

Media call on April 24, 2021: opening remarks

Certain statements in this release relating to a future period of time (including inter alia concerning our future business plans or growth prospects) are forward-looking statements intended to qualify for the 'safe harbor' under applicable securities laws including the US Private Securities Litigation Reform Act of 1995. Such forward looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. These risks and uncertainties include, but are not limited to statutory and regulatory changes, international economic and business conditions, political or economic instability in the jurisdictions where we have operations, increase in non-performing loans, unanticipated changes in interest rates, foreign exchange rates, equity prices or other rates or prices, our growth and expansion in business, the adequacy of our allowance for credit losses, the actual growth in demand for banking products and services, investment income, cash flow projections, our exposure to market risks, changes in India's sovereign rating, and the impact of the Covid-19 pandemic which could result in fewer business opportunities, lower revenues, and an increase in the levels of non-performing assets and provisions, depending inter alia upon the period of time for which the pandemic extends, the remedial measures adopted by governments and central banks, and the time taken for economic activity to resume at normal levels after the pandemic, as well as other risks detailed in the reports filed by us with the United States Securities and Exchange Commission. Any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of the date of this release. ICICI Bank undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof. Additional risks that could affect our future operating results are more fully described in our filings with the United States Securities and Exchange Commission. These filings are available at www.sec.gov.

This release does not constitute an offer of securities.

Good evening everyone. Joining me today for this call is our Group Chief Financial Officer- Rakesh Jha. Thank you all for joining us today. We hope that you are safe and in good health.

The level of economic activity saw an increasing trend from January to March. However, the sharp rise in Covid-19 cases in recent weeks has led to the re-imposition of restrictions in various states and cities which have impacted economic activity. We would like to thank the medical and health workers' fraternity for their tireless effort in this fight against Covid-19. We express our gratitude to our colleagues who continue to serve our customers despite the challenging environment.

At ICICI Bank, we have continued to steadily grow our business and franchise, while maintaining and enhancing the strength of our balance sheet.

Our Board has today approved the financial results of ICICI Bank for the quarter ended March 31, 2021.

I would like to highlight a few key numbers:

A. Profit and capital

1. Core operating profit i.e. profit before provisions and tax, excluding treasury income grew by 20% year-on-year to ₹ 8,565 crore in Q4-2021. For FY2021, the core operating profit grew by 17% year-on-year to ₹ 31,351 crore
2. Net interest income increased by 17% year-on-year to ₹ 10,431 crore in Q4-2021 from ₹ 8,927 crore in Q4-2020. As per the judgement of the Supreme Court, an estimated amount of 175

- crore of the required refund of interest on interest and related amounts have been reduced from the interest income in Q4-2021
3. The net interest margin was 3.84% in Q4-2021 compared to 3.67% in the quarter Q3-2021 and 3.87% in Q4-2020
 4. Fee income grew by 6% year-on-year to ₹ 3,815 crore in Q4-2021. Retail fees constituted about 77% of total fees in Q4-2021
 5. The Bank's operating expenses increased by 4% year-on-year in Q4-2021.
 6. The profit after tax was ₹ 4,403 crore in Q4-2021 compared to ₹ 1,221 crore in Q4-2020. The profit after tax was ₹ 16,193 crore in FY2021 compared to ₹ 7,931 crore in FY2020
 7. The Board has recommended a dividend of ₹ 2 per share for FY2021 subject to requisite approvals.
 8. At March 31, 2021, the Bank had a net worth of about ₹ 1.5 lakh crore and a CET-1 ratio of 16.80%, Tier 1 ratio of 18.06% and total capital adequacy ratio of 19.12%.

