

# READY FOR SEADY FOR TOMORROW.

23<sup>RD</sup> ANNUAL REPORT & ACCOUNTS 2016-2017





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- (130) Financial Statements of ICICI Bank Limited
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- Consolidated Financial Statements of ICICI Bank Limited and its Subsidiaries
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### **ENCLOSURES**

Notice Attendance Slip and Form of Proxy

**REGISTERED OFFICE** - ICICI Bank Tower, Near Chakli Circle, Old Padra Road, Vadodara 390 007, T +91-265-6722286, CIN L65190GJ1994PLC021012

**CORPORATE OFFICE** - ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051, T +91-22-33667777, F +91-22-26531122 STATUTORY AUDITORS - B S R & CO. LLP, 5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011

REGISTRAR AND TRANSFER AGENTS - 3i Infotech Limited, International Infotech Park, Tower 5, 3rd Floor, Vashi Railway Station Complex, Vashi, Navi Mumbai 400 703

# READY FOR YOU. READY FOR TOMORROW.

The future is happening now. India is transforming and we are living in 'Digital India'. At ICICI Bank, we have always been at the forefront of leading transformation in the Indian banking industry. We are and have been continuously innovating to serve the needs of our customers and stakeholders - for today and for tomorrow. At ICICI Bank, we are **Ready For You.**Ready For Tomorrow.

Our customers have been the inspiration behind everything that we do at ICICI Bank. We recognise that every individual, every business, every Indian has different needs and different aspirations. Our innovative products and services across the spectrum leverage technology to serve these different needs and fuel the different aspirations. At the core of this endeavour to constantly innovate and transform is our driving philosophy – to be ready not only to embrace but also to shape the future.



# **READY FOR RETAIL CUSTOMERS**

ICICI Bank pioneered the retail banking revolution in India and transformed the way Indians bank. Even today, we continue to invest in products and platforms that leverage technology to provide comprehensive banking solutions that are intuitive, convenient and enhance the overall banking experience for our customers. From introducing Chatbots and SmartKeys on our best-in-class iMobile app to launching over 500 software robotic systems performing over 1 million banking transactions daily, we at ICICI Bank are not only maintaining our leadership in digital banking but paving the way for its future.

## READY FOR BHARAT

A new Bharat is emerging and taking charge of the 21st century. With the penetration of internet and mobile devices, rural India is set to grow at an exponential pace. At ICICI Bank, we have partnered with the Government and leveraged technology to ensure that digitally enabled banking services reach every nook and corner of our country. Our banking solutions like 'Mera iMobile' are specially designed to empower the citizens of Bharat. For us, the agenda to empower Bharat does not stop at enabling digital banking. We have gone beyond banking and created a self-sustaining ecosystem at 100 'ICICI Digital Villages' so that Bharat is also ready for a new tomorrow.



# **READY FOR BUSINESSES**

India is one of the fastest growing global economies and is being propelled ahead by a dynamic and entrepreneurial business environment. With a supportive regulatory environment and a sea of opportunities, Indian businesses are poised to flourish and grow. At ICICI Bank, we are partnering with businesses across the spectrum: from large corporates to small enterprises and from startups to traders, anticipating their emerging needs and providing solutions that make transactions and payments easy, ubiquitous and cost-effective.

# **#LEADTHENEW**

ICICI Bank has adopted a new internal motto – '#LeadTheNew'. This motto serves as a reinforcement of our DNA in the context of the environment which is constantly evolving. '#LeadTheNew' is a transformation journey where we are not only continuously innovating to serve the needs of our customers and stakeholders but also streamlining internal processes further to become even more agile. With this motto, we continue to identify transformational ideas and invest in them to create winning propositions to be ready not just to embrace, but to shape the future.



# **ICICI BANK AT A GLANCE**

ICICI Bank, the country's largest private sector bank by consolidated assets, continues to be at the forefront of technological innovations by anticipating customer needs and providing an extensive range of banking solutions through its wide distribution network.

**50.4%** CASA RATIO

₹**9,860**BILLION

CONSOLIDATED TOTAL ASSETS

₹101.88 BILLION

CONSOLIDATED PROFIT AFTER TAX

₹7,718
BILLION
STANDALONE
ASSETS

₹ 98.01 BILLION

STANDALONE PROFIT AFTER TAX

35.8% COST TO INCOME RATIO

13,882 ATMs

**4,850**BRANCHES

All information as on March 31, 2017

# **FIRST BANK**

First bank in India to undertake pilot transactions in international trade finance and remittances using blockchain technology.

# **ASIA'S FIRST**

First financial institution to enable payments and banking transactions from a smartphone keyboard through 'iMobile Smartkeys'.

# **INDIA'S FIRST**

Undertook India's first digitised invoice discounting transaction on the 'Receivables Exchange of India Limited' (RXIL).

# **INDUSTRY FIRST**

First bank in India to offer direct tax payment through phone banking.

# HIGHEST IN MOBILE BANKING

Value of mobile banking transactions grew by 168% in fiscal 2017, consolidating the Bank's numero uno position among private sector banks.

# 100 DIGITAL VILLAGES IN 100 DAYS

Enabled digitisation of transactions as well as provided vocational training, credit facility and market linkage to villagers to help them earn a sustainable livelihood.

# 500 SOFTWARE ROBOTIC PROCESSES

India's first bank to roll-out software robotics; over 500 software robotic processes perform 1 million banking transactions daily.

# **OVER 100,000**

Only bank in India to cross the milestone of installing 100,000 digital POS within four months of its launch.

# 47 MILLION+

Cards in force.

# **5 TRILLION**

Digital channels recorded over ₹ 5 trillion worth of transactions in fiscal 2017.

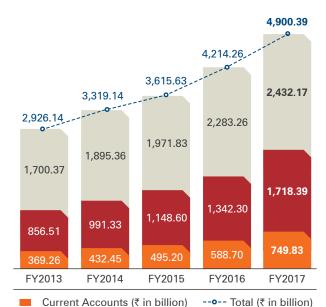
# MOST TRUSTED PRIVATE SECTOR BANK

ICICI Bank ranked first among private sector banks in India as per The Economic Times Brand Equity's 'Most Trusted Brands of 2016' survey.



# **FINANCIAL HIGHLIGHTS**

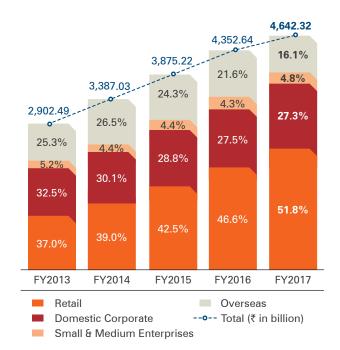
### **TOTAL DEPOSITS**



Current Accounts (₹ in billion)

Savings Accounts (₹ in billion) Term Deposits (₹ in billion)

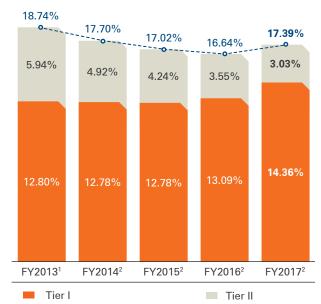
### **TOTAL ADVANCES**



### **TOTAL ASSETS**



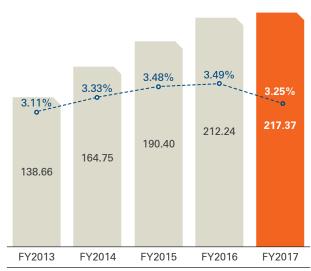
### **CAPITAL ADEQUACY RATIO**



--o-- Total

- 1. In accordance with Basel II guidelines of RBI
- 2. In accordance with Basel III guidelines of RBI

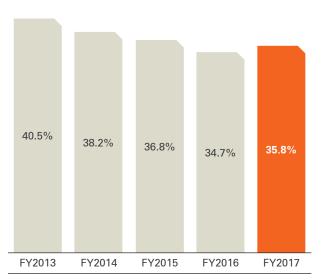
### **NII & NIM**



Net Interest Income (NII) (₹ in billion)

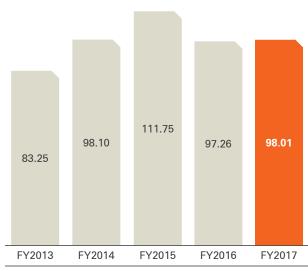
--o-- Net Interest Margin (NIM)

### **COST TO INCOME RATIO**



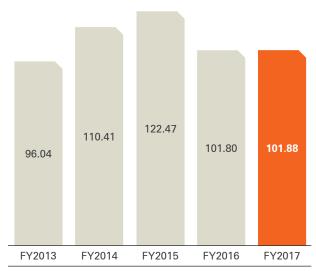
Cost to Income Ratio

### **STANDALONE PAT**



Standalone Profit after Tax (PAT) (₹ in billion)

### **CONSOLIDATED PAT**



Consolidated Profit after Tax (PAT) (₹ in billion)



# **MESSAGE FROM THE CHAIRMAN**



The year gone by saw major developments in the global landscape, with the United Kingdom's decision to leave the European Union, followed by the presidential elections in the United States. Geopolitical issues dominated the global discourse. With regard to the global economy, there was a moderation in growth in both developed and emerging markets. Global trade showed indications of revival. Broadly, the focus has shifted from crisis management, that was seen in the years following 2008, to growth.

Against this global backdrop, India stood out as a country taking major policy initiatives on several fronts. During the year, we saw the enactment of the Insolvency and Bankruptcy Code, which will transform the process of workout and recovery of companies that are unable to

meet their obligations to lenders. This was followed by the withdrawal of legal tender status of currency notes of denominations of ₹ 500 and ₹ 1,000 and the introduction of new ₹ 500 and ₹ 2,000 currency notes. This led to a sharp increase in financial savings and gave a significant boost to digital payment transactions. It is expected to have a long-term positive impact on both these areas, as well as the country's fiscal health through improved tax compliance. Finally, legislation on the Goods & Services Tax was enacted, paving the way for the implementation of this landmark tax reform in the coming year.

While the above developments laid a strong foundation for the country's future growth, the corporate sector experienced continued challenges during the year arising out of global as well as domestic issues, leading to inadequate cashflow generation from investments made in the past. The resolution process was also relatively slow. This led to continued stress on the asset quality of banks. The recent amendments to the Banking Regulation Act should facilitate and speed up the process of resolution.

The ICICI Group executed a focused strategy during the year, of nimbly capturing opportunities and resolutely addressing challenges. ICICI Bank achieved robust growth in its retail business, across lending, deposit-taking and fee-based services. It continued to be at the forefront of technology-led innovation in the banking sector. Following the withdrawal of legal tender status of ₹ 500 and ₹ 1,000 currency notes, the Bank rose to the challenge and once again demonstrated its outstanding capability to handle a complex logistical exercise in a short timeframe, while allaying customer anxieties and simultaneously focusing on regulatory compliance. The employees worked tirelessly to serve the large numbers of customers visiting branches during this period. In the area of corporate banking, the Bank continued to capture new opportunities while focusing on resolution of stressed borrowers with perseverance. The year saw a major milestone with the Bank's life insurance subsidiary becoming the second listed entity in the Group. This IPO, executed in just about five months despite being the first insurance IPO in the country, demonstrated the strength of the life insurance business and unlocked value for the Bank and its shareholders.

As I had mentioned last year, the ICICI Group is a financial institution with a long and rich history of leadership, of service to the nation and of partnership in its growth. It has

helped millions of individuals and families achieve their aspirations, as well as played a key role in the creation of infrastructure and industrial capacity in the country. This ethos of the Group goes beyond its business. In a unique initiative this year, ICICI Bank and ICICI Foundation for Inclusive Growth transformed 100 villages into ICICI Digital Villages, combining digital payments with skill development and sustainable livelihoods. I am sure that there will be many more innovations and transformational initiatives that we will see in the coming years.

ICICI Bank has a robust balance sheet with strong capital levels, substantial operating earnings and significant value across its businesses & subsidiaries. ICICI Bank has always demonstrated its ability to spot emerging opportunities and execute strategies to capture them. A key strength of the ICICI Group is its depth of leadership talent and the untiring commitment & contributions of the employees. The executive management team under the leadership of the Managing Director & CEO is executing a focused

strategy, leveraging existing strengths and building new capabilities to stay ahead in the evolving environment. We are optimistic about the future, as the banking sector gradually emerges from the challenges of recent years. ICICI Bank is well-positioned to leverage opportunities for profitable growth and value creation. The ICICI Group represents a unique financial services franchise that will benefit from the growth and formalisation of the Indian economy and the Indian financial sector. It will continue its commitment to being a partner in India's growth and development.

With best wishes,

M. K. Sharma



# **MESSAGE FROM THE MANAGING DIRECTOR & CEO**



In fiscal 2017, the Indian Government undertook several landmark reforms that will drive sustainable growth in the years ahead. The Government's focus on increasing formal financial savings in general and the demonetisation of Specified Bank Notes (SBNs) in particular, gave a boost not only to banking deposits, but also to other segments of financial services like insurance and mutual funds. The banking sector saw a strong pickup in adoption of digital offerings. The retail asset quality remained healthy. However, the corporate sector witnessed slow progress in resolution of stressed assets. The Banking Regulation Act has been recently amended to enhance RBI's statutory powers in the area of borrower resolution. Subsequently, RBI has issued a guideline directing banks to adhere to timelines and stipulating that any resolution plan if

approved by 60% of the creditors by value and 50% by number in the Joint Lenders Forum would be binding on all lenders. These measures will enable faster resolution of stressed loans.

