

## **Media call on January 22, 2022: 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 sustenance of economic activity 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](http://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.

While India has witnessed a sharp rise in Covid-19 cases in recent weeks, the impact of the third wave has been mild so far. Vaccination coverage has continued to increase and the Government of India has recently expanded the vaccination programme to the age bracket of 15 to 18 and announced a precautionary third dose of vaccine for identified categories. While the trajectory of the pandemic is still evolving and the recent increase in cases has slowed the pace of economic activities in January, we expect the economy to regain momentum as this wave abates. We would like to thank the medical and health workers' fraternity for their tireless effort in this fight against Covid-19.

At ICICI Bank we aim to create holistic value propositions for our customers through our 360-degree customer-centric approach and focus on opportunities across client and segment ecosystems. Our cross-functional teams seek to tap into key customer and market segments, enabling 360-degree coverage of customers and increase in wallet share. We aim to steadily grow our business within our strategic framework and strengthen our franchise, delivery, and servicing capabilities, backed by a range of digital initiatives

Our Board has today approved the financial results of ICICI Bank for the quarter ended December 31, 2021. I would like to highlight some key numbers:

**A. Profit and capital**

1. Core operating profit i.e. profit before provisions and tax, excluding treasury income grew by 25% year-on-year to ₹ 10,060 crore in Q3-2022.
2. Net interest income increased by 23% year-on-year to ₹ 12,236 crore in Q3-2022.
3. The net interest margin was 3.96% in Q3-2022 compared to 3.67% in Q3-2021 and 4.00% in Q2-2022. .
4. Fee income grew by 19% year-on-year to ₹ 4,291 crore in Q3-2022 from ₹ 3,601 crore in Q3-2021
5. The profit after tax grew by 25% year-on-year to ₹ 6,194 crore in Q3-2022 from ₹ 4,940 crore in Q3-2021
6. The consolidated profit after tax grew was ₹ 6,536 crore in Q3-2022 compared to ₹ 5,498 crore in Q3-2021.
7. The standalone RoE was 15.4% in Q3-2022.
8. At December 31, 2021, the Bank had a net worth of about ₹ 1.6 lakh crore and a CET-1 ratio of 17.64%, Tier 1 ratio of 18.81% and total capital adequacy ratio of 19.79% including the profits for 9M-2022.

## **B. Deposit growth**

1. Total deposits increased by 16% year-on-year to ₹ 10,17,467 crore at December 31, 2021
2. Average current account deposits increased by 34% year-on-year in Q3-2022 and average savings account deposits increased by 25% year-on-year in Q3-2022
3. Term deposits increased by 12% year-on-year to ₹ 536,811 crore at December 31, 2021

## **C. Loan growth**

1. The overall loan portfolio grew by 16% year-on-year and 6% sequentially at December 31, 2021. The domestic loan portfolio grew by 18% year-on-year and 7% sequentially at December 31, 2021.
2. The retail loan portfolio grew by 19% year-on-year and 5% sequentially at December 31, 2021. Including non-fund outstanding, the retail loan portfolio was 51.3% of the total portfolio at December 31, 2021. The value of credit card spends in Q3-2022 was 2.2 times the value of credit card spends in Q3-2021 and grew by 27% sequentially. The business banking portfolio grew by 39% year-on-year at December 31, 2021. The SME portfolio grew by 34% year-on-year at December 31, 2021. The growth in the domestic corporate portfolio was 13% year-on-year and 9% sequentially at December 31, 2021.
3. 70.5% of the non-retail portfolio comprising SME, business banking, domestic corporate and overseas loans was rated A- and above at December 31, 2021

#### **D. Digital initiatives**

1. We are embarking on a journey from Bank to Bank<sup>Tech</sup>. Our digital platforms are continuously evolving with the objective of enabling new customer acquisition and end-to-end seamless digital journeys, offering personalised solutions and value added features to customers and enabling more effective data-driven cross-sell and up-sell.
2. In December 2020, the Bank had expanded its mobile banking app, iMobile, to iMobile Pay which offers payment and banking services to customers of any bank. There have been 53 lakh activations from non-ICICI Bank account holders as of end-December. The value of

transactions by non-ICICI Bank account holders increased by 73% sequentially in Q3-2022.