B. Deposit growth

1. Deposit growth continued to be robust, with total deposits growing at 21.0% year-on-year to ₹ 9.3 lakh crore at March 31, 2021. The liquidity coverage ratio for the quarter was 138%, reflecting continued significant surplus liquidity. Our cost of deposits continues to be among the lowest in the system. We have focused on tapping into various ecosystems like payments, merchants and corporate ecosystems including the employees, startups, dealers and vendors. Our digital offerings and platforms

and efforts towards process decongestion have played an important role in the growth of our deposit franchise

2. Average current account deposits increased by 34% year-on-year in Q4-2021 and 26% year-on-year in FY2021
3. Average savings account deposits increased by 21% year-on-year in Q4-2021 and 17% year-on-year in FY2021
4. Total term deposits increased by 18% year-on-year to ₹ 5 lakh crore at March 31, 2021.

C. Loan growth

1. Mortgage disbursements continued to increase this quarter over the previous quarter driven by our efforts to offer a convenient and frictionless experience to customers by digitising the entire underwriting process, with instant loan approvals. The growth in business banking continued to be robust, leveraging our distribution network and our digital platforms such as InstaBIZ and Trade Online. Till April 19, 2021 we have disbursed about ₹ 12,700 crore under the ECLGS 1.0 scheme and about ₹ 1,500 crore has been disbursed under the ECLGS 2.0 scheme. Credit card spends increased substantially in Q4 of 2021 over the previous quarter driven by spends across electronics, wellness and jewellery categories. The total Amazon Pay credit cards at March 31, 2021 are about 16 lakhs. The growth in the rural portfolio was driven by jewel loans.
2. The retail loan portfolio grew by 20% year-on-year and 7% sequentially. Within the retail portfolio, the mortgage loan portfolio grew by 22% year-on-year, business banking by 41%,

rural loans by 27%, commercial vehicle and equipment loans by 8% and the auto loan portfolio by 13%. Growth in the personal loan and credit card portfolio was 9% year-on-year. This portfolio was ₹ 66,656 crore or 9% of the overall loan book at March 31, 2021. The growth of the performing domestic corporate portfolio was 13% year-on-year and 5% sequentially. Overall, the domestic loan portfolio grew by 18% year-on-year and 6% sequentially.

3. The overseas branches portfolio and within that, the non-India linked corporate portfolio, declined both sequentially and year-on-year, in line with the approach which we have articulated earlier.

D. Digital initiatives

1. Our micromarket strategy to tap opportunities based on the market potential and 360-degree customer coverage using ICICI STACK have played a significant role in expanding our franchise and deepening relationships with our customers. We continue to strengthen our position in the digital payments ecosystem by building seamless user journeys, facilitating higher transaction throughputs and driving repeat transactions. Our strategy is to participate both directly through our own platforms and partner with third party players in the P2P and P2M space of the UPI ecosystem
2. In December 2020, we had expanded our state-of-the-art mobile banking app, iMobile, to iMobile Pay which offers payment and banking services to customers of any bank. We have seen over

15 lakh activations of iMobile Pay from non-ICICI Bank customers within four months of its launch. We are seeing high customer engagement through repeat usage of features like Pay2Contact, Scan to Pay and bill payments among others

3. We have also invested in the merchant ecosystem over the last few quarters and put together a best-in-class payments stack. The monthly transaction value on our merchant acquisition platform, Eazypay, has increased four times in March 2021 over June 2020. We have further strengthened our API stack to ensure that our customers are given best in class payment solutions. This has led to greater fund flows, growth in CASA deposits and cross-sell opportunities
4. During Q4-2021, we partnered with PhonePe to issue FASTag using UPI on the PhonePe application. This integration allows registered PhonePe users to order and track the ICICI Bank FASTag conveniently on the PhonePe application. We recently launched a facility on the retail internet banking platform called 'EMI @ Internet Banking' which allows pre-approved customers to convert their high value transactions into instant EMIs at the time of purchase. ICICI Bank is the first in the industry to introduce an instant EMI facility on its internet banking platform
5. Digital channels like internet, mobile banking, PoS and others accounted for over 90% of the savings account transactions in FY2021. The volume of mobile banking transactions increased by 61% year-on-year in Q4-2021. The value of merchant acquiring transactions on UPI increased by 149% year-on-year in Q4-2021. The Bank is a market leader in electronic toll collections through FASTag. The Bank's average monthly transactions through