At ICICI Bank, we focused on capitalising on growth opportunities while at the same time taking steps to address challenges in the environment. The Bank's strategic priorities were summarized in the 4 x 4 Agenda encompassing Portfolio Quality and Enhancing Franchise. We made progress on each of the strategic priorities during the year.

I would like to share some highlights of the Bank's performance during the year.

- The accretion to current and savings account (CASA) deposits during fiscal 2017 was ₹ 537.22 billion and the year-on-year growth in CASA deposits was 27.8%. The CASA ratio increased from 45.8% at March 31, 2016 to 50.4% at March 31, 2017. We expanded our network to 4,850 branches and 13,882 ATMs.
- We undertook a number of technology initiatives including continuous enhancement of services available on iMobile, launch of Unified Payments Interface (UPI) based payments, the 'Eazypay' mobile application for merchants to collect payments and the 'Mera iMobile' mobile application for rural customers. The share of digital channels like internet, mobile banking, POS and call centre increased to about 79% of savings account transactions during the second half of fiscal 2017.
- The overall domestic loan growth was at 14.0% year-on-year, about eight percentage points higher than the banking system non-food credit growth, driven by 18.5% growth in the retail portfolio. The share of retail in total loans increased from 46.6% at March 31, 2016 to 51.8% at March 31, 2017. We selectively grew our corporate portfolio with a focus on lending to higher rated clients and reducing concentration risk.
- We continued to focus on asset resolution and exposure reduction in identified areas. We had reported the Bank's exposure comprising fund based limits and non-fund based outstanding to companies

internally rated below investment grade in power, iron & steel, mining, cement and rigs sectors; and to promoter entities internally rated below investment grade where the underlying partly relates to these sectors. We achieved a net reduction in exposure and rating upgrades of ₹ 56.29 billion out of this portfolio.

- We continued to maintain focus on the core operating parameters. The net interest margin was 3.25% in fiscal 2017. Growth in fee income improved from 3.8% year-on-year in the first half to 10.4% year-on-year in the second half of fiscal 2017. The operating profit increased by 11.0% year-on-year to ₹ 264.87 billion.
- The profit after tax for the year remained stable despite continued challenges in the key sectors mentioned above and in the recovery environment.
- Our insurance subsidiaries maintained their market leadership among private sector players. Our asset management subsidiary continued to be the largest mutual fund in India. Our securities business expanded its corporate & institutional franchise, while maintaining its leadership in online retail broking.
- We continued to demonstrate and unlock the substantial value created in our non-banking subsidiaries with the successful IPO of ICICI Prudential Life Insurance Company (ICICI Life) during the year.

The Bank's capital position continues to be very strong. The Tier-1 capital adequacy at 14.36% and the total capital adequacy of 17.39% at March 31, 2017 were well above regulatory requirements.

The Bank's standalone earnings per share for fiscal 2017 was ₹ 16.84. The Board recommended a dividend of ₹ 2.50 per share and an issue of bonus shares in the ratio of one equity share for every 10 equity shares (including equity shares underlying the American Depositary Receipts), subject to requisite approvals.

We continued to build on our rich legacy of partnering India in inclusive growth. Skill development for sustainable livelihood of underprivileged youth is the key focus area of ICICI Foundation for Inclusive Growth. The ICICI Academy for Skills, launched in October 2013, has 24 centres

currently. During fiscal 2017, ICICI Foundation along with ICICI Bank launched the ICICI Academy for Skills – Rural Initiative, a strategic initiative for economic inclusion of the villages in the country and expanding the reach of the CSR activities of the ICICI Group. Through its various initiatives, ICICI Foundation has imparted skill training to over 136,000 individuals, of whom 46% are women.

In fiscal 2017, the Bank and ICICI Foundation undertook an initiative of transforming 100 villages into 'ICICI Digital Villages'. This is a unique village promotion programme encompassing digitisation of transactions & commercial activities; skill development & vocational training; and market linkages & access to credit. Our objective is to support the creation of digital payments ecosystems in rural India and help the villagers to improve their income levels through sustainable livelihoods. We plan to expand this initiative to 500 more villages in the coming year.

The ICICI Group has a strong market position across banking, insurance, asset management & securities. We are a leader in catering to the full spectrum of customer needs be it savings & investments, payments & transactions, credit, protection from risks or advisory services. We believe that there are healthy growth prospects across our businesses. These would be driven by a number of factors, including rising income levels; growing urbanisation; the mainstreaming of the rural economy; evolving technology & its rapid adoption; government policy initiatives like the Goods & Services Tax; and new electronic payment systems facilitated by the Government & the RBI. Our large size, capital base, robust funding profile, extensive distribution network, diversified portfolio, presence across the financial services sector and leadership in technology, position us very well to leverage the growth opportunities across the economy. I look forward to your continued support in this journey.

With best wishes,

Alweller

Chanda Kochhar



# **BOARD AND MANAGEMENT**

### **BOARD OF DIRECTORS**







Homi Khusrokhan



V. Sridar



**Tushaar Shah** 



**Dileep Choksi** 



V. K. Sharma



**Amit Agrawal** 



N. S. Kannan Executive Director



Vishakha Mulye Executive Director



Vijay Chandok Executive Director



Anup Bagchi Executive Director

### **GROUP EXECUTIVES**

Rakesh Jha Chief Financial Officer B. Madhivanan B. Prasanna

### **SENIOR GENERAL MANAGERS**

Sanjay Chougule Head-Group Internal Audit Sudhir Dole Anita Pai G. Srinivas T. K. Srirang Kumar Ashish Anindya Banerjee

Anuj Bhargava

**Prathit Bhobe** 

Partha Dev Sujit Ganguli Ajay Gupta Sriram H. Anirudh Kamani Anil Kaul Loknath Mishra Ravi Narayanan Amit Palta

Murali Ramakrishnan Kusal Roy Anup Saha Avijit Saha P. Sanker Company Secretary Supritha Shetty Group Compliance Officer Saurabh Singh

### **BOARD COMMITTEES**

### **Audit Committee**

Homi Khusrokhan Chairman Dileep Choksi Alternate Chairman V. Sridar

### Board Governance, Remuneration & **Nomination Committee**

Homi Khusrokhan Chairman M. K. Sharma V. K. Sharma

### **Corporate Social Responsibility Committee**

Tushaar Shah Chairman Dileep Choksi Amit Agrawal Chanda Kochhar

### **Credit Committee**

M. K. Sharma Chairman Homi Khusrokhan Chanda Kochhar

### **Customer Service Committee**

V. Sridar Chairman Tushaar Shah Chanda Kochhar Anup Bagchi

### **Fraud Monitoring Committee**

V. Sridar Chairman Dileep Choksi Homi Khusrokhan Chanda Kochhar Anup Bagchi

### **Information Technology Strategy Committee**

Homi Khusrokhan Chairman V. Sridar Chanda Kochhar

### **Risk Committee**

M. K. Sharma Chairman Dileep Choksi Homi Khusrokhan V. K. Sharma V Sridar Chanda Kochhar

### Stakeholders Relationship Committee

Homi Khusrokhan Chairman V. Sridar N. S. Kannan

# **MESSAGES FROM THE EXECUTIVE DIRECTORS**



N. S. Kannan

During fiscal 2017, we continued to re-orient our balance sheet with an increasing share of retail loans and focus on lending to higher rated corporates within a prudent enterprise risk management and capital allocation framework. We have further strengthened our capital position with the issuance of Additional Tier-1 bonds. There was a further improvement in our funding profile driven by healthy deposit flows. The year was also marked by increasing business and strong profit growth of our asset management, securities and insurance subsidiaries. We demonstrated the value in our non-banking subsidiaries once again with the public listing of ICICI Prudential Life Insurance Company, a landmark in Indian capital markets, while continuing to own significant value in our non-banking subsidiaries. We have continued to invest in expanding customer offerings & servicing capabilities, which, combined with our healthy capital position, robust funding profile and sustained cost efficiency, position us well for future growth and profitability.



Vishakha Mulye

Fiscal 2017 saw global economic growth being moderate and the domestic economy witnessing softer interest rates and increased liquidity. However, domestic corporates continue to face challenges in the form of volatility in commodity prices and shortfall in cash-flow generation resulting in lower investments in credit-intensive sectors. In this environment, we focused on our strategy of enhancing the quality of the portfolio and the quality of earnings. Improving portfolio quality entailed a two pronged approach of focusing on managing risk in the existing portfolio and on higher rated borrowers for building the incremental portfolio. Improving earnings quality involved focusing on increasing non-credit income along with sustainability and granularity of income. Going forward, we will continue to work on deepening existing relationships, sourcing new clients and generating new income opportunities. The focus will be to increase granularity, ensure stability of revenue streams and strengthen client relationships, while maintaining focus on profitability and credit-quality.



Vijay Chandok

Fiscal 2017 saw significant global developments in the form of the UK's decision to exit the EU, the US presidential elections and a firm reversal of the US Fed's accommodative policy. Global GDP growth remained moderate. In this context, the Bank, in its international and SME businesses, sharpened its focus on managing risks and pursued opportunities within a tighter risk framework. The international business continued to build on its core India-linked franchise and select local and MNC lending opportunities. The SME business focused on deepening its franchise with committed entrepreneurs seeking to participate in the various economic opportunities and registered healthy growth. The Bank was at the forefront of introducing technological solutions for its commercial banking clients through the launch of B2Biz – India's first integrated collection platform. The Bank also completed the first ever blockchain trade transaction in the Indian banking space.



**Anup Bagchi** 

We continue to put customers in the centre of everything we do. Technology is allowing us to generate newer ways to fulfill our customer needs. Leveraging technology to provide best-in-class experiences to our customers continues to be our top priority. Fiscal 2017 saw the introduction of an array of products and services including Chatbots and SmartKeys on iMobile, 'Eazpay', UPI and Samsung Pay. We have maintained market leadership in digital banking and are committed to continued innovation to drive customer engagement and to empower our customers. We implemented a number of customer-friendly initiatives during demonetisation. We were the first bank to announce 10 measures for customers including extension of working hours and creation of additional customer counters among others. We also made significant headway in furthering our agenda of enhancing financial inclusion in semi-urban and rural markets.



**READY FOR RETAIL CUSTOMERS** 

ICICI Bank is a leader in leveraging technology to provide best-in-class experiences to retail customers. We take pride in being constantly focused on making banking easier, more personalised, more accessible, safer and more intuitive for them. At ICICI Bank, we are always ready with products and solutions that meet our customers' needs for today and for tomorrow.

Over 94% of financial and non-financial transactions of our savings account customers are now done outside the branches and the share of digital channels like internet & mobile banking, POS and call centre, has increased to 79% of total savings account transactions in the second half of fiscal 2017. iMobile, our mobile app is an industry leading banking application and offers over 165 services to our customers. ICICI Bank had the highest overall score in 2016 in the India Mobile Banking Functionality Benchmark study conducted by Forrester, an American research agency.



We introduced **'iMobile Chatbot'**, one of India's first Artificial Intelligence powered banking services. 'iMobile Chatbot' is a chat feature in the iMobile app that enables customers to perform various banking transactions by chatting even though there is no human present on the other side.



We launched 'iMobile SmartKeys', Asia's first payment service using a smartphone keyboard that allows users to make quick and secure payments while being on any mobile application including chat, messenger, email, games or search browser without having to exit their current application in their smartphone. This pioneering innovation makes banking transactions seamless for our customers as they juggle among various competing demands on their mobile phones.

With a view to safeguard cheques issued by our customers and to ensure their faster processing, we introduced a new service called **'Positive Pay'** on our iMobile application. The service allows our customer to upload all details of the cheque being issued along with its image before handing it over to the beneficiary. When the cheque is presented to ICICI Bank, we match its details with those entered by our customer and refer back in case of mismatches.

ICICI Bank's Pockets, India's first digital wallet by a bank has over 6.2 million downloads as of March 31, 2017.



This year we launched **UPI** (Unified Payments Interface) for both iMobile and Pockets in partnership with NPCI. With UPI, bank account holders (of banks participating in UPI) can send and receive money instantly and around the clock using a Virtual Payment Address (VPA) without entering additional bank account details. More than 3 million VPAs have been registered with ICICI Bank already.

India's third most used app - to power a new UPI based mobile payment service called **'Truecaller Pay'**. This exclusive partnership enables 150 million Indian users of the app to gain access to instant, safe and secure UPI based payments powered by ICICI Bank.

ICICI Bank has partnered with Truecaller – an app developed

by a leading Swedish communication company and



COLLABORATIONS

In our quest for making banking easy and convenient for our customers, we forged many strategic partnerships. BharatQR, Truecaller Pay and Samsung Pay are a few fruits of such partnerships during the year.

ICICI Bank has continuously supported the Government of India's digital initiatives. We worked very closely with the government to launch **BharatQR** code which is a common QR code standard supporting Visa, MasterCard and Rupay cards. BharatQR enables merchants and customers to accept and make electronic payments using just a smartphone. BharatQR has been integrated into both iMobile and Pockets.

ICICI Bank collaborated with Samsung for its new mobile payment feature – **'Samsung Pay'**, through which customers can load their ICICI Bank credit and debit cards on their Samsung Galaxy smartphones and pay almost anywhere. When customers want to pay for transactions, they just need to authenticate their ICICI Bank card on the phone through their fingerprint or a 4-digit PIN and then tap the phone on any POS (Point Of Sale) machine to complete their payment.

