Retail banking in a digital world

December 2015
Certain statements in these slides are forward-looking statements. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements due to a variety of factors. More information about these factors is contained in ICICI Bank's filings with the US Securities and Exchange Commission.

All financial and other information in these slides, other than financial and other information for specific subsidiaries where specifically mentioned, is on an unconsolidated basis for ICICI Bank Limited only unless specifically stated to be on a consolidated basis for ICICI Bank Limited and its subsidiaries. Please also refer to the statement of unconsolidated, consolidated and segmental results required by Indian regulations that has, along with these slides, been filed with the stock exchanges in India where ICICI Bank’s equity shares are listed and with the New York Stock Exchange and the US Securities and Exchange Commission, and is available on our website www.icicibank.com
1. The digital shift & evolving banking landscape

2. ICICI Bank: strong retail & rural franchise

3. ICICI Bank: leadership in technology
1. The digital shift & evolving banking landscape

2. ICICI Bank: strong retail & rural franchise

3. ICICI Bank: leadership in technology
Drivers of digitization in India

Favourable demographic profile

A young population with median age of 25 years

- Rising share of working age population
- Addition of around 12 million to the workforce every year for next five years

Government’s focus on ‘Digital India’ & move to cashless economy

Drivers of digitization in India

1. Broadband Highways
2. Universal Access to Mobile Connectivity
3. Public Internet Access Programme
4. e-Governance - Reforming Government through Technology
5. eKranti - Electronic delivery of services
6. Information for All
7. Electronics Manufacturing
8. IT for Jobs
9. Early Harvest Programmes
The digital shift

Significant transformation in banking

Banking: then

Banking: now

ICICI Bank

pockets

TOUCH BANKING
OPEN 24 HOURS

Customer First

Tweet money to your friends

culinary treats

From ICICI Bank Cards
Evolving banking landscape

Regulator encouraging innovation

- Payments: expanding infrastructure and number & types of players
  - 11 payment bank licensees, 40 prepaid payment instrument issuer licensees, 10+ payment aggregators

Entities with diverse sector experience & capabilities granted payment bank licenses

- Telecom companies, securities market entity, postal service, bottom of pyramid players, payment service providers, technology company and NBFCs
Imperatives for banks

- Constant innovation: rich functionality & high quality customer experience
- Focus on leveraging larger product suite & deeper customer relationships
- Explore mutually beneficial partnerships
1. The digital shift & evolving banking landscape

2. ICICI Bank: strong retail & rural franchise

3. ICICI Bank: leadership in technology
The Bank continues to scale up its retail business and invest in strengthening the franchise & distribution infrastructure.
Extensive geographical presence

Significant investments made in distribution

~52% of branches in semi-urban and rural areas

Supplemented by ~13,000 ATMs; continuing to invest in ATMs
Strong retail deposit franchise

Significant improvement in funding profile

- ~17% CAGR in CASA deposits since Mar 2009
- Retail deposits as % of domestic deposits increased from ~50% at Mar 2009 to ~77% at Sep 2015

Driven by continued investments in physical and technological infrastructure
Secured retail lending driving over 20% growth

- Retail segment constitutes ~44% of the total loan book
  - ~20% CAGR in retail loans since Mar 2012

Focus on increasing branch-based sourcing of loans
Strong growth in unsecured personal loans & credit cards

Personal loans

- Growth from Sep 2014 to Sep 2015: 53%

Credit cards

- Growth from Sep 2014 to Sep 2015: 24%

Healthy growth in credit card issuances & spends

Leadership position amongst private sector banks in debit card spends

~70% of incremental unsecured lending to existing customers
Significant presence in rural & semi-urban markets

**Network**
- Branches
- Gramin branches
- BCs\(^1\) & CSPs\(^2\)
- Partner linkages

**Approach to lending**
- Selective geographical approach
- Collateral based lending
- Granular portfolio

2,108 branches in rural & semi-urban markets

1. BCs: Business correspondents
2. CSPs: Customer service points
Diverse product suite & granular lending

Key products include loans against gold jewelry, farm equipment loans, kisan credit card, agri term loans and loans to Self Help Groups (SHG)

