

Press Release

Q2FY22 Performance Highlights

- Revenue at ₹ 857 crore, up 26% YoY; **strong growth across all businesses**
 - Equities and allied revenue at ₹ 541 crore, up 19% YoY
 - Distribution income at ₹ 151 crore, up 53% YoY
 - Private Wealth Management revenue at ₹ 232 crore up 129% YoY
 - Issuer Services & Advisory* revenue at ₹ 73 crore up 17% YoY
- PAT at ₹ 351 crore, up 26% YoY
- Interim dividend of ₹ 11.25 per share vs ₹ 8 in Q2FY21
- Cost to income ratio 45%; Return on Equity (annualized) at robust 66%
- Over 5.8 lakh clients added; up by over 400% YOY; **highest ever quarterly addition**
- Total client assets at ~₹ 5.1 Lakh crore[#], up 77% YoY
- Wealth AUM at ₹ 2.49 Lakh crore[#], up 115% YoY
- 2.58 million overall active clients, up 65% YoY

* Our investment banking business

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

Mumbai, Tuesday, October 19, 2021 – ICICI Securities, a part of the ICICI Group and India's leading retail-led equity franchise, distributor of financial products, and investment bank, today declared all round improvement in financial and operational performance for the quarter ending 30th September 2021 (Q2FY22) as compared to the corresponding quarter last year (Q2FY21).

Q2FY22 Performance

The company reported consolidated revenue of ₹ 857 crore in Q2FY22, against ₹ 680 crore in Q2FY21, up 26%, aided by **strong all round performance across business segments**.

Consolidated Profit After Tax (PAT) for Q2FY22 stood at ₹ 351 crore, Vs ₹ 278 crore in Q2FY21, up 26%, on account of growth in revenue and improvement in margins.

Cost to income ratio stood at 45% in Q2FY22, while Return on Equity (annualized) was at robust 66%.

The board has declared an interim dividend of ₹ 11.25 per share vs ₹ 8 in Q2FY21.

Business Highlights

ICICI Securities has a client base of ~63 lakh, of which over 5.8 lakh were added during the quarter, which is **highest ever addition in a quarter**. Digital sourcing and open architecture approach continue to demonstrate strength with 77% of new customers coming from non ICICI Bank channels. With the signing up with HSBC Bank during the quarter -- second such partnership agreement after Federal Bank -- to provide a seamless 3-in-1 account services to the its customers, the company has further broad-based its acquisition engine.

The company has ~2.58 million active clients (those who have transacted across any product categories in the last 12 months) and ~2.27 million NSE active clients (those having traded on the NSE in the last 12 months), up 65% and 90% YoY respectively.

Total client assets stood at ₹ 5.1 Lakh crore[#] on 30th September, 2021, vs 2.9 Lakh crore a year ago, up 77%.

In Q2FY22, **Equities and Allied Business**, which comprises retail equity, institutional equity, lending towards ESOP (Employee Stock Option Plans) & MTF (Margin Trade Funding), Prime & NEO subscription fees and other charges, rose 19% on-year to ₹ 541 crore. The Retail Equities and Allied Business reported revenues at ₹ 498 crore, up 20%, vs ₹ 416 crore in Q2FY21.

ESOP & MTF interest income rose 160% year-on-year to ₹ 116 crore in Q2FY22 and the daily average book for these businesses stood at ~ ₹5,150 crore for Q2FY2022, against ~ ₹ 1,810 crore for Q2FY2021. Prime subscription income grew 33% YoY to ₹ 17 crore. The company continued to receive encouraging response to Prime, its annual subscription based plan that provides a package of privilege pricing, exclusive research, and higher eATM (payout within 30 mins of selling stocks) limits per day. Currently there are ~ 8.7 lakh Prime subscribers (vs 4.2 lakh a year ago) and Prime and Prepaid customers together contribute 64% of retail equities revenue.

During the quarter, the company launched ICICIdirect Markets app, a brand new trading app, providing a superior trading experience with its simple, fast and intuitive UI & UX (User Interface & User Experience) design. Within a short period of time, the app has seen over 1 lakh downloads. During the quarter, the company also introduced curated portfolios of US stocks and ETFs based on models constructed by renowned global fund managers.

Institutional equities revenue during the quarter increased by 12% year-on-year to ₹ 43 crore on the back of established traction with in DII (Domestic Institutional Investors) space and growing traction in the FII (Foreign Institutional Investors) space.

Distribution revenue stood at ₹ 151 crore in Q2FY22 up 53% against Q2FY21.

ICICI Securities is India's second largest non-bank MF distributor by revenue and assets. (based on FY21 AMFI data). ICICI Securities' MF revenues grew by 52% YoY to ₹ 87 crore in Q2FY22. On the back of SIP count rising 42% YoY to 0.92 million in September 2021, the company's market share in SIP flows has expanded to 4% in Q2FY22 from 3.4% in Q2FY21. ICICI Securities' MF AUM is up 37% YoY and is at an all-time high.