ICICI Bank also integrated its retail internet banking platform with **'DigiLocker'**, an initiative of the Ministry of Electronics & Information Technology. 'DigiLocker' is an online repository platform for issuance, verification and storage of digital certificates and documents in the cloud. All savings account customers of ICICI Bank who have mapped their Aadhaar numbers with their bank accounts can directly register and access their 'DigiLocker' through ICICI Bank internet banking for no additional charges.



# **READY FOR BUSINESSES**

Indian businesses are global leaders today. At ICICI Bank, we have always partnered with businesses across the spectrum from large corporations to small and medium enterprises to support their current growth needs and ambitions for tomorrow. We believe that technology led product and service innovations are key to improving our customers' productivity and efficiency.

BLOCKCHAIN

In line with our legacy of forecasting and embracing emerging technologies, ICICI Bank became the first bank in the country and among the first few globally to exchange and authenticate remittance transaction messages as well as route international trade documents related to purchase order, invoice, shipping & insurance, among others, electronically on **Blockchain** in real time. We executed these pilot transactions via our blockchain network with Emirates NBD on a custom-made blockchain application.

BLOCKCHAIN

BROCKCHAIN

BROCKCHAIN

FIRST

CUSTOM-MADE BLOCKCHAIN

APPLICATION CREATED FOR
INTERNATIONAL REMITTANCES

AND EXCHANGE OF TRADE

DOCUMENTS

Blockchain technology is expected to transform the banking industry in the future. We envision that the use of blockchain will make complex bilateral and multi-lateral banking transactions seamless, quick and more secure. We are committed to working on expanding the blockchain ecosystem and creating common working standards to contribute to the commercial adoption of this initiative.





ICICI Bank has also undertaken an array of initiatives to lead and support the accelerating pace of digital business-to-consumer transactions. We launched **'Eazypay'**, India's first mobile app for merchants, retailers and professionals that can accept multiple modes of digital payments instantly. More than 1 lakh businesses and professionals adopted 'Eazypay' within four months of its launch.

'Eazypay' offers unparalleled convenience and ease of usage to all parties in the transaction. The customer can choose from a host of payment options including UPI, debit cards, credit cards, internet banking and 'Pockets' – ICICI Bank's own digital wallet. The business owner or

professional can enable all these digital modes of payment either in-the-store or on-the-go. The payment is directly credited to the current account of the business owner. 'Eazypay' facilitates existing ICICI Bank Current Account customers to immediately start accepting cashless payments without any additional paperwork.

We also introduced India's first **digitised invoice discounting transaction** on the 'Receivables Exchange of India Limited' (RXIL) carried out under the Trade Receivable Discounting System (TReDS) guidelines issued by the RBI.



ICICI Bank also offers industry specific solutions to its business customers to support their growth. As part of our ongoing industry-leading initiatives, we launched the 'Developer High Rise Platform' for real estate developers and 'e-Softex' for IT/ITES clients of the Bank.

Developer High Rise Platform is a unified platform for management of retail and corporate transactions and offers a multitude of services to the real estate industry including Online Project approval, Subsequent Disbursement Management, Promotion Campaign Management, Project Portal creation and Society Portal creation.

e-Softex has been developed especially for IT/ITES clients of the Bank to enable simplification and regularisation of invoicing for software exports. The system supports generation of invoices in the requisite STPI or SEZ formats and also provides an instant view of the status of invoices, payments and approvals on one dashboard. The platform aims at helping vendors achieve cost and time efficiencies and reduces their compliance risk.

# DEVELOPER HIGH RISE PLATFORM

A UNIQUE AND COMPREHENSIVE
PLATFORM FOR REAL ESTATE
DEVELOPERS



# **READY FOR BHARAT**

Rural India - Bharat - is taking large strides towards a digital tomorrow. The innovation agenda at ICICI Bank is driven by the future needs of a digitally enabled Bharat and by our unflinching commitment to financial inclusion.



# LARGEST BANK

IN RURAL AND SEMI-URBAN
AREAS AMONG
PRIVATE SECTOR
BANKS

in multiple languages but also offers agricultural prices and weather information. 'Mera iMobile' is futuristic in conception and experience. It caters to areas with low internet speeds and even supports frequently used transactions without using mobile internet services.



# **MERA IMOBILE**

With more than 50% of branches in rural and semi-urban areas, we are the largest private sector bank in Bharat. 570 of our over 2,500 rural/semi-urban branches are in villages where there were no banking facilities earlier. Our efforts at deepening financial inclusion and promoting inclusive growth led us to launch **'Mera iMobile'** – a comprehensive, first-of-its-kind mobile app, developed especially for Bharat.

'Mera iMobile' is available in 11 languages and can be downloaded by everyone – ICICI Bank customers and non-ICICI Bank customers. The 'light' app not only offers an array of banking services and supports UPI transactions



# **DIGITAL VILLAGES**

In our quest for providing a digital ecosystem to Bharat, we transformed 100 villages spread across the length and breadth of the country to **'ICICI Digital Villages'** in 100 days. This is an unprecedented village promotion activity by ICICI Bank with a holistic mission of leapfrogging the villages into the future. Our initiatives across three dimensions encompasses the following:

- Digitising commercial activities and banking transactions in these 100 villages.
- Imparting vocational training by ICICI Foundation for inclusive growth.



 Providing credit facilities and market linkages to villagers so that they can enhance their livelihood opportunities.

The 'ICICI Digital Villages' initiative forms part of our rich legacy of undertaking and powering several infrastructure development initiatives of the nation.

We have digitised the KCC (Kisan Credit Card) process end-to-end using an **Application Processing System (APS)**. The loan appraisal process is now digital and the tablet sourcing application has been integrated with the loan booking software thereby enabling a seamless transaction. The unified integrated application on tablets can be used for sanctioning loans as well as opening savings accounts for SHGs. Uploads of the document digitally reduces the transaction cost of the

SHG in addition to reducing the turnaround time for sourcing and enhancing data efficiency.

We launched a 10 minute loan sanction process for KCC as well as farm equipment loan. We also launched a simple yet powerful product called **I-Flexi OD**, targeted at providing first generation entrepreneurs with working capital, to enable them to grow their businesses. The offer is available for micro enterprises through our branches located in rural and semi-urban locations.

ICICI Bank executed a Memorandum of Understanding (MoU) with National Housing Bank (NHB) to successfully implement Credit Linked Subsidy Scheme under Pradhan Mantri Awas Yojana. As per NHB report, ICICI Bank is the top performing Scheduled Commercial Bank for implementation of the scheme. The Bank processed subsidy benefit for over 2,000 home loan borrowers, for subsidy amounting to ₹ 423.4 million and disbursement of ₹ 3,039.7 million.



# **#LEADTHENEW**

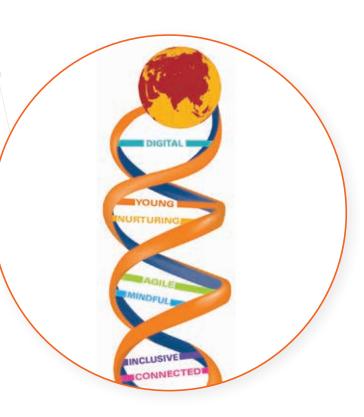
The Indian economy is witnessing a transformation. The emergence of new entrepreneurs and start-ups coupled with rapid developments in technology is shaping newer business models and challenging existing paradigms. Against this backdrop, to make ourselves even more agile, to place ourselves firmly ahead of our competitors on the path of innovation and to ensure that we are future-ready, we have embarked on a new journey of transformation, #LeadTheNew.

#LeadTheNew is an umbrella initiative under which our endeavour is to be ready for the opportunities being created in the economy, which will enable us to sustain our leadership position across products and segments.

This new transformation journey has four broad anchors:



We have reinforced our organisation culture with the acronym DYNAMIC (Digital, Young, Nurturing, Agile, Mindful, Inclusive and Connected) - an organisation which harbours a greater readiness to experiment and which embraces new ideas. A DYNAMIC ICICI will continue to be an organisation where the customer is the prime focus and employees act with speed and constantly learn and re-learn to provide exemplary customer solutions.



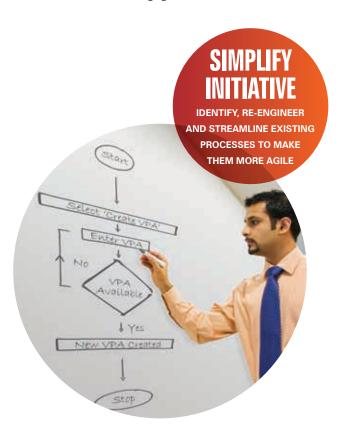




ICICI Bank has always been known to deliver banking solutions and services in a quick and efficient manner with the customer at the centre. In order to further improve in this area, under the #OSIMPLIFY anchor, we are identifying, re-engineering and streamlining existing processes to make them more agile. We believe that it is crucial to debottleneck processes to ensure:

- A seamless customer experience
- Substantially improved speed of delivery to customer
- Reduced processing time to achieve significantly superior efficiency
- Elimination of non-value adding steps to enhance capacity

This initiative will not only help to bring in efficiencies but will also provide the Bank's employees more time for enhanced customer engagement.







The ##© CEO CONNECT platform directly connects all employees with the MD&CEO of the Bank and enables them to gain a perspective on the organisational strategy and philosophy. It also provides an opportunity to employees to share their views and suggestions and present customer insights directly to the MD&CEO.

This year the Bank also introduced #be-fit, a wellness programme for employees across the Bank encouraging them to look after their health as much as they focus on their work.

All these initiatives have been implemented by cross-functional teams and led by our Executive Directors.



# **AWARDS**





THE OVERALL CATEGORY OF
THE 'BEST TECHNOLOGY BANK
OF THE YEAR' AMONG LARGE
BANKS AT THE IBA
(INDIAN BANKS' ASSOCIATION)
BANKING TECHNOLOGY
AWARDS 2017

ICICI Bank won several other laurels and awards in fiscal 2017. The awards are a recognition of the trust that our customers and stakeholders place in us. We are committed to break new ground to serve our customers and stakeholders better and help in shaping a better tomorrow.

# Other awards received at the IBA Banking Technology Awards 2017

- **★** Best Use of Analytics for Business Outcome
- **★** Best Use of Digital and Channels
- **★ Best Payments Initiative**
- ★ Best IT Risk and Cyber Security Initiatives (Runner-up)
- 'Best Company to Work for' award by Business Today magazine in the Indian Banking, Financial Services and Insurance sector.
- Featured among the top 10 organisations in the list of 'Best Companies for Women in India', published by Working Mother Media, a US-based company.

FIRST AMONG PRIVATE SECTOR BANKS IN THE ECONOMIC TIMES BRAND EQUITY'S 'MOST TRUSTED BRANDS SURVEY' 2016

- 'Best Retail Bank' in India for the fourth year in a row at The Asian Banker Excellence in Retail Financial Services International Awards 2017.
- Two awards in the 'Best Core Banking Project-Single Country' and 'Best Retail Payments Project' categories at The Asian Banker Technology Innovation Awards 2016.
- Two awards at the National Payments Excellence Awards 2016 in the Large Bank category.
   Winner for the 'Immediate Payment System' (IMPS) application and first runner up for 'Cheque Truncation System' (CTS).
- CNBC-TV18's Financial Inclusion Award 2016 for Banks/NBFCs in 'Impactful Financial Inclusion through Innovation & Processes' category.
- 'Best Bank for SME' award at the Asiamoney India Banking Awards 2017 for the automation initiative 'COLORS' (Corporate Loan Origination System).
- Awards at FinanceAsia's Fixed Income Research Poll 2016 in these two categories: 'Most Impressive Issuers in India' and 'Most Impressive Investment Grade Financial Institution Borrower'.
- Voted 'Best Domestic Provider of FX Services' by financial institutions in the Asiamoney FX Poll 2016.
- 'Best Foreign Exchange Provider in India' by Global Finance magazine.
- Celent Model Bank 2017 award as the 'Most Promising Proof-of-Concept' for the work done on blockchain.

- 'Best Private Sector Bank' award in the Global Businesses category at Dun & Bradstreet Banking Awards 2016.
- 'Best Bond House-Domestic' award in the Best House category and the 'Best Syndicated Loan' award in the Best Deal category at the Asset Triple A Country Awards 2016.
- Awards under the 'Best Derivatives House of the Year' and 'Best Structured Products House of the Year' categories in the Indian region at The Asset Triple A Private Banking, Wealth Management, Investment and ETF Awards 2016.
- 'Best Digital Strategy' award at the Retail Banking Awards and Conference 2017 in London.
- Awards in the categories of 'Website of the Year

   India' and 'Core Banking System Initiative of the Year India' and a silver in the category of 'Branch Innovation of the Year' at the Asian Banking and Finance (ABF) Retail Banking Awards 2016.
- 'PocketsbylClClBank' selected as the 'App of the Year' for 2015-16 at the Financial Express Best Banks Awards.
- BFSI Digital Innovators Award 2016 for the Bank's Software Robotics initiative in the 'Innovative Usage of Emerging Technology' category.
- Gold award in 'Bank' and 'Credit card issuing Bank' segments under Finance category as per the Reader's Digest Trusted Brand 2016 Survey.
- Winner at the Global Safety Awards 2016 organised by the Energy and Environment Foundation. This award is sponsored by Ministry of Petroleum & Natural Gas and Ministry of Coal, Government of India.
- Platinum rating in the 'Green Existing Building' category by the Indian Green Building Council.



