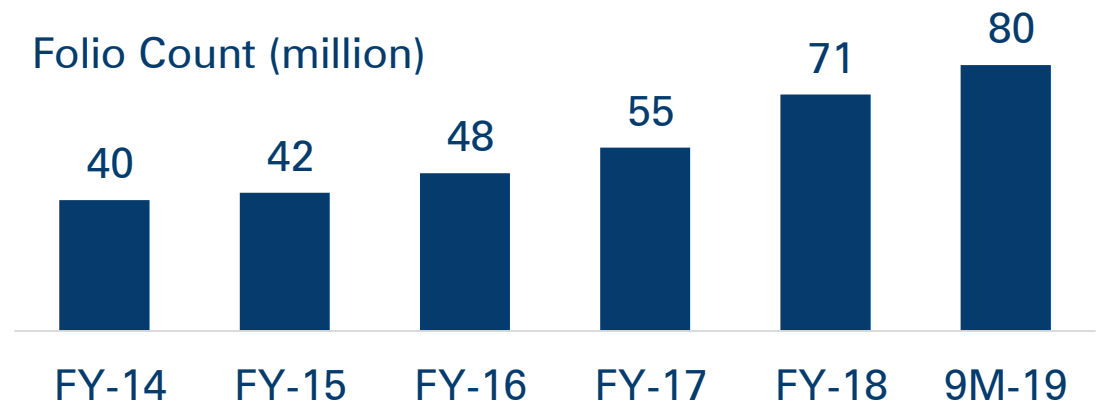
Growing share of beyond top 35 cities in MF AUM



More systematic retail participation through SIP



Mutual Fund folio



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.



For investor queries please email at IR@icicisecurities.com

1 billion/million = 100 crore / 10 Lacs



Thank you