ICICI Securities is also a leading distribution of other financial products like loans, fixed income products, corporate bonds and deposits, insurance, bank Fixed Deposits (FD), Alternate Investment Funds (AIF), Portfolio Management Services (PMS), Sovereign Gold Bonds (SGB), and National Pension Scheme (NPS). This business grew by 62% YoY in Q2FY22 to ₹ 61 crore. The company's market share of SGB for Q2FY22 was 9%, and ETF (as on 30th June) was 13%. ICICIdirect disbursed ₹ 690 crore worth of loans during the quarter, against ₹ 360 crore in the same period last year. In the recent past, the company has added two new insurance principals on its platform - HDFC Life for Life Insurance and Max Bupa for Health Insurance.

I-Sec's **Private Wealth Management** (PWM) business reported ₹ 232 crore of revenue in Q2FY22 up 129% on-year. The PWM business is a home-grown franchise serving ~ 61,850 High Networth and Ultra High Networth (HNI/U-HNI) clients (~6,900 added during the quarter), with an asset base of ₹ 2.49 Lakh crore[#], up 115% year-on-year.

[#] Assets of our clients incl. equity demat assets maintained with ICICI Bank and excluding promoter holding

Our **Issuer Services and Advisory business** (Investment Banking) revenue stood at ₹ 73 crore in Q2FY22, up 17% on-year. ICICI Securities is ranked #1 in IPO/ FPO/ InvIT/ ReIT issuance (in terms of deal count) with a deal volume market share of 52% (Q2FY22). The

company has strong IPO pipeline (as per SEBI filing) of 54 deals amounting to over ₹ 1.2 lakh crore.

Management Commentary

Mr. Vijay Chandok, Managing Director and Chief Executive Officer, said, “Our strategy of broad basing our customer acquisition engine is paying off and I am happy to report highest ever quarterly customer addition yet again this quarter. During the quarter, younger millennials and Gen Z accounted for 65% of new customers (vs 39% a year ago) and those from tier II and below cities are now 84% of new customers (67% last year). We see a long growth runway, given our country’s current position in the financialisation journey, expected secular long term GDP growth, large number of youth entering the job market annually and equally large number of retirees with both sets with differential needs.

From an e-broker we have evolved into a one-stop-shop for our customer’s financial lifecycle journey. We are now transitioning to a digitally integrated financial marketplace. For this we are acquiring and developing relevant skill sets and also doubling down on digital investments to automate processes and use new age tools like analytics and machine learning to provide customized solutions matching customer profile, risk appetite, and goals. ”

About ICICI Securities

ICICI Securities Limited (I-Sec) is a subsidiary of ICICI Bank Ltd. The company began its operation in May 1995 and continues to grow its operation through expanding its client base and providing different type of services.

I-Sec operates www.icicidirect.com, India’s leading virtual financial supermarket, meeting the three need sets of its clients- investments, protection, and borrowing. Through its four lines of businesses -- broking, distribution of financial products, wealth management and investment banking-- I-Sec serves customers ranging from the retail and institutional investors to corporates to high net-worth individuals to government.

I-Sec is listed on National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). For details, visit: www.icicisecurities.com

Disclaimer

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', '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 broking business and other financial 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 exploration of merger and acquisition opportunities, our ability to integrate mergers or acquisitions into our operations and manage the risks associated with such acquisitions to achieve our strategic and financial objectives, 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 insurance regulations and other regulatory changes in India and other jurisdictions on us. ICICI Securities Limited undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

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ANALYSIS OF FINANCIAL PERFORMANCE FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (Q2-FY2022)

Consolidated revenue increased by 25.9% from ₹ 6,804.6 million in Q2-FY2021 to ₹ 8,565.6 million in Q2-FY2022.

Consolidated profit after tax increased by 26.3% from ₹ 2,781.5 million in Q2-FY2021 to ₹ 3,512.4 million in Q2-FY2022.

(₹ in million)

Consolidated Profit & Loss Account	Q2-FY 2021	Q2-FY 2022	% Change
Revenue From operations:			
(i) Interest income	898.4	1,702.0	89.4
(ii) Dividend Income	0.2	0.2	-
(iii) Fees and commission income			
Brokerage income	3,920.0	3,927.2	0.2
Income from services	1,898.2	2,731.9	43.9
(iv) Net gain on fair value changes	84.6	199.2	> 100.0
(v) Others	5.4	3.2	(40.7)
(I) Total revenue from operations	6,806.8	8,563.7	25.8
(II) Other Income	(2.2)	1.9	-
(III) Total Income (I+II)	6,804.6	8,565.6	25.9
Expenses:			
(i) Finance costs	284.9	580.9	> 100.0
(ii) Fees and commission expense	276.1	304.9	10.4
(iii) Impairment on financial instruments	21.9	(45.1)	-
(iv) Operating expenses	127.1	316.7	> 100.0
(v) Employee benefits expenses	1,795.6	1,682.5	(6.3)
(vi) Depreciation, amortization and impairment	130.7	147.6	12.9
(vii) Other expenses	445.3	868.9	95.1
(IV) Total expenses	3,081.6	3,856.4	25.1
(V) Profit before tax (III-IV)	3,723.0	4,709.2	26.5
(VI) Tax expense	941.5	1,196.8	27.1
(VII) Profit after tax (V-VI)	2,781.5	3,512.4	26.3
(VIII) Other comprehensive income/(Losses), net of taxes	(5.3)	22.2	-
(IX) Total comprehensive income for the period (VII+ VIII)	2,776.2	3,534.6	27.3