# **PROMOTING INCLUSIVE GROWTH**

ICICI Foundation for Inclusive Growth (ICICI Foundation) was set up by the ICICI Group in early 2008 to continue building upon the Group's legacy of promoting inclusive growth. ICICI Foundation focuses on high-impact projects that are both sustainable and scalable.

### Skill development & sustainable livelihoods

ICICI Academy for Skills - Rural Initiative

### Highlights

- Over 11,300 villagers trained at 100 'ICICI Digital Villages' in 100 days.
- Over 66% of the participants trained were women.

We believe that comprehensive socio-economic development of villages will be a key driver of growth in India going forward. In fiscal 2017, ICICI Foundation along with ICICI Bank launched the ICICI Academy for Skills – Rural Initiative, a strategic initiative for economic inclusion of our villages and expanding the reach of the CSR activities of the ICICI Group to a wider community. ICICI Academy for Skills – Rural Initiative encompasses a host of initiatives including making the local economy vibrant, improving the income level of villagers through focus on locally relevant skills, making the villagers financially independent and reducing migration.

A structured approach has been developed for implementation of the Rural Initiative programme including:

 Diversified Selection Ensuring Enhanced Participation

We reach out to eligible participants through multiple channels such as the ICICI Group network, Non-Governmental Organisations (NGOs) and Self Help Groups (SHGs); through direct community outreach at villages, local educational institutions; and through candidate referrals. These participants are then put through a selection process.

 Skill Development to Provide Sustained Means of Livelihood

Post selection, ICICI Foundation maps existing skills of the participants to the skill requirements of the local village economy. We then offer need-based livelihood training programmes for the participants to enhance their existing skills / develop new skills. There is a special focus on agriculture and dairy related courses in view of the large dependence on these sectors and regular demand for agri and dairy products.



Facilitate Financial Inclusion & Establish Credit Linkages
To ensure financial inclusion and facilitate credit
linkages, we engage with the trainees during the
training period itself. Along with imparting financial
literacy, the trainees are made aware of the savings,



Financial literacy drive at Kandamangalam village in Tamil Nadu

credit, insurance and other products offered by the Bank. Their bank accounts are opened using Aadhaar-based e-KYC. We facilitate the formation of SHGs and Joint Liability Groups (JLGs) by the villagers, and then offer loans to the members. Loans are advanced to boost self-employment opportunities for the villagers, helping them to attain economic sustainability.

### Facilitate Market Linkages

To ensure a steady market for the products and services of the trainees, we help forge trade relationships between the participants, small producers, local firms and co-operatives and other market participants.

### Hand-holding for Participants

After the completion of the training, the livelihood growth of all trained participants are monitored for a year. We capture changes in the income and the issues faced and provide support to the trainees.

An ambitious programme completed during the year was the transformation of 100 villages into 'ICICI Digital Villages' across 17 states in the country in 100 days. In January 2015, the Hon'ble Prime Minister had dedicated the first 'ICICI Digital Village' at Akodara in Sabarkantha district of Gujarat to the nation at an event commemorating 60 years of the ICICI Group. The success of this first step inspired us to expand this programme across the country.

During this transformation of 100 villages into 'ICICI Digital Villages', vocational training was provided to over 11,300 villagers, including over 7,500 women, in 100 days. Going further, we intend to expand the number of such digital villages by another 500 by December 2017. In the process, an additional 50,000 individuals will receive training.

Apart from skill development at Digital Villages, ICICI Academy for Skills – Rural Initiative has trained over 7,000 people including more than 4,700 women in skills relevant to the local economy.

### Rural Self Employment Training Institutes (RSETIs)

### **Highlights**

- In fiscal 2017, over 15,000 people trained; 54% of them were women.
- Recognised as the top performing RSETIs in the country for the fifth consecutive year by the Ministry of Rural Development.

As part of a national programme initiated by the Ministry of Rural Development, we are operating two RSETIs at Udaipur and Jodhpur to provide vocational training to people from marginalised communities. This is a unique demand-driven model that focuses on imparting industry relevant training for promoting entrepreneurship and creating sustainable livelihood opportunities. ICICI RSETIs also include financial literacy, assistance in enterprise development, providing credit & market linkages, as well as placement support.

The RSETIs offer intensive full-time residential training and on-location training courses in various trades. We introduced the concept of Satellite Centres based on the hub-and-spoke model to provide training at the block level to the people in the remote rural areas. This concept of Satellite Centres has now been adopted by the Ministry of Rural Development for implementation across all RSETIs in India.



Women making decorative door hangings at Jodhpur RSETI



### PROMOTING INCLUSIVE GROWTH

ICICI Academy for Skills - Urban Centres

### Highlights

- 24 urban centres including two new centres in Vadodara and Mohali which were set up in fiscal 2017.
- Over 28,000 participants trained in fiscal 2017 of which 41% were women.
- Track record of 100% success in placement of trainees

The urban skilling initiative of ICICI Foundation offers multiple occupational skill building programmes of 12 weeks in 24 skill training centres across the country. The focus is on providing industry relevant practical training on a pro-bono basis, to make youth employable. All the programmes include modules on communications skills, etiquette and financial literacy to help trainees' adapt to an organised working environment. ICICI Academy currently offers training in 11 disciplines.

ICICI Academy has collaborated with several industry leaders as Knowledge Partners for designing the course curriculum and content. We build market linkages through industry partnerships for placement of the trainees after successful completion of the course. ICICI Foundation has on-boarded over 1,000 industry partners and employers for placements of the trained youth. A job portal has also been designed to facilitate the placement of trainees.



Pump and Motor Repair Training class at ICICI Academy, Mohali

Through these skill development programmes namely ICICI Academy for Skills – Rural Initiative, ICICI Academy for Skills – Urban Centres and RSETIs we have trained over 136,000 individuals since inception.

### **ICICI Bank's Financial Inclusion Initiatives**

ICICI Bank is working with 17 Business Correspondents who have a network of about 7,700 Customer Service Points (CSPs) covering over 16,100 villages. At the end of fiscal 2017, the Bank had opened over 21 million Basic Savings Bank Deposit Accounts (BSBDA), of which 3.3 million were opened under the Pradhan Mantri Jan-Dhan Yojana (PMJDY). The Bank had also enrolled more than 4 million customers under the government's Jan Suraksha Yojana (JSY). The Bank actively pursues the agenda of seeding Aadhaar numbers in customers' accounts. At the end of fiscal 2017, over 11.5 million customer accounts were seeded with Aadhaar numbers.

### **Elementary Education**

During the year, we continued to implement our education programmes as per the MoU with Government of Rajasthan and Government of Chhattisgarh. These programmes are aimed at systemic improvement in teaching-learning outcomes across Government sector schools in these two states.

### **Other Initiatives**

ICICI Foundation also focuses on the following programmes which allow ICICI Group employees and customers to participate in furthering the welfare of the community at large:

### **Blood Donation Camps**

In fiscal 2017, we organised 20 camps in which more than 2,300 donors participated.

### 'Daan Utsav'

In fiscal 2017, more than 52,000 donors donated ₹ 6.4 million to selected NGOs working towards the noble cause of education of underprivileged children.

### 'Disha Trust'

In fiscal 2017, 550 outreach events were conducted by Disha Trust wherein financial literacy was imparted to more than 36,000 people.

# **DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Twenty-Third Annual Report of ICICI Bank Limited along with the audited financial statements for the year ended March 31, 2017.

### **FINANCIAL HIGHLIGHTS**

The financial performance for fiscal 2017 is summarised in the following table:

| ₹ in billion, except percentages   | Fiscal 2016 | Fiscal 2017 | % change |
|--|-------------|-------------|----------|
| Net interest income and other income   | 365.46      | 412.42      | 12.8%    |
| Operating expenses   | 126.83      | 147.55      | 16.3%    |
| Provisions & contingencies (including collective contingency and related reserve |             |             |          |
| for fiscal 2016) <sup>1</sup>  | 116.67      | 152.08      | 30.4%    |
| Profit before tax  | 121.96      | 112.79      | (7.5)%   |
| Profit after tax   | 97.26       | 98.01       | 0.8%     |

### 1. Excludes provision for taxes.

| ₹ in billion, except percentages                     | Fiscal 2016 | Fiscal 2017 | % change |
|--|-------------|-------------|----------|
| Consolidated profit before tax and minority interest | 143.04      | 138.09      | (3.5)%   |
| Consolidated profit after tax and minority interest  | 101.80      | 101.88      | 0.1%     |

### **Appropriations**

The profit after tax of the Bank for fiscal 2017 is ₹ 98.01 billion after provisions and contingencies of ₹ 152.08 billion, provision for taxes of ₹ 14.78 billion and all expenses. The disposable profit is ₹ 269.33 billion, taking into account the balance of ₹ 171.32 billion brought forward from the previous year. Your Bank's dividend policy is based on the profitability and key financial metrics of the Bank, the Bank's capital position and requirements and the regulations pertaining to the same. Your Bank has a consistent dividend payment history. Given the financial performance for fiscal 2017 and in line with the Bank's dividend policy, your Directors are pleased to recommend a dividend of ₹ 2.50 per equity share (pre-bonus issue) for the year ended March 31, 2017 and have appropriated the disposable profit as follows:

| ₹ billion   | Fiscal 2016 | Fiscal 2017 |
|---|-------------|-------------|
| To Statutory Reserve, making in all ₹ 212.02 billion  | 24.32       | 24.50       |
| To Special Reserve created and maintained in terms of Section 36(1)(viii) of the Income                         |             |             |
| Tax Act, 1961, making in all ₹ 83.79 billion  | 13.50       | 4.50        |
| To Capital Reserve, making in all ₹ 102.61 billion <sup>1</sup>   | 23.82       | 52.93       |
| To/(from) Investment Reserve Account, making in all Nil   | -           | -           |
| To Revenue and other reserves, making in all ₹ 32.00 billion²   | 5.01        | 0.01        |
| Dividend for the year (proposed)  |             |             |
| <ul> <li>On equity shares for fiscal 2016 @ ₹ 5.00 per share of face value ₹ 2.00 each<sup>3,4</sup></li> </ul> | 29.11       | (0.06)      |
| <ul> <li>On preference shares for fiscal 2016 @ ₹ 100.00 per preference share (₹)<sup>4</sup></li> </ul>        | 35,000      | -           |
| <ul> <li>Corporate dividend tax<sup>4</sup></li> </ul>  | 2.79        | -           |
| Leaving balance to be carried forward to the next year  | 171.32      | 187.45      |

- 1. Includes transfer of ₹ 42.61 billion on account of sale of part of equity investment in the Bank's insurance subsidiary during fiscal 2017 (₹ 19.47 billion for fiscal 2016).
- Includes transfer of ₹ 9.8 million to Reserve Fund for fiscal 2017 (₹ 9.3 million for fiscal 2016) in accordance with regulations
  applicable to the Sri Lanka branch.
- 3. Includes dividend for the prior year paid on shares issued after the balance sheet date and prior to the record date.
- 4. The proposed equity dividend (excluding dividend distribution tax) amounting to ₹ 14.56 billion and proposed preference dividend (excluding dividend distribution tax) amounting to ₹ 35,000/- are not accounted as liabilities in fiscal 2017 in accordance with the revised AS 4 'Contingencies and events occurring after the balance sheet date'.



### **DIRECTORS' REPORT**

In terms of the Reserve Bank of India circular no. DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements.

The Bank prepares its financial statements in accordance with the applicable accounting standards, RBI guidelines and other applicable laws/regulations. RBI, under its risk-based supervision exercise, carries out the risk assessment of the Bank on an annual basis. This assessment is initiated subsequent to the finalisation, completion of audit and publication of audited financial statements for a financial year and typically occurs a few months after the financial year-end. As a part of this assessment, RBI separately reviews asset classification and provisioning of credit facilities given by the Bank to its borrowers. The divergences, if any, in classification or provisioning arising out of the supervisory process are given effect to in the financial statements in subsequent periods after conclusion of the exercise.

During the supervisory process for FY2016, which was conducted in FY2017, the incremental gross NPAs assessed by RBI amounted to ₹ 51.05 billion. The additional provisioning assessed by RBI was ₹ 10.71 billion, with a post-tax impact of ₹ 7.00 billion on the net profit after tax of the Bank. All these accounts have been classified as NPA by the Bank during FY2017. About 40% of the total amount was classified as NPA during the quarter ended June 30, 2016 as per the Bank's application of relevant RBI guidelines, prior to the annual supervisory process of RBI. Out of the incremental gross NPAs amounting to ₹ 51.05 billion assessed by RBI, about 84% related to accounts internally rated below investment grade in the key sectors disclosed by the Bank, and about 7% was from the restructured asset portfolio.

### **Bonus Shares**

The Board of Directors at its Meeting held on May 3, 2017 approved issue of bonus shares, in the proportion of 1:10, i.e. 1 (One) bonus equity share of ₹ 2 each for every 10 (Ten) fully paid-up equity shares held (including shares underlying ADS) as on the record date, subject to approval by the Members of the Bank. Subsequent to the bonus issue, the ratio of ADSs to equity shares will remain unaffected and each ADS after the bonus issue will continue to represent two equity share of par value of ₹ 2 per share. The bonus issue of equity shares would, *inter alia*, require appropriate adjustments with respect to all the stock options of the Bank under The Employee Stock Option Scheme 2000.

The Bank is seeking approval of shareholders through postal ballot notice dated May 5, 2017 for increase in the Authorised Share Capital, consequential alterations to the Memorandum and Articles of Association of the Bank and issuance of bonus shares. The postal ballot notice can be viewed on the Bank's website at the weblink <a href="https://www.icicibank.com/aboutus/notice.page">https://www.icicibank.com/aboutus/notice.page</a>.