- Portfolio contributes ~15% to retail loans
- ~30% y-o-y growth at September 30, 2015

Continue to focus on growth while monitoring risks
Sustained momentum in fees

Retail fees growing by 15-20% y-o-y

Current share of fees

- Focus on cross-sell of third party products to existing customers
  - Leadership in distribution of insurance
  - Strong growth in mutual fund distribution

Retail banking expected to continue to drive growth in overall fees
Retail asset quality

Low delinquencies and NPAs

- Focus on lending to existing customers
- Analytics used for credit decisions

Substantial improvement in credit infrastructure
  - Established credit bureaus with extensive database
  - Increased customer awareness

Delinquency levels indicating no signs of stress in the retail portfolio
1. The digital shift & evolving banking landscape

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3. ICICI Bank: leadership in technology
ICICI Bank has always been a pioneer in bringing technology-enabled products & services to customers.

We are focusing on leveraging the three key transformational trends in technology – mobility, digitization and rapid growth of social media.
Our strategic objective

Leverage technology & digitization to:

- Grow retail banking at a pace faster than market
- Build platforms & services for emerging India
- Personalise experience & services for customers
- To be the best in class in retail banking performance
Leadership in technology

Focus on analytics across areas to improve productivity & efficiency
Leadership in technology

Digitizing Channels

Internet

Apps

Social
Digitizing channels

Then

Now

Mobile

Web

Pockets

Social

Over 60% of total transactions by savings account customers through new age digital channels
First in India:
• Tagging frequent transactions as favourites
• In-app chat functionality
• Alerts & notifications through ‘Google Now’
• ‘iWish’ flexible recurring deposits
Internet banking

- One of the largest bouquets of seamless services
  - Online dashboard - ‘My View’
  - Investment management & tax services tools
- ~15 million visitors monthly
- Transactions of over ₹2 trillion processed annually

First bank to cross 3 million transactions in a month on Immediate Payment Service (IMPS) platform
First bank in Asia to launch Facebook Banking

- Financial transactions on Facebook
- Only bank to offer NRI remittance through Facebook
- Highest fan base among banks: about 4.0 million

First bank in Asia & second globally to launch Twitter Banking

- Introduced transfer of funds on Twitter
- Secure service on ICICI servers
- Other facilities: telecom bills & recharges, fixed deposits and e-statements
- Hash-tags used for transactions: #pay, #reg, #topup, #ibal
Comprehensive digital wallet

India’s 1st Digital Bank

Over 2.5 million downloads

~60% of downloads by non-ICICI Bank users
mVisa launched on debit cards for enabling in-store payments by just scanning a QR code using the customers mobile phone camera.

mVisa upgrade in Pockets app released for existing debit cardholders.
Leadership in technology

Digitizing the experience

Automation  Payments  Inclusion
Digitizing experience

Then

Payment solutions

Now

Touch Banking

Smart vault

Instant credit

Innovative inclusion
First bank in India to launch 24x7 fully automated branches

- 108 Touch Banking branches, across 33 cities in India
  - Services include ATM in the branch, insta-banking kiosk, cash acceptor machines, video call facility
- Over 1,250 self service kiosks at other branches
- 23 financial & non-financial services through automated devices at branches
- Pre-staging of transactions by customers through Instabanking mobile app

Annually over 30 million transactions expected using self-service devices
Automation of transactions (2/2)

Automation across areas to improve customer experience

- Forms with pre-populated customer details
- Digitization of service requests
- Updation of e-mail ID through SMS
- Deliverable management portal
- 24x7 Automated Locker
  - State of the art robotic technology
  - Hi-tech security system & multi-level checks
  - Example of ‘Make in India’: ~80% Indian components
First bank in India to launch contactless debit/credit cards

- Over 1,100 NFC\(^1\) terminals deployed across 800 merchants in Mumbai, Hyderabad & Gurgaon
- Comprehensive roll out plan being implemented for developing terminal eco-system & issuing cards across India

