Retail banking in a digital world

May 2016
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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. ICICI Bank: strong retail & rural franchise
2. ICICI Bank: leadership in technology
ICICI Bank: strong retail & rural franchise

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

Branch network

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

Supplemented by 13,766 ATMs; continuing to invest in ATMs
Strong retail deposit franchise

Significant improvement in funding profile

• ~21% CAGR in CASA deposits since Mar 2009
• Retail deposits as % of domestic deposits increased from ~50% at Mar 2009 to ~76% at Mar 2016

Driven by continuous investments in physical and technological infrastructure
Robust portfolio growth (1/2)

Secured retail lending driving over 20% growth

- Retail segment constitutes \(~47\%\) of the total loan book
- \(~20\%\) CAGR in retail loans since Mar 2012

Focus on increasing branch-based sourcing of loans
Robust portfolio growth (2/2)

Strong growth in unsecured personal loans & credit cards

Personal loans

Mar 2015 to Mar 2016: 45%

Credit cards

Mar 2015 to Mar 2016: 36%

~70% of incremental unsecured lending to existing customers
Focus on rural business (1/2)

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

2,294 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 cards, agri term loans and loans to Self Help Groups (SHG)

Portfolio contributes ~15% to retail loans

~25% y-o-y growth at March 31, 2016

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

Retail fees now almost two-thirds of total fees

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

Current share of fees

- Retail: ~65%
- Non-retail: ~35%

Growth in retail banking expected to continue to drive increase 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 indicate no signs of stress in the retail portfolio
1. ICICI Bank: strong retail & rural franchise

2. 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
Leadership in technology

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

Digitizing Channels

Internet

Apps

Social
Then

Mobile

Social

Over 60% of total transactions by savings account customers through new-age digital channels
Best-in-class mobile application

**iMobile**

- More than 150 services
- Industry first features:
  - Favourites for faster transactions
  - Chat services & authenticated call
  - Rail ticket booking
  - Touch ID Login & Watch Banking
  - Forex purchases
- Only Bank to offer insta-banking facility on mobile

Over 70 million transactions done though mobile banking in FY2016
Internet banking

- One of the largest bouquet of seamless services
  - Online dashboard - ‘My View’
  - Investment management & tax services tools
- ~18 million visitors monthly
- Transactions of over ₹2 trillion processed annually
- Unique features – quick checkout, live assistance, IRCTC ticketing

Refreshed & intuitive website
High digital penetration

1. As per a Global Benchmark Study conducted featuring over 100 top banks around the world
2. Percentage of customers active on digital channels
3. IN: India
4. UQ: upper quartile
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: over 4.7 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 bill payments & recharges, fixed deposits and e-statements
- Hash-tags used for transactions: #pay, #reg, #topup, #ibal
Comprehensive digital wallet: Pockets

- India’s First Digital Bank
- Innovation in payments, banking and shopping
  - Sending money through SMS, Email, WhatsApp, Google+
  - Non banking features such as movie tickets, split bills, gift vouchers
- Amongst the top 4 wallet apps in terms of time spent on the app\(^1\)
- Only bank app to figure in the top wallet apps

Over 3.6 million downloads; significant interest from non-ICICI Bank users

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1. As per Nielsen Whitepaper on Wallets
Comprehensive digital wallet: Pockets

Unique industry first features of Pockets

**mVisa**

- 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

**Touch & Pay**

- Contactless mobile payment solutions which dematerialises credit and debit cards using smartphones
- Active across over 60,000 merchants
Leadership in technology

Digitizing the experience

Automation

Payments

Inclusion
Digitizing experience

Then

Now

Payment solutions

Touch Banking

Smart vault

Instant credit

Innovative inclusion
Automation of transactions (1/2)

First bank in India to launch 24x7 fully automated branches

- 110 Touch Banking branches, across 33 cities in India
  - Services include ATM in the branch, insta-banking kiosk, cash acceptor machines, video call facility
- Over 1,300 Cash Acceptor/Recycler device
- 516 Insta Banking / i-Interact Kiosk
  - Offers 25 financial & non-financial services
- Pre-staging of transactions by customers through Insta-banking mobile app
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
Growing payments franchise

**Debit cards**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of cards (in million)</th>
<th>Spends (₹ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2014</td>
<td>22.3</td>
<td>166.99</td>
</tr>
<tr>
<td>FY2015</td>
<td>27.6</td>
<td>215.35</td>
</tr>
<tr>
<td>FY2016</td>
<td>32.6</td>
<td>262.38</td>
</tr>
</tbody>
</table>

**Credit cards**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of cards (in million)</th>
<th>Spends (₹ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2014</td>
<td>3.2</td>
<td>186.93</td>
</tr>
<tr>
<td>FY2015</td>
<td>3.3</td>
<td>215.20</td>
</tr>
<tr>
<td>FY2016</td>
<td>3.7</td>
<td>265.09</td>
</tr>
</tbody>
</table>
First bank in India to launch contactless debit/credit cards

- 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
  - More than 115,000 cards issued (Credit & Debit Cards) with NFC\(^1\) metro smart card chip & auto-top up facility
  - Easy recharge using SMS/internet

- Solutions for road transport
  - Prepaid cards with dual wallet (RFID\(^2\) chip & magnetic chip)

1. 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 300 toll plazas including Mumbai-Delhi & Mumbai-Chennai corridors
- Mandate received for National Highways

The Bank worked closely with National Payments Corporation of India (NPCI) for the launch of the Unified Payment Infrastructure (UPI)

1. Radio frequency identification
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

- Express home loans
  - India’s first fully online process for sanctioning home loans
  - Online approval within eight working hours

- Loan relationships & real-time deliverables tracking integrated in iMobile
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
Leadership in technology

Digitizing the Core

Front Office

Mid Office

Back Office
Digitizing core

Then

Now

Tab banking

Video banking

Operations
Digitizing sales

Over 4 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
- OCR\(^1\) to reduce data entry & error rates
- Automated processing

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

- 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
• 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
In summary

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 a granular rural portfolio
In summary

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