### **DIVIDEND DISTRIBUTION POLICY**

In accordance with the Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank has formulated a Dividend Distribution Policy and the same is annexed herewith as Annexure F. The Policy is hosted on the website of the Bank and can be viewed (<a href="https://www.icicibank.com/managed-assets/docs/investor/policy-for-determining-material-subsidiaries/dividend-distribution-policy.pdf">https://www.icicibank.com/managed-assets/docs/investor/policy-for-determining-material-subsidiaries/dividend-distribution-policy.pdf</a>).

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of Section 186 of Companies Act, 2013, except sub-section (1), do not apply to a loan made, guarantee given or security provided by a banking company in the ordinary course of business. The particulars of investments made by the Bank are disclosed in Schedule 8 of the Financial Statements as per the applicable provisions of Banking Regulation Act, 1949.

### SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

Jhagadia Copper Limited and FINO PayTech Limited, which were considered as associates under Section 2(6) of the Companies Act, 2013, ceased to be associates of the Bank effective June 30, 2016 and January 5, 2017 respectively.

The particulars of subsidiary and associate companies as on March 31, 2017 have been included in Form MGT-9 which is annexed to this report as Annexure D.

# HIGHLIGHTS OF PERFORMANCE OF SUBSIDARIES, ASSOCIATES AND JOINT VENTURE COMPANIES AND THEIR CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE COMPANY

The performance of subsidiaries and associates and their contribution to the overall performance of the Bank as on March 31, 2017 has been annexed to this report as Annexure A. A summary of key financials of the Bank's subsidiaries is also included in this Annual report.

The highlights of the performance of key subsidiaries are given as a part of Management's Discussion & Analysis under section "Consolidated financials as per Indian GAAP".

The Bank will make available separate audited financial statements of the subsidiaries to any Member upon request. These documents/details are available on the Bank's website (<a href="www.icicibank.com">www.icicibank.com</a>) and will also be available for inspection by any Member or trustee of the holder of any debentures of the Bank at its Registered Office and Corporate Office. As required by Accounting Standard 21 (AS 21) issued by the Institute of Chartered Accountants of India, the Bank's consolidated financial statements included in this Annual Report incorporate the accounts of its subsidiaries and other consolidating entities.

# SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY AND ITS FUTURE OPERATIONS

There are no significant and/or material orders passed by the Regulators or Courts or Tribunals impacting the going concern status or future operations of the Bank.

### DIRECTORS AND OTHER KEY MANAGERIAL PERSONNEL

The Board of the Bank at March 31, 2017 consisted of 13 Directors, out of which seven are independent Directors, one is a Government Nominee Director and five are wholetime Directors.

### Changes in the composition of the Board of Directors and other Key Managerial Personnel

The Board of Directors at their Meeting held on April 29, 2016 approved the appointment of Vijay Chandok as a wholetime Director (designated as executive Director) for a period of five years effective from the date of receipt of RBI approval. The Members at their Meeting held on July 11, 2016 approved the appointment of Vijay Chandok for a period of five years effective the date of receipt of RBI approval. RBI approved the appointment of Vijay Chandok for a period of three years effective from July 28, 2016 upto July 27, 2019.

The Board of Directors at their Meeting held on October 14, 2016 approved the appointment of Anup Bagchi as a wholetime Director (designated as executive Director) for a period of five years effective from February 1, 2017 or the date of receipt of approval from RBI, whichever is later. RBI approved the appointment of Anup Bagchi for a period of three years effective February 1, 2017 upto January 31, 2020. The said appointment is subject to the approval of Members. Approval of the Members is being sought for Anup Bagchi's appointment for five years in the Notice of the forthcoming Annual General Meeting *vide* item no. 7 and 8.

Amit Agrawal, Joint Secretary, Department of Financial Services, Ministry of Finance has been nominated by Government of India as a Director on the Board of the Bank effective January 16, 2017 in place of Alok Tandon.

M. S. Ramachandran, independent Director ceased to be a Director on the Board of the Bank effective close of business hours on April 24, 2017 pursuant to completion of his maximum permissible tenure of eight years as per the provisions of the Banking Regulation Act, 1949. The Board placed on record its appreciation of the valuable contribution and guidance provided by Alok Tandon and M. S. Ramachandran to the Bank.

Rajiv Sabharwal, executive Director stepped down from his position as an executive Director effective close of business hours on January 31, 2017 consequent to his decision to pursue other opportunities. The Board placed on record its appreciation for Rajiv Sabharwal's contribution to the growth of the Bank.



### **DIRECTORS' REPORT**

### **Declaration of Independence**

All independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013 and Regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 which have been relied on by the Bank and were placed at the Board Meeting held on April 6, 2017.

### Retirement by rotation

In terms of Section 152 of the Companies Act, 2013, Vishakha Mulye would retire by rotation at the forthcoming AGM and is eligible for re-appointment. Vishakha Mulye has offered herself for re-appointment.

### **AUDITORS**

### **Statutory Auditors**

At the AGM held on June 30, 2014, the Members approved the appointment of M/s B S R & Co. LLP, Chartered Accountants as statutory auditors for a period of four years commencing from the Twentieth AGM till the conclusion of the Twenty-Fourth AGM subject to the annual approval of RBI and ratification by the Members every year. As recommended by the Audit Committee, the Board has proposed the ratification of appointment of M/s B S R & Co. LLP, Chartered Accountants as statutory auditors for fiscal 2018. Their appointment for fiscal 2018 has been approved by RBI. The appointment is accordingly proposed in the Notice of the forthcoming AGM *vide* item no. 5 for ratification by Members.

There are no qualifications, reservation or adverse remarks made by the statutory auditors in the audit report.

### **Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank with the approval of its Board, appointed M/s. Parikh Parekh & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Bank for the financial year ended March 31, 2017. The Secretarial Audit Report is annexed herewith as Annexure B. There are no qualifications, reservation or adverse remark or disclaimer made by the auditor in the report save and except disclaimer made by them in discharge of their professional obligation.

### **PERSONNEL**

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in an Annexure and forms part of this report. In terms of Section 136(1) of the Companies Act, 2013, the Report and the Accounts are being sent to the Members excluding the aforesaid Annexure. Any Member interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Bank.

### INTERNAL CONTROL AND ITS ADEQUACY

The Bank has adequate internal controls and processes in place with respect to its financial statements which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. These controls and processes are driven through various policies, procedures and certifications. The processes and controls are reviewed periodically. The Bank has a mechanism of testing the controls at regular intervals for their design and operating effectiveness to ascertain the reliability and authenticity of financial information.

### DISCLOSURE UNDER FOREIGN EXCHANGE MANAGEMENT ACT, 1999

The Bank has obtained a certificate from its statutory auditors that it is in compliance with the Foreign Exchange Management Act, 1999 provisions with respect to investments made in its consolidated subsidiaries and associates during fiscal 2017.

### **RELATED PARTY TRANSACTIONS**

The Bank undertakes various transactions with related parties in the ordinary course of business. The Bank has a Board approved policy on Related Party Transactions, which has been disclosed on the website of the Bank and can be viewed at <a href="https://www.icicibank.com/managed-assets/docs/personal/general-links/related-party-transactions-policy.pdf">https://www.icicibank.com/managed-assets/docs/personal/general-links/related-party-transactions-policy.pdf</a>. The Bank also has a Board approved Group Arm's Length Policy which requires transactions with the group companies to be at arm's length. The transactions between the Bank and its related parties, during the year ended March 31, 2017, were in the ordinary course of business and based on the principles of arm's length. The details of material related party transactions at an aggregate level for year ended March 31, 2017 are given in Annexure C.

### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as Annexure D.

### **BUSINESS RESPONSIBILITY REPORTING**

Business Responsibility Report as stipulated under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been hosted on the website of the Bank (<a href="http://www.icicibank.com/aboutus/annual.html">http://www.icicibank.com/aboutus/annual.html</a>). Any Member interested in obtaining a physical copy of the same may write to the Company Secretary at the Registered Office of the Bank.

### **RISK MANAGEMENT FRAMEWORK**

The Bank's risk management framework is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with international best practices. The Board of Directors has oversight on all the risks assumed by the Bank. Specific Committees have been constituted to facilitate focused oversight of various risks, as follows:

- The Risk Committee of the Board reviews risk management policies of the Bank pertaining to credit, market, liquidity, operational, outsourcing risks and business continuity management. The Committee also reviews the Risk Appetite & Enterprise Risk Management frameworks, Internal Capital Adequacy Assessment Process (ICAAP) and stress testing. The stress testing framework includes a range of Bank-specific, market (systemic) and combined scenarios. The ICAAP exercise covers the domestic and overseas operations of the Bank, banking subsidiaries and material non-banking subsidiaries. The Committee reviews migration to the advanced approaches under Basel II and implementation of Basel III, risk return profile of the Bank, and the activities of the Asset Liability Management Committee. The Committee reviews the level and direction of major risks pertaining to credit, market, liquidity, operational, technology, compliance, group, management and capital at risk as part of risk dashboard. In addition, the Committee has oversight on risks of subsidiaries covered under the Group Risk Management Framework. The Risk Committee also reviews the Liquidity Contingency Plan for the Bank and the various thresholds set out in the Plan.
- The Credit Committee of the Board, apart from sanctioning credit proposals based on the Bank's credit authorisation framework, reviews developments in key industrial sectors and the Bank's exposure to these sectors as well as to large borrower accounts and borrower groups. The Credit Committee also reviews the major credit portfolios, non-performing loans, accounts under watch, overdues and incremental sanctions.
- The Audit Committee of the Board provides direction to and monitors the quality of the internal audit function and also monitors compliance with inspection and audit reports of Reserve Bank of India, other regulators and statutory auditors.
- The Asset Liability Management Committee provides guidance for management of liquidity of the overall Bank and management of interest rate risk in the banking book within the broad parameters laid down by the Board of Directors/ Risk Committee.

Summaries of reviews conducted by these Committees are reported to the Board on a regular basis.



### **DIRECTORS' REPORT**

Policies approved from time to time by the Board of Directors/Committees of the Board form the governing framework for each type of risk. The business activities are undertaken within this policy framework. Independent groups and subgroups have been constituted across the Bank to facilitate independent evaluation, monitoring and reporting of various risks. These groups function independently of the business groups/sub-groups.

The Bank has dedicated groups, namely, the Risk Management Group, Compliance Group, Corporate Legal Group, Internal Audit Group and the Financial Crime Prevention & Reputation Risk Management Group, with a mandate to identify, assess and monitor all of the Bank's principal risks in accordance with well-defined policies and procedures. The Risk Management Group is further organised into the Credit Risk Management Group, Market Risk Management Group, Operational Risk Management Group and Information Security Group. These groups are completely independent of all business operations and coordinate with representatives of the business units to implement the Bank's risk management policies and methodologies. The Internal Audit and Compliance groups are responsible to the Audit Committee of the Board.

# INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL), ACT, 2013

Please refer Principle 3 under Section E of the Business Responsibility Report.

### CORPORATE GOVERNANCE

The corporate governance framework at ICICI Bank is based on an effective independent Board, the separation of the Board's supervisory role from the executive management and the constitution of Board Committees, which at March 31, 2017 comprised majority of independent Directors and most of the Committees were chaired by independent Directors, to oversee critical areas.

### I. Philosophy of Corporate Governance

ICICI Bank's corporate governance philosophy encompasses regulatory and legal requirements, which aims at a high level of business ethics, effective supervision and enhancement of value for all stakeholders. The corporate governance framework adopted by the Bank already encompasses significant portion of the recommendations contained in the 'Corporate Governance Voluntary Guidelines 2009' issued by the Ministry of Corporate Affairs, Government of India.

### Whistle Blower Policy

The Bank has formulated a Whistle Blower Policy. The policy comprehensively provides an opportunity for any employee/ Director of the Bank to raise any issue concerning breaches of law, accounting policies or any act resulting in financial or reputation loss and misuse of office or suspected or actual fraud. The policy provides for a mechanism to report such concerns to the Audit Committee through specified channels. The policy has been periodically communicated to the employees and also posted on the Bank's intranet. The Whistle Blower Policy complies with the requirements of Vigil mechanism as stipulated under Section 177 of the Companies Act, 2013. The details of establishment of the Whistle Blower Policy/Vigil mechanism have been disclosed on the website of the Bank.

# Code of Conduct as prescribed under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

In accordance with the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, ICICI Bank has instituted a comprehensive code of conduct to regulate, monitor and report trading by its directors, employees and other connected persons.

### Group Code of Business Conduct and Ethics

The Group Code of Business Conduct and Ethics for Directors and employees of the ICICI Group aims at ensuring consistent standards of conduct and ethical business practices across the constituents of the ICICI Group. This Code is reviewed on an annual basis and the latest Code is available on the website of the Bank (<a href="www.icicibank.com">www.icicibank.com</a>). Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a confirmation from the Managing Director & CEO regarding compliance with the Code by all the Directors and senior management forms part of the Annual Report.

### **Material Subsidiaries**

In accordance with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank has formulated a Policy for determining Material Subsidiaries and the same has been hosted on the website of the Bank (<a href="https://www.icicibank.com/managed-assets/docs/investor/policy-for-determining-material-subsidiaries/policy-for-determining-material-subsidiaries.pdf">https://www.icicibank.com/managed-assets/docs/investor/policy-for-determining-material-subsidiaries.pdf</a>).