FASTag grew by 51% year-on-year in Q4-2021 and our market share by value was 37% in Q4-2021

6. About 33% of the term life insurance policies were sold online in FY2021. 56% of fixed deposits and 64% of mutual fund SIPs were sourced digitally in FY2021
7. With our robust digital platforms and strong partnerships, we will continue to enhance our capabilities to compete. We are building a vast data lake to derive insights into customer behaviour, build new use cases to improve our product penetration, increase customer stickiness and improve our net promoter scores. We are also investing in new journeys and innovating existing journeys for higher value transactions through NEFT and RTGS which remain at the core of high value financial transactions.

E. Asset Quality

1. The gross NPA additions, excluding borrowers in the proforma NPAs as of December 31, 2020, were ₹ 5,523 crore in Q4 of 2021. The proforma NPAs have also been appropriately classified as per the RBI guidelines issued following the final judgement of the Supreme Court.
2. In addition, excluding NPAs, the total fund based outstanding to all borrowers, including MSME borrowers, under resolution as per various guidelines that are in place is about ₹ 3,927 crore or about 0.5% of the total loan portfolio at March 31, 2021. These are in line with or better than our expectations of NPA additions and loans under resolution.

3. Recoveries and upgrades, excluding recoveries from proforma NPAs as of December 31, 2020, write-offs and sale, were ₹ 2,560 crore in Q4-2021.
4. Provision coverage ratio continues to be robust at 77.7% at March 31, 2021
5. The net NPA ratio declined to 1.14% at March 31, 2021 from 1.26% on a proforma basis at December 31, 2020 and 1.41% at March 31, 2020.
6. At December 31, 2020, the Bank held aggregate Covid-19 provisions of ₹ 9,984 crore including contingency provisions of ₹ 3,509 crore for proforma NPAs. During the quarter, the Bank utilized the contingency provision of ₹ 3,509 crore held against proforma NPAs, as these have now been classified as per the RBI guidelines. Further, the Bank has made additional Covid-19 related provision of ₹ 1,000 crore, and thus at March 31, 2021, the outstanding Covid-19 related provisions were ₹ 7,475 crore.
7. The performance of the portfolio in the face of the pandemic has demonstrated the robustness of our underwriting and portfolio selection in recent years. Even after taking into account the higher NPA additions due to the pandemic, we have maintained a healthy provisioning coverage, including by making our provisioning policy more conservative. Further, we continue to hold Covid-19 related provisions of ₹ 7,475 crore. While the formation of gross non-performing assets in FY2022 will depend on the trajectory of the second wave of Covid-19, the progress of the vaccination programme and the pandemic-related restrictions and the period for which they continue, the portfolio

performance in FY2021 and the strength of the balance sheet give us significant comfort.

Our subsidiaries have performed well during the quarter, as you would have seen from the results announced by listed subsidiaries and our press release.

Looking ahead, we see many opportunities in the medium term to grow the core operating profit in a risk-calibrated manner. We will calibrate our growth in the near term based on the operating environment and conditions resulting from the second wave of the Covid-19 pandemic. We have a wide physical distribution network and our best-in-class digital platforms provide seamless onboarding and transacting experience for our customers. We continue to innovate, invest in technology and drive analytics to get deeper insights into customer behavior. Our solutions are aligned to provide the full range of banking services and capture the opportunities concentrated around economic ecosystems. Our extensive franchise, focus on digitisation and seamless delivery of products and services to customers with 360-degree coverage and strong balance sheet offer us immense opportunities to grow in a risk calibrated manner. Our approach of 'One Bank, One RoE' with a delayered organization architecture at the leadership level, over the last two years has helped us to leverage internal synergies. We continue to be guided by our philosophy of "Fair to Customer, Fair to Bank" emphasising the need to deliver fair value to customers while creating value for shareholders. We will continue to focus on delivering consistent and predictable returns to our shareholders.

With this, I conclude my opening remarks. I will be happy to take your questions.