(₹ in million)

Balance Sheet	As at March 31, 2021	As at September 30, 2021	% Change
Financial assets	77,851.1	114,370.0	46.9
Non-financial assets	3,958.0	4,261.5	7.7
Total assets	81,809.1	1,18,631.5	45.0
Financial liabilities	57,008.7	91,898.2	61.2
Non-financial liabilities	6,579.3	6,135.2	(6.7)
Equity	18,221.1	20,598.1	13.0
Total liabilities	81,809.1	1,18,631.5	45.0

Explanatory notes for Q2-FY2022:

- Interest income increased from ₹ 898.4 million for Q2-FY2021 to ₹ 1,702.0 million in Q2-FY2022, an increase of 89.4%. This was primarily due to increase in average MTF & ESOP funding book and fixed deposits.
- Brokerage income marginally up to ₹ 3,927.2 million for Q2-FY2022 from ₹ 3,920.0 in Q2-FY2021.
- 43.9% increase in Income from services from ₹ 1,898.2 million for Q2-FY2021 to ₹ 2,731.9 million in Q2-FY2022. Income from services comprising income earned from distribution of financial products as well as issuer services & advisory business increased on account of:
 - Increase in issuer services & advisory fee income by 16.7% from ₹ 623.1 million for Q2-FY2021 to ₹ 727.4 million in Q2-FY2022 mainly on account of heightened level of fund raising activities during the quarter.
 - Increase in income from distribution business from ₹ 989.8 million in Q2-FY2021 to ₹ 1,512.3 million in Q2-FY2022 due to growth in revenue across major products.
- 135.5% increase in net gain on fair value from 84.6 million in Q2-FY2021 to ₹ 199.2 million in Q2-FY2022:
 - Due to gain on fair value changes in our treasury segment and other investment portfolio held as our stock in trade and;
 - Due to gain on account of receipt of settlement proceeds in the form of cash and NCD's of Piramal Capital and Housing Finance (PCHFL) in lieu of DHFL NCD's which was impaired earlier.
- Finance costs increased from ₹ 284.9 million for Q2-FY2021 to ₹ 580.9 million in Q2-FY2022. This increase was primarily due to increase in borrowing to fund requirements arising from various lines of businesses.

- Fees and commission expenses increased from ₹ 276.1 million for Q2-FY2021 to ₹ 304.9 million for Q2-FY2022, primarily due to increases in revenue linked payout to business partners including ICICI Bank and variable fees related to issuer and advisory services business.
- Impairment on financial instruments was a credit of ₹ 45.1 million in Q2-FY2022 compared to a charge of ₹ 21.9 million in Q2-FY2021 primarily on account of reversal of balance one time contingency provision because of no adverse experience. This provision was created during Q4-FY2020 to provide for any scenario that could have arisen on account of market volatility arising from Covid-19.
- Operating expenses increased from ₹ 127.1 million for Q2-FY2021 to ₹ 316.7 million in Q2-FY2022, mainly due to increase in operating expenses linked to volumes and acquisition.
- Employee benefits expenses decreased from ₹ 1,795.6 million for Q2-FY2021 to ₹ 1,682.5 million in Q2-FY2022 primarily on account of a level variable pay provision in the current quarter compared to higher variable pay provision in Q2-FY2021 and partly offset by annual increments in salaries.
- Depreciation and amortisation expense increased from ₹ 130.7 million for Q2-FY2021 to ₹ 147.6 million for the Q2-FY2022, primarily on account of depreciation on additions of technology related assets.
- Other expenses increased from ₹ 445.3 million in Q2-FY2021 to ₹ 868.9 million in Q2-FY2022, an increase of 95.1%, primarily due to increase in digital marketing initiatives, technology related expenses and expenses towards Corporate Social Responsibility in current quarter whereas it was preponed to Q1-FY2021, last year.
- Total assets increased from ₹ 81,809.1 million as at March 31, 2021 to ₹ 1,18,631.5 million as at September 30, 2021, an increase of 45.0%. This increase was primarily due to increases in loan book from ₹ 29,014.5 million as at March 31, 2021 to ₹ 59,106.5 million as at September 30, 2021, as well as increase in fixed deposits placed with exchanges, on account of increase in trading volumes.
- Total liabilities increased from ₹ 81,809.1 million as at March 31, 2021 to ₹ 1,18,631.5 million as at September 30, 2021, an increase of 45.0%. This increase was primarily due to increase in borrowings from ₹ 35,209.6 million as at March 31, 2021 to ₹ 57,262.8 million as at September 30, 2021, increase in other financial liabilities from ₹ 10,440.5 million to ₹ 19,505.4 million on account of margin money received from clients and increase in trade payables as at September 30, 2021.

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This release does not constitute an offer of securities.

For investor queries please email at IR@icicisecurities.com

1 billion/million = 100 crore / 10 Lakhs