### Familiarisation Programme for independent Directors

Independent Directors are familiarised with their roles, rights and responsibilities in the Bank as well as with the nature of industry and business model of the Bank through induction programmes at the time of their appointment as Directors and through presentations on economy & industry overview, key regulatory developments, strategy and performance which are made to the Directors from time to time. The details of the familiarisation programmes have been hosted on the website of the Bank and can be accessed on the link: (<a href="https://www.icicibank.com/managed-assets/docs/about-us/board-of-directors/familiarisation-programme-for-independent-directors.pdf">https://www.icicibank.com/managed-assets/docs/about-us/board-of-directors/familiarisation-programme-for-independent-directors.pdf</a>).

### CEO/CFO Certification

In terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the certification by the Managing Director & CEO and Chief Financial Officer on the financial statements and internal controls relating to financial reporting has been obtained.

### **Board of Directors**

ICICI Bank has a broad-based Board of Directors, constituted in compliance with the Banking Regulation Act, 1949, the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with good corporate governance practices. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The Board has constituted various committees, namely, Audit Committee, Board Governance, Remuneration & Nomination Committee, Corporate Social Responsibility Committee, Credit Committee, Customer Service Committee, Fraud Monitoring Committee, Information Technology Strategy Committee, Risk Committee, Stakeholders Relationship Committee and Review Committee for Identification of Wilful Defaulters/Non Co-operative Borrowers. At March 31, 2017, independent Directors constituted a majority of these Board Committees and all Committees except the Credit Committee and Review Committee for Identification of Wilful Defaulters/Non Co-operative Borrowers were chaired by independent Directors.

There were nine Meetings of the Board during fiscal 2017 - on April 29, June 28, July 29, September 20, September 26, October 14, November 7 and November 21 in 2016, and January 31 in 2017.

At March 31, 2017, the Board of Directors consisted of 13 members. There were no inter-se relationships between any of the Directors. The names of the Directors, their attendance at Board Meetings during the year, attendance at the last Annual General Meeting (AGM) and the number of other directorships and board committee memberships held by them at March 31, 2017 are set out in the following table.

|   | B 188 d         | Board Meetings Attendance at attended during last AGM (July 11, 2016) | Number of other directorships             |                        |      |
|---|-----------------|---|---|------------------------|------|
| Name of Director                              | attended during |   | of Indian<br>public limited<br>companies¹ | of other<br>companies² |      |
| Independent Directors                         |                 |   | -   |                        |      |
| M. K. Sharma, <i>Chairman</i> (DIN: 00327684) | 9/9             | Present   | 4   | 6                      | 4(2) |
| Dileep Choksi*<br>(DIN: 00016322)             | 8/9             | Present   | 7   | 3                      | 6(4) |
| Homi Khusrokhan<br>(DIN: 00005085)            | 8/9             | Present   | 3   | 1                      | 2(1) |
| M. S. Ramachandran<br>(DIN: 00943629)         | 9/9             | Present   | 6   | 3                      | 3(1) |



### **DIRECTORS' REPORT**

|  |   |   | Number of other directorships                         |                                    |  |
|--|---|---|---|------------------------------------|--|
| Name of Director   | Board Meetings<br>attended during<br>the year | Attendance at <sup>-</sup><br>last AGM<br>(July 11, 2016) | of Indian<br>public limited<br>companies <sup>1</sup> | of other<br>companies <sup>2</sup> | Number of other<br>committee <sup>3</sup><br>memberships |
| Tushaar Shah# (DIN: 03055738)                                | 6/9   | Present   | _   | _                                  | _  |
| V. K. Sharma<br>(DIN: 02449088)                              | 4/9   | Absent  | 7   | 5                                  | _  |
| V. Sridar<br>(DIN: 02241339)                                 | 8/9   | Present   | 9   | _                                  | 7(5)   |
| Government Nominee Director                                  |   |   |   |                                    |  |
| Alok Tandon <i>(upto January 16, 2017)</i> (DIN: 01841717)   | 0/8   | Absent  | N.A.  | N.A.                               | N.A.   |
| Amit Agrawal (w.e.f. January 16, 2017) (DIN: 07117013)       | 0/1   | N.A.  | _   | _                                  | _  |
| Wholetime/Executive Directors                                |   |   |   |                                    |  |
| Chanda Kochhar<br>(DIN: 00043617)                            | 9/9   | Present   | 4   | 2                                  | _  |
| N. S. Kannan<br>(DIN: 00066009)                              | 9/9   | Present   | 4   | 2                                  | 2  |
| K. Ramkumar (upto close of business hours on April 29, 2016) | 4.49  |   |   | N.A.N                              |  |
| (DIN: 00244711)  Rajiv Sabharwal (upto close of business     | 1/1   | N.A.  | N.A.  | N.A.`                              | N.A.   |
| hours on January 31, 2017)<br>(DIN: 00057333)                | 8/9   | Present   | N.A.  | N.A.                               | N.A.   |
| Vishakha Mulye<br>(DIN: 00203578)                            | 9/9   | Present   | 1   | -                                  | -  |
| Vijay Chandok <i>(w.e.f. July 28, 2016)</i> (DIN: 01545262)  | 7/7   | N.A.  | 2   | 2                                  | 1  |
| Anup Bagchi (w.e.f. February 1, 2017)<br>(DIN: 00105962)     | 0/0   | N.A.  | 3   |                                    | 2  |

- \* Participated in one Meeting through tele-conference.
- # Participated in two Meetings through tele-conference.
- 1. Comprises public limited companies incorporated in India.
- 2. Comprises private limited companies incorporated in India, foreign companies, statutory bodies and insurance corporations but excludes Section 8 companies and not for profit foreign companies.
- 3. Comprises only Audit Committee and Stakeholders' Relationship Committee of Indian public limited companies. Figures in parentheses indicate committee chairpersonships.

Upon completion of his tenure as a non-executive Director, M. S. Ramachandran ceased to be a Director on the Board of the Bank with effect from April 25, 2017.

In terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the number of Committees (Audit Committee and Stakeholders' Relationship Committee) of public limited companies in which a Director is a member/chairman were within the limits provided under listing regulations, for all the Directors of the Bank. The number of directorships of each independent Director is also within the limits prescribed under listing regulations.

The terms of reference of the Board Committees as mentioned earlier, their composition and attendance of the respective Members at the various Committee Meetings held during fiscal 2017 are set out below:

### II. Audit Committee

### Terms of Reference

The Audit Committee provides direction to the audit function and monitors the quality of internal and statutory audit. The responsibilities of the Audit Committee include examining the financial statements and auditors' report and overseeing the financial reporting process to ensure fairness, sufficiency and credibility of financial statements, review of the quarterly and annual financial statements before submission to the Board, recommendation of appointment, terms of appointment, fixing remuneration and removal of central and branch statutory auditors and chief internal auditor, approval of payment to statutory auditors for other permitted services rendered by them, review and monitor with the management the auditor's independence, performance and effectiveness of audit process, approval of transactions with related parties or any subsequent modifications, review of statement of significant related party transactions, review of functioning of Whistle Blower Policy, review of the adequacy of internal control systems and the internal audit function, review of compliance with inspection and audit reports and reports of statutory auditors, review of the findings of internal investigations, review of management letters/ letters on internal control weaknesses issued by statutory auditors, reviewing with the management the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take steps in this matter, discussion on the scope of audit with external auditors, examination of reasons for substantial defaults, if any, in payment to stakeholders, valuation of undertakings or assets, evaluation of risk management systems, scrutiny of inter-corporate loans and investments. The Audit Committee is also empowered to appoint/oversee the work of any registered public accounting firm, establish procedures for receipt and treatment of complaints received regarding accounting and auditing matters and engage independent counsel as also provide for appropriate funding for compensation to be paid to any firm/advisors. In addition, the Audit Committee also exercises oversight on the regulatory compliance function of the Bank. The Audit Committee is also empowered to approve the appointment of the CFO (i.e., the wholetime Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

### Composition

At March 31, 2017, the Audit Committee comprised of four independent Directors and was chaired by Homi Khusrokhan, an independent Director. There were nine Meetings of the Committee during the year.

The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

| Name of Member                    | Number of meetings attended |
|-----------------------------------|-----------------------------|
| Homi Khusrokhan, <i>Chairman</i>  | 8/9                         |
| Dileep Choksi, Alternate Chairman | 9/9                         |
| M. S. Ramachandran                | 7/9                         |
| V. Sridar*                        | 8/9                         |

<sup>\*</sup> Participated in one Meeting through video - conference.

Upon completion of his tenure as a non-executive Director, M. S. Ramachandran ceased to be a Member of the Committee with effect from April 25, 2017.

### III. Board Governance, Remuneration & Nomination Committee

### Terms of Reference

The functions of the Committee include recommending appointments of Directors to the Board, identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommending to the Board their appointment and removal, formulate a criteria for the evaluation of the performance of the Wholetime/independent Directors and the Board and to extend or continue the term of appointment of independent Director on the basis of the report of performance evaluation of independent Directors, recommending to the Board a policy relating to the remuneration for the Directors, key managerial personnel and other employees,



### **DIRECTORS' REPORT**

recommending to the Board the remuneration (including performance bonus and perquisites) to wholetime Directors (WTDs), commission and fee payable to non-executive Directors subject to applicable regulations, approving the policy for and quantum of bonus payable to the members of the staff including senior management and key managerial personnel, formulating the criteria for determining qualifications, positive attributes and independence of a Director, framing policy on Board diversity, framing guidelines for the Employees Stock Option Scheme (ESOS) and decide on the grant of Bank's stock options to employees and WTDs of the Bank and its subsidiary companies.

### Composition

At March 31, 2017, the Board Governance, Remuneration & Nomination Committee comprised of three independent Directors and was chaired by Homi Khusrokhan, an independent Director. There were ten Meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

| Name of Member                   | Number of meetings attended |
|----------------------------------|-----------------------------|
| Homi Khusrokhan, <i>Chairman</i> | 8/10                        |
| M. K. Sharma                     | 9/10                        |
| M. S. Ramachandran               | 10/10                       |

Upon completion of his term as a non-executive Director M. S. Ramachandran ceased to be a Member of the Committee with effect from April 25, 2017. The Board at its Meeting held on April 6-7, 2017 reconstituted the Committee pursuant to which V. K. Sharma was appointed as a Member of the Committee with effect from April 6, 2017.

### Policy/Criteria for Directors' Appointment

The Bank with the approval of its Board Governance, Remuneration & Nomination Committee (Committee) has put in place a policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director as well as a policy on Board diversity. The policy has been framed based on the broad principles as outlined hereinafter. The Committee would evaluate the composition of the Board and vacancies arising in the Board from time to time. The Committee while recommending candidature of a Director would consider the special knowledge or expertise possessed by the candidate as required under Banking Regulation Act, 1949. The Committee would assess the fit and proper credentials of the candidate and the companies/entities with which the candidate is associated either as a director or otherwise and as to whether such association is permissible under RBI guidelines and the internal norms adopted by the Bank. For the above assessment, the Committee would be guided by the guidelines issued by RBI in this regard.

The Committee will also evaluate the prospective candidate for the position of a Director from the perspective of the criteria for independence prescribed under Companies Act, 2013 as well as the Listing Regulations. For a non-executive Director to be classified as independent he/she must satisfy the criteria of independence as prescribed and sign a declaration of independence. The Committee will review the same and determine the independence of a Director.

The Committee based on the above assessments will make suitable recommendations on the appointment of Directors to the Board.

### Remuneration policy

Reserve Bank of India (RBI) *vide* its circular DBOD No. BC. 72/29.67.001/2011-12 dated January 13, 2012 has issued guidelines on "Compensation of wholetime Directors/Chief executive Officers/Risk takers and Control function staff etc." for implementation by private sector banks and foreign banks from the financial year 2012-13. The Bank adopted a Compensation Policy in January 2012 which is amended from time to time based on regulatory requirements. The Compensation Policy of the Bank as adopted in line with the RBI circular is in compliance with the requirements for the Remuneration Policy as prescribed under Companies Act, 2013. Further details with respect to the Compensation Policy are provided under the section titled "Compensation Policy and Practices".

The remuneration payable to non-executive/independent Directors is governed by the provisions of the Banking Regulation Act, 1949, RBI guidelines issued from time to time and the provisions of the Companies Act, 2013 and related rules to the extent it is not inconsistent with the provisions of the Banking Regulation Act, 1949/RBI guidelines. The remuneration for the non-executive/independent Directors (other than Government nominee) would be sitting fee for attending each Meeting

of the Committee/Board as approved by the Board from time to time within the limits as provided under Companies Act, 2013 and related rules. RBI *vide* its guidelines dated June 1, 2015 regarding Compensation of non-executive Directors (NEDs) (except part-time Chairman) of Private Sector Banks has permitted payment of profit related commission up to ₹ 1,000,000 per annum for non-executive Directors (other than non-executive (part-time) Chairman). The Members at their Meeting held on July 11, 2016 approved the payment of profit related commission upto ₹ 1,000,000 per annum to non-executive Directors (other than the non-executive (part-time) Chairman and the Government Nominee Director), for each year effective from the financial year ended March 31, 2016.

For the non-executive (part-time) Chairman, the remuneration, in addition to sitting fee includes such fixed payments on such periodicity as may be recommended by the Board and approved by the Members and RBI from time to time, maintaining a Chairman's office at the Bank's expense, bearing expenses for travel on official visits and participation in various forums (both in India and abroad) as Chairman of the Bank and bearing travel/halting/other expenses and allowances for attending to duties as Chairman of the Bank and any other modes of remuneration as may be permitted by RBI through any circulars/guidelines as may be issued from time to time.