First bank in India to launch transit card solutions for metro & bus transport

- Transit Metro solutions
  - Debit & credit cards with NFC\(^1\) metro smart card chip
  - Auto-top up facility
  - Easy recharge using SMS/internet
- Solutions for road transport
  - Prepaid card with dual wallet (RFID\(^2\) chip & magnetic chip)

1. Near field communication
2. Radio frequency identification
India’s first bank to implement interoperable electronic toll collection

- Prepaid RFID\(^1\) tags for vehicles for electronic toll collection
  - Developed central clearing house to process the toll payments
  - Implemented on over 180 toll plazas including Mumbai-Delhi & Mumbai-Chennai corridors
  - Mandate received for National Highways

1. Radio frequency identification
NRI services

First bank in India to provide mobile remittance service; largest online presence

- Enabled instant transfers from US & Canada
- 24x7 toll free customer care accessible from all geographies
- First bank to launch remittances through Facebook
- Video banking, internet banking & imobile available for all services
- Only bank to offer online paperless account opening for NRI customers in the US
Digital solutions for loan customers

Towards paperless loans

- Loan sanctions in minutes
  - Instant decisioning with online identity and credit check
  - Field force equipped with mobile app to scan documents

- Personal Loans at POS
  - Instant funding of purchase at Point of Sale

iLoans & iTrack

India’s first bank to launch mobile app based loan relationships & real-time deliverables tracking
  - Both functionalities integrated in the new iMobile app
Innovations in financial inclusion

Technology reducing the cost to serve a large and widespread market

- Aadhaar integration for EBT\(^1/DBT\)^2
- Mobile based remittance services
- Bank on wheels and micro ATMs

1. EBT: Electronic Benefit Transfers
2. DBT: Direct Benefit Transfers
India’s first digital village set up in Akodara dedicated to the nation by Hon’ble Prime Minister to the nation

- Converted Akodara village in Sabarkantha district in Gujarat into a Digital Village
- Initiative centered around 3Cs
  - Cashless payment ecosystem
  - Comprehensive approach includes education, healthcare & skill development
  - Connected with wi-fi for Internet & social media inclusion
Leadership in technology

Digitizing the Core

Front Office

Mid Office

Back Office
Digitizing core

Then

Now

Tab banking

Video banking

Operations
Digitizing sales

Over 3 million savings accounts sourced through Tab banking

- KYC through scanned documents
- Demo videos for products and services
- Upsell of mutual funds & insurance
- Being introduced for loan products

With digitization, an account can be opened within a day as against about four days earlier
Mid office & back office

Branch services shifting to customers’ mobiles

- Video banking app
  - 24X7 face-to-face banking
- EFT cheques
  - App-based cheque issuance & image based cheque processing

Digitizing operations

- Image-based processing of documents
- OCR¹ to reduce data entry & error rates
- Automated processing

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1. OCR: Optical Character recognition

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¹ OCR: Optical Character recognition
Focus on analytics
Analytics to improve productivity

**CRM**

- Multi-channel lead capture, assignment and fulfillment
- 360 degree view of customer profile, sales trending and forecasting
- Online business analytics and reports

**Geo-spatial mapping**

- Understanding micro markets and tailoring strategies
- Designing branch/ATM expansions across geographies
- Synchronizing central and local decision making
Investments being made in...

Big Data Analytics

- **Customer engagement**
  - Real time offers and information enriched with geo tagging

- **Customer service and fraud prevention**
  - Real time failure reporting
  - Transaction monitoring

- **Campaigns**
  - Micro-segmentation and propensity models
Investments being made in..

Omni Channel Campaign Management

• Real time data feeds from multiple systems
• Rules run on real time events and historical behaviour based data
• Dissemination of messages uniformly across channels

Real time consistent messaging across channels
ICICI Bank has established a strong retail & rural franchise

- Substantial expansion of physical footprint
- Healthy growth in retail deposits
- Significant scale-up in retail lending
  - Driven by mortgage and auto loans
  - Focus on unsecured lending to existing customers
  - Building granular rural portfolio
Leveraging digital technology for profitable growth:

- New age digital channels for customer convenience
- Automation of routine transactions
- Innovative products to improve experience
- Digitizing core areas to improve efficiency & performance
- Analytics used to support all areas
Thank you