3. The business banking and SME franchise continues to grow on the back of digital offerings and platforms like InstaBIZ. The value of financial transactions on InstaBIZ grew by about 68% year-on-year in Q3-2022. The Bank's supply chain platforms enable corporates to seamlessly manage their supply chain financing and payments, collection and reconciliation requirements of their dealers and vendors in a convenient and paperless manner. The value of transactions through these supply chain platforms in Q3-2022 was 3.5 times the value of transactions in Q3-2021. The Bank is focusing holistically on the merchant and ecommerce ecosystem, both directly and through partnerships. Using the Merchant Stack, the Bank offers an array of banking and value-added services to retailers, online businesses and large e-commerce firms such as digital current account opening, instant overdraft facilities based on point-of-sale transactions and instant settlement of point-of-sale transactions, among others.
4. The value of the Bank's merchant acquiring transactions through UPI in Q3-2022 was 2.2 times the value of transactions in Q3-2021 and grew by 34% sequentially.
5. The value of mobile banking transactions increased by 50% year-on-year in Q3-2022. Digital channels like internet, mobile banking, PoS and others accounted for over 90% of the savings account transactions in 9M-2022. The Bank is the market leader in electronic toll collections through FASTag. The Bank had a market share of 39% by value in electronic toll collections through FASTag in Q3-2022, with a 42% year-on-year growth in collections.

6. The Bank had launched ICICI STACK for corporates and has created more than 20 industry specific STACKs which provide bespoke and purpose-based digital solutions to corporate clients and their ecosystems. The volume of transactions through these solutions in Q3-2022 was 3.7 times the volume of transactions in Q3-2021. These solutions along with the Bank's extensive client coverage have supported the growth in average current account deposits.
7. The Bank recently launched TradeEmerge for importers and exporters across India, offering banking as well as value-added services. This initiative makes cross border trade hassle-free, quick and convenient, as it offers an array of services in one place.

## **E. Asset Quality**

1. The net non-performing assets declined by 10% sequentially to ₹ 7,344 crore at December 31, 2021.
2. The net NPA ratio declined from 0.99% at September 30, 2021 to 0.85% at December 31, 2021.
3. During Q3-2022, there were net deletions from gross NPAs of ₹ 191 crore compared to net additions of ₹ 96 crore in Q2-2022. Recoveries and upgrades of NPAs, excluding write-offs and sale, were ₹ 4,209 crore in Q3-2022.
4. The gross NPAs written off were ₹ 4,088 crore in Q3-2022.
5. The provision coverage ratio on NPAs was 79.9% at December 31, 2021.
6. The total fund based outstanding to all standard borrowers under resolution as per various guidelines was ₹ 9,684 crore or about 1.2% of the total loan portfolio at December 31, 2021, at a similar level compared to September 30, 2021.

7. The Bank holds provisions amounting to ₹ 2,436 crore against these borrowers under resolution as of December 31, 2021. In addition, the Bank continues to hold Covid-19 provisions of ₹ 6,425 crore as of September 30, 2021.

We continue to remain optimistic about the resilience and growth prospects of the Indian economy and looking ahead, we see many opportunities to grow our core operating profit in a risk-calibrated manner. We are reimagining customer journeys with personalised and omni-channel experiences. Our ecosystem-based approach helps our customers to manage their business across the value chain efficiently, and has created new opportunities for us across businesses. We are investing in analytics capabilities and technology to enhance our offerings to customers and to build a robust future-ready architecture. We continue to be guided by the twin principles of “One Bank, One RoE”, emphasising the goal of maximizing our share of target market across all products and services and “Fair to Customer, Fair to Bank”, emphasising the need to deliver fair value to customers while creating value for shareholders. We remain focused on delivering consistent and predictable returns to our shareholders.

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