All the non-executive/independent Directors would be entitled to reimbursement of expenses for attending Board/Committee Meetings, official visits and participation in various forums on behalf of the Bank.

#### Performance evaluation of the Board, Committees and Directors

The Bank with the approval of its Board Governance, Remuneration & Nomination Committee has put in place an evaluation framework for evaluation of the Board, Directors and Chairperson. The Board also carries out an evaluation of the working of its Audit Committee, Board Governance, Remuneration & Nomination Committee, Corporate Social Responsibility Committee, Credit Committee, Customer Service Committee, Fraud Monitoring Committee, Information Technology Strategy Committee, Risk Committee, Stakeholders Relationship Committee and Review Committee for identification of wilful defaulters/non co-operative borrowers. The evaluation of the Committees is based on the assessment of the compliance with the terms of reference of the Committees.

The evaluations for the Directors, the Board and the Chairperson of the Board were undertaken through circulation of three questionnaires, one for the Directors, one for the Board and one for the Chairperson of the Board. The performance of the Board was assessed on select parameters related to roles, responsibilities and obligations of the Board and functioning of the Committees including assessing the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The evaluation criteria for the Directors was based on their participation, contribution and offering guidance to and understanding of the areas which were relevant to them in their capacity as members of the Board. The evaluation criteria for the Chairperson of the Board besides the general criteria adopted for assessment of all Directors, focused incrementally on leadership abilities, effective management of meetings and preservation of interest of stakeholders. The evaluation process for wholetime Directors is further detailed under the section titled "Compensation Policy and Practices".



#### **Details of Remuneration paid to wholetime Directors**

The Board Governance, Remuneration & Nomination Committee determines and recommends to the Board the amount of remuneration, including performance bonus and perquisites, payable to the wholetime Directors.

The following table sets out the details of remuneration (including perquisites and retiral benefits) paid to wholetime Directors for fiscal 2017:

|  | Details of Remuneration (₹) |              |                 |                     |                   |                   |              |
|--|-----------------------------|--------------|-----------------|---------------------|-------------------|-------------------|--------------|
|  | Chanda<br>Kochhar           | N. S. Kannan | K.<br>Ramkumar¹ | Rajiv<br>Sabharwal⁴ | Vishakha<br>Mulye | Vijay<br>Chandok² | Anup Bagchi³ |
| Basic  | 26,670,840                  | 17,619,600   | 5,778,471       | 14,683,000          | 17,619,600        | 15,930,000        | 6,637,500    |
| Performance bonus for fiscal 2017 <sup>5</sup> | 22,028,362                  | 14,766,738   | 4,854,818       | N.A.                | 14,766,738        | 13,539,876        | 5,601,428    |
| Allowances and perquisites <sup>6</sup>        | 24,387,366                  | 15,331,842   | 26,199,599      | 17,178,774          | 14,352,803        | 15,072,215        | 5,698,078    |
| Contribution to provident fund                 | 3,200,496                   | 2,114,354    | 693,418         | 1,761,958           | 2,114,354         | 1,911,600         | 796,500      |
| Contribution to superannuation fund            | 0                           | 2,642,940    | 753,712         | 0                   | 2,642,940         | 2,389,500         | 995,625      |
| Contribution to gratuity fund                  | 2,221,681                   | 1,467,713    | 481,347         | 1,223,094           | 1,467,713         | 1,326,969         | 552,904      |
| Stock options <sup>7</sup> (Numbers)           |                             |              | -               |                     |                   |                   |              |
| Fiscal 2017 <sup>5</sup>                       | 1,375,000                   | 685,000      | N.A.            | N.A.                | 685,000           | 685,000           | 685,000      |
| Fiscal 2016                                    | 1,375,000                   | 685,000      | 685,000         | 685,000             | 685,000           | 495,000           | N.A.         |
| Fiscal 2015                                    | 1,450,000                   | 725,000      | 725,000         | 655,000             | N.A.              | 420,000           | N.A.         |

- 1. K. Ramkumar ceased to be a Director from the close of business hours on April 29, 2016 and has taken early retirement from the Bank. His last working date was July 29, 2016.
- 2. Vijay Chandok assumed office as executive Director with effect from July 28, 2016, post approval granted by RBI.
- 3. Anup Bagchi has joined the services of the Bank on November 1, 2016, and he assumed office as executive Director with effect from February 1, 2017.
- 4. Rajiv Sabharwal's last working day with the Bank was January 31, 2017.
- Options and performance bonus for fiscal 2017 are subject to Reserve Bank of India (RBI) approval.
- 6. Allowances and perquisites exclude stock options exercised during fiscal 2017 which does not constitute remuneration paid to the wholetime Directors for fiscal 2017.
- 7. The above table excludes special grant of stock options approved by RBI in November 2015 aggregating to 2,100,000 for Chanda Kochhar; 1,000,000 each for N. S. Kannan, K. Ramkumar and Rajiv Sabharwal and 700,000 for Vijay Chandok.

Perquisites (evaluated as per Income-tax rules wherever applicable and otherwise at actual cost to the Bank) such as the benefit of the Bank's furnished accommodation, gas, electricity, water and furnishings, club fees, group insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof, medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund and gratuity, were provided in accordance with the scheme(s) and rule(s) applicable from time to time. In line with the staff loan policy applicable to specified grades of employees who fulfill prescribed eligibility criteria to avail loans for purchase of residential property, the wholetime Directors are also eligible for housing loans subject to approval of RBI.

The Members have approved the minimum and maximum ranges for remuneration as well as supplementary allowance for the Wholetime Directors. In terms of the said approvals, the monthly basic salary for Chanda Kochhar, Managing Director & CEO would be within the range of ₹ 1,350,000 – ₹ 2,600,000, N. S. Kannan, Vishakha Mulye, Vijay Chandok and Anup Bagchi, executive Directors would be within the range of ₹ 950,000 – ₹ 1,700,000. The monthly supplementary allowances for the Managing Director & CEO, would be within the range of ₹ 1,000,000 - ₹ 1,800,000, for N. S. Kannan, Vishakha Mulye, Vijay Chandok and Anup Bagchi, executive Directors would be within the range of ₹ 675,000 - ₹ 1,225,000. The Board would determine the actual remuneration/supplementary allowance payable within the above ranges from time to time subject to the approval of RBI.

#### **Details of Remuneration paid to non-executive Directors**

As provided under Article 132 of the Articles of Association of the Bank, the fees payable to a non-executive Director (other than to the nominee of Government of India) for attending a Meeting of the Board or Committee thereof are decided by the Board of Directors from time to time within the limits prescribed by the Companies Act, 2013 and the rules thereunder. The Board of Directors have approved the payment of ₹ 100,000 as sitting fee for each Meeting of the Board and ₹ 20,000 as sitting fee for each Meeting of the Committee attended.

The Board of Directors at its Meeting held on June 9, 2015 and subsequently Members through a postal ballot resolution dated April 22, 2016 approved a remuneration range of ₹ 3,000,000 – ₹ 5,000,000 per annum for M. K. Sharma, Chairman of the Board with the remuneration for each year to be determined by the Board within this range. The Board approved remuneration of ₹ 3,000,000 per annum effective July 1, 2015 to be paid to M. K. Sharma for the first year of his tenure. RBI while approving the appointment of M. K. Sharma for the period July 1, 2015 to June 30, 2018 also approved the above remuneration. The Board at its Meeting held on June 28, 2016 approved the revision in remuneration for M. K. Sharma to ₹ 3,500,000 per annum for the period July 1, 2016 to June 30, 2017. The same has been approved by RBI.

Information on the total sitting fees paid to each non-executive Director during fiscal 2017 for attending Meetings of the Board and its Committees is set out in the following table:

| Name of Director                                  | Amount (₹) |
|---|------------|
| M. K. Sharma                                      | 1,220,000  |
| Dileep Choksi                                     | 1,180,000  |
| Homi Khusrokhan                                   | 2,060,000  |
| M. S. Ramachandran (ceased w.e.f. April 25, 2017) | 2,000,000  |
| Tushaar Shah                                      | 620,000    |
| V. K. Sharma                                      | 460,000    |
| V. Sridar   | 1,480,000  |
| Amit Agarwal <sup>1</sup>                         |            |
| Total   | 9,020,000  |

<sup>1.</sup> Being a Government Nominee Director, not entitled to receive sitting fees.

The details of shares and convertible instruments of the Bank, held by the non-executive Directors as at March 31, 2017 are set out in the following table:

| Name of Director   | Instrument | No. of shares held |
|--------------------|------------|--------------------|
| M. K. Sharma       | Equity     | 50,000             |
| Dileep Choksi      | Equity     | 2,500              |
| Homi Khusrokhan    | Equity     | 3,500¹             |
| M. S. Ramachandran | Equity     | 1,300              |
| Tushaar Shah       | -          | _                  |
| V. K. Sharma       | -          | _                  |
| V. Sridar          | -          | _                  |
| Amit Agarwal       | _          |                    |

<sup>1.</sup> Shares held jointly with relatives.

#### Remuneration disclosures as required under RBI guidelines

The RBI circular DBOD No. BC. 72/29.67.001/2011-12 on "Compensation of wholetime Directors/Chief Executive Officers/Risk takers and Control function staff etc." requires the Bank to make following disclosures on remuneration on an annual basis in their Annual Report:



#### **COMPENSATION POLICY AND PRACTICES**

#### (A) Qualitative disclosures

- a) Information relating to the bodies that oversee remuneration.
  - Name, composition and mandate of the main body overseeing remuneration.

The Board Governance, Remuneration & Nomination Committee (BGRNC/ Committee) is the body which oversees the remuneration aspects. The functions of the Committee include recommending appointments of Directors to the Board, identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommending to the Board their appointment and removal, formulate a criteria for the evaluation of the performance of the whole time/independent Directors and the Board and to extend or continue the term of appointment of independent Director on the basis of the report of performance evaluation of independent Directors, recommending to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees, recommending to the Board the remuneration (including performance bonus and perquisites) to wholetime Directors (WTDs), commission and fee payable to non- executive Directors subject to applicable regulations, approving the policy for and quantum of bonus payable to members of the staff including senior management and key managerial personnel, formulating the criteria for determining qualifications, positive attributes and independence of a Director, framing policy on Board diversity, framing guidelines for the Employee Stock Option Scheme (ESOS) and decide on the grant of the Bank's stock options to employees and WTDs of the Bank and its subsidiary companies.

 External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.

The Bank did not take advice from an external consultant on any area of remuneration during the year ended March 31, 2017.

 Scope of the Bank's remuneration policy (eg. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.

The Compensation Policy of the Bank, as last amended during FY2017 and approved by the BGRNC and the Board at its Meeting held on April 28, 2016, pursuant to the guidelines issued by RBI, covers all employees of the Bank, including those in overseas branches of the Bank. In addition to the Bank's Compensation Policy guidelines, the overseas branches also adhere to relevant local regulations.

• Type of employees covered and number of such employees.

All employees of the Bank are governed by the compensation policy. The total number of permanent employees governed by the compensation policy of the Bank at March 31, 2017 was 81,129.

- b) Information relating to the design and structure of remuneration processes.
  - Key features and objectives of remuneration policy.

The Bank has under the guidance of the Board and the BGRNC, followed compensation practices intended to drive meritocracy within the framework of prudent risk management. This approach has been incorporated in the Compensation Policy, the key elements of which are given below.

Effective governance of compensation:

The BGRNC has oversight over compensation. The Committee defines Key Performance Indicators (KPIs) for WTDs and equivalent positions and the organisational performance norms for bonus based on the financial and strategic plan approved by the Board. The KPIs include both quantitative and qualitative aspects. The BGRNC assesses organisational performance as well as the individual performance for WTDs and equivalent positions. Based on its assessment, it makes recommendations to the Board regarding compensation for WTDs and equivalent positions and bonus for employees, including senior management and key management personnel.

o Alignment of compensation philosophy with prudent risk taking:

The Bank seeks to achieve a prudent mix of fixed and variable pay, with a higher proportion of variable pay at senior levels and no guaranteed bonuses. Compensation is sought to be aligned to both financial and non-financial indicators of performance including aspects like risk management and customer service. In addition, the Bank has an employee stock option scheme aimed at aligning compensation to long term performance through stock option grants that vest over a period of time. Compensation to staff in financial and risk control functions is independent of the business areas they oversee and depends on their performance assessment.

Whether the Remuneration Committee reviewed the firm's remuneration policy during the past year, and
if so, an overview of any changes that were made

During FY2017, the Bank's Compensation Policy was reviewed by the BGRNC and the Board on April 28, 2016. The disclosures were reviewed pursuant to RBI circular on Disclosures in Financial Statements.

Discussion of how the Bank ensures that risk and compliance employees are remunerated independently
of the businesses they oversee.

The compensation of staff engaged in control functions like Risk and Compliance depends on their performance, which is based on achievement of the key results of their respective functions. Their goal sheets do not include any business targets.

- c) Description of the ways in which current and future risks are taken into account in the remuneration processes.
  - Overview of the key risks that the Bank takes into account when implementing remuneration measures.

The Board approves the risk framework for the Bank and the business activities of the Bank are undertaken within this framework to achieve the financial plan. The risk framework includes the Bank's risk appetite, limits framework and policies and procedures governing various types of risk. KPIs of WTDs & equivalent positions, as well as employees, incorporate relevant risk management related aspects. For example, in addition to performance targets in areas such as growth and profits, performance indicators include aspects such as the desired funding profile and asset quality. The BGRNC takes into consideration all the above aspects while assessing organisational and individual performance and making compensation-related recommendations to the Board.

 Overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure

The annual performance targets and performance evaluation incorporate both qualitative and quantitative aspects including asset quality, provisioning, increase in stable funding sources, refinement/improvement of the risk management framework, effective management of stakeholder relationships and mentoring key members of the top and senior management.

Discussion of the ways in which these measures affect remuneration.

Every year, the financial plan/ targets are formulated in conjunction with a risk framework with limit structures for various areas of risk/ lines of business, within which the Bank operates to achieve the financial plan. To ensure effective alignment of compensation with prudent risk taking, the BGRNC takes into account adherence to the risk framework in conjunction with which the financial plan/ targets have been formulated. KPIs of WTDs & equivalent positions, as well as employees, incorporate relevant risk management related aspects. For example, in addition to performance targets in areas such as growth and profits, performance indicators include aspects such as the desired funding profile and asset quality. The BGRNC takes into consideration all the above aspects while assessing organisational and individual performance and making compensation-related recommendations to the Board.

 Discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration

The nature and type of these measures have not changed over the past year and hence, there is no impact on remuneration.



- d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.
  - Overview of main performance metrics for Bank, top level business lines and individuals.

The main performance metrics include profits, loan growth, deposit growth, risk metrics (such as quality of assets), compliance with regulatory norms, refinement of risk management processes and customer service. The specific metrics and weightages for various metrics vary with the role and level of the individual.

 Discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance.

The BGRNC takes into consideration all the above aspects while assessing organisational and individual performance and making compensation-related recommendations to the Board regarding the level of performance bonus for employees and the performance assessment of WTDs and equivalent positions. The performance assessment of individual employees is undertaken based on achievements vis-à-vis their goal sheets, which incorporate the various aspects/ metrics described earlier.

 Discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak, including the Bank's criteria for determining 'weak' performance metrics.

The Bank's Compensation Policy outlines the measures the Bank will implement in the event of a reasonable evidence of deterioration in financial performance. Should such an event occur in the manner outlined in the policy, the BGRNC may decide to apply malus on none, part or all of the unvested deferred variable compensation.

- Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance.
  - Discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.

The quantum of bonus for an employee does not exceed a certain percentage (as stipulated in the compensation policy) of the total fixed pay in a year. Within this percentage, if the quantum of bonus exceeds a predefined threshold percentage of the total fixed pay, a part of the bonus is deferred and paid over a period. These thresholds for deferrals are same across employees.

 Discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements.

The deferred portion of variable pay is subject to malus, under which the Bank would prevent vesting of all or part of the variable pay in the event of an enquiry determining gross negligence, breach of integrity or in the event of a reasonable evidence of deterioration in financial performance. In such cases, variable pay already paid out may also be subjected to clawback arrangements, as applicable.

- f) Description of the different forms of variable remuneration that the Bank utilises and the rationale for using these different forms.
  - Overview of the forms of variable remuneration offered. A discussion of the use of different forms of variable remuneration and if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance.

The Bank pays performance linked retention pay (PLRP) to its front-line staff and junior management and performance bonus to its middle and senior management. PLRP aims to reward front line and junior managers, mainly on the basis of skill maturity attained through experience and continuity in role which is a key differentiator for customer service. The Bank also pays variable pay to sales officers and relationship managers in wealth management roles while ensuring that such pay-outs are in accordance with applicable regulatory requirements.

The Bank ensures higher proportion of variable pay at senior levels and lower variable pay for front-line staff and junior management levels.

#### (B) Quantitative disclosures

The following table sets forth, for the period indicated, the details of quantitative disclosure for remuneration of wholetime Directors (including MD & CEO) and equivalent positions.

| Particulars  | At March 31, 2016 | At March 31, 2017 |
|--|-------------------|-------------------|
| Number of meetings held by the BGRNC during the financial year   | 8                 | 10                |
| Remuneration paid to its members during the financial year (₹ in million) (sitting fees)   | 0.5               | 0.5               |
| Number of employees having received a variable remuneration award during the financial year                                      | Nil               | 6                 |
| Number and total amount of sign-on awards made during the financial year   | Nil               | Nil               |
| Number and total amount of guaranteed bonuses awarded during the financial year  | Nil               | Nil               |
| Details of severance pay, in addition to accrued benefits  | Nil               | Nil               |
| Breakdown of amount of remuneration awards for the financial year (₹ in million)   |                   |                   |
| Fixed <sup>1</sup>   | 201.7             | 231.5             |
| Variable <sup>2</sup>  | Nil               | 75.6              |
| Deferred   | -                 | -                 |
| Non-deferred   | -                 | 75.6              |
| Share-linked instruments   | 4,610,000³        | 4,115,000         |
| Total amount of deferred remuneration paid out in the financial year   | 26.9              | 16.0              |
| Total amount of outstanding deferred remuneration Cash (₹ in million)  | 23.4              | 6.1               |
| Shares (nos.)  | Nil               | Nil               |
| Shares-linked instruments <sup>4</sup>   | 16,725,000        | 13,406,500        |
| Other forms  | Nil               | Nil               |
| Total amount of outstanding deferred remuneration and retained remuneration exposed ex-post explicit and/or implicit adjustments | 23.4              | 6.1               |
| Total amount of reductions during the year due to ex-post explicit adjustments   | Nil               | Nil               |
| Total amount of reductions during the year due to ex-post implicit adjustments   | Nil               | Nil               |

- 1. Fixed pay includes basic salary, supplementary allowances, superannuation, contribution to provident fund and gratuity fund by the Bank. The amount contains part year payouts for a retired and a resigned WTD and a newly appointed WTD for fiscal 2017.
- 2. Variable Pay and Share-linked instruments for the year ended March 31, 2017 are subject to approval from RBI.
- 3. Excludes special grant of stock options approved by RBI in November 2015, aggregating to 5.8 million & grant of 1.0 million options for Vishakha Mulye.
- 4. The amount contains special grants, including grant to Vishakha Mulye.

#### Disclosures required with respect to Section 197(12) of the Companies Act, 2013

The ratio of the remuneration of each Director to the median employee's remuneration and such other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and as amended from time to time.

# (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

| Chanda Kochhar, Managing Director & CEO | 112:1 |
|---|-------|
| N. S. Kannan                            | 75:1  |
| Vishakha Mulye                          | 75:1  |
| Vijay Chandok*                          | 69:1  |
| Anup Bagchi*                            | 69:1  |

<sup>\*</sup>The ratios are annualised as remuneration in the capacity of a Director is effective from July 28, 2016 for Vijay Chandok and from February 1, 2017 for Anup Bagchi.

Note: K. Ramkumar and Rajiv Sabharwal ceased to be directors during the financial year and are hence not included in the above table.



(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary ranged between 12.0% and 15.0%.

(iii) The percentage increase in the median remuneration of employees in the financial year;

The percentage increase in the median remuneration of employees in the financial year was around 12.0%.

(iv) The number of permanent employees on the rolls of company;

The number of employees, as mentioned in the section on 'Management's Discussion & Analysis' is 82,841. Out of this, the employees on permanent rolls of the company is 81,129, including employees in overseas locations.

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

The average percentage increase made in the salaries of total employees other than the Key Managerial Personnel for fiscal 2017 was around 10.0%, while the average increase in the remuneration of the Key Managerial Personnel was in the range of 12.0% to 15.0%.

(vi) Affirmation that the remuneration is as per the remuneration policy of the company.

Yes

#### IV. Corporate Social Responsibility Committee

#### Terms of Reference

The functions of the Committee include review of corporate social responsibility (CSR) initiatives undertaken by the ICICI Group and the ICICI Foundation for Inclusive Growth, formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the Company and recommendation of the amount of expenditure to be incurred on such activities, reviewing and recommending the annual CSR plan to the Board, making recommendations to the Board with respect to the CSR initiatives, policies and practices of the ICICI Group, monitoring the CSR activities, implementation and compliance with the CSR Policy and reviewing and implementing, if required, any other matter related to CSR initiatives as recommended/suggested by RBI or any other body.

#### Composition

At March 31, 2017, the Corporate Social Responsibility Committee comprised three Directors including two independent Directors and the Managing Director & CEO and was chaired by M. S. Ramachandran, an independent Director. There were three Meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

| Name of Member                             | Number of meetings attended |
|--|-----------------------------|
| M. S. Ramachandran, <i>Chairman</i>        | 3/3                         |
| Tushaar Shah*                              | 1/3                         |
| Alok Tandon <i>(upto January 16, 2017)</i> | 0/3                         |
| Chanda Kochhar                             | 3/3                         |

<sup>\*</sup> Participated in one Meeting through video-conference.

Upon completion of his term as a non-executive Director M. S. Ramachandran ceased to be the Chairman and Member of the Committee with effect from April 25, 2017. The Board at its Meeting held on April 6-7, 2017 reconstituted the Committee pursuant to which Dileep Choksi and Amit Agrawal were inducted as Members of the Committee with effect from April 6, 2017 and Tushaar Shah was appointed as the Chairman of the Committee with effect from April 25, 2017.

# Details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year

The CSR policy has been hosted on the website of the Company <a href="https://www.icicibank.com/managed-assets">https://www.icicibank.com/managed-assets</a> docs/about-us/ICICI-Bank-CSR-Policy.pdf.

The Annual Report on CSR activities is annexed herewith as Annexure E.

#### V. Credit Committee

#### Terms of Reference

The functions of the Committee include review of developments in key industrial sectors, major credit portfolios and approval of credit proposals as per the authorisation approved by the Board.

#### Composition

At March 31, 2017, the Credit Committee comprised three Directors including two independent Directors and the Managing Director & CEO and was chaired by the Managing Director & CEO. There were 28 Meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

| Name of Member                     | Number of meetings attended |
|------------------------------------|-----------------------------|
| Chanda Kochhar, <i>Chairperson</i> | 28/28                       |
| Homi Khusrokhan                    | 26/28                       |
| M. S. Ramachandran*                | 28/28                       |

<sup>\*</sup> Participated in one Meeting through video-conference.

Upon completion of his term as a non-executive Director M. S. Ramachandran ceased to be the Member of the Committee with effect from April 25, 2017. The Board at its Meeting held on April 6-7, 2017, re-constituted the Committee with effect from April 6, 2017 pursuant to which M. K. Sharma was inducted as a Member as well as appointed as the Chairman of the Committee.

#### VI. Customer Service Committee

#### Terms of Reference

The functions of this Committee include review of customer service initiatives, overseeing the functioning of the Customer Service Council and evolving innovative measures for enhancing the quality of customer service and improvement in the overall satisfaction level of customers.

#### Composition

At March 31, 2017, the Customer Service Committee comprised three Directors including two independent Directors, and the Managing Director & CEO and was chaired by M. S. Ramachandran, an independent Director. There were six Meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

| Name of Member                             | Number of meetings attended |
|--|-----------------------------|
| M. S. Ramachandran, <i>Chairman</i>        | 6/6                         |
| V. Sridar*                                 | 5/6                         |
| Alok Tandon <i>(upto January 16, 2017)</i> | 0/5                         |
| Chanda Kochhar                             | 5/6                         |

<sup>\*</sup>Participated in one Meeting through tele-conference.



Upon completion of his term as a non-executive Director, M. S. Ramachandran ceased to be the Chairman and Member of the Committee with effect from April 25, 2017. Alok Tandon ceased to be a member of the Committee consequent to the withdrawal of his nomination as a Government Nominee Director effective January 16, 2017. The Board at its meeting held on April 6-7, 2017, re-constituted the Committee pursuant to which Tushaar Shah and Anup Bagchi were appointed as the Members of the Committee with effect from April 6, 2017 and V. Sridar was appointed as the Chairman of the Committee with effect from April 25, 2017.

#### VII. Fraud Monitoring Committee

#### Terms of Reference

The Committee monitors and reviews all the frauds involving an amount of ₹ 10.0 million and above with the objective of identifying the systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to rectify the same. The functions of this Committee include identifying the reasons for delay in detection, if any, and reporting to top management of the Bank and RBI on the same. The progress of investigation and recovery position is also monitored by the Committee. The Committee also ensures that staff accountability is examined at all levels in all the cases of frauds and action, if required, is completed quickly without loss of time. The role of the Committee is also to review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls and put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

#### Composition

At March 31, 2017, the Fraud Monitoring Committee comprised five Directors including four independent Directors and the Managing Director & CEO and was chaired by V. Sridar, an independent Director. There were seven Meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

| Name of Member   | Number of meetings attended |
|--|-----------------------------|
| V. Sridar, <i>Chairman</i> #                                       | 6/7                         |
| Dileep Choksi  | 6/7                         |
| Homi Khusrokhan  | 6/7                         |
| V. K. Sharma   | 2/7                         |
| Chanda Kochhar   | 6/7                         |
| Rajiv Sabharwal (upto close of business hours on January 31, 2017) | 3/7                         |

<sup>#</sup> Participated in one Meeting through tele-conference and one through video- conference.

The Board at its meeting held on April 6-7, 2017, re-constituted the Committee and took note of the cessation of V. K. Sharma as a member of the committee owing to his increased commitment and approved the appointment of Anup Bagchi as a Member of the Committee with effect from April 6, 2017.

#### VIII. Information Technology Strategy Committee

#### Terms of Reference

The functions of the Committee are to approve strategy for Information Technology (IT) and policy documents, ensure that IT strategy is aligned with business strategy, review IT risks, ensure proper balance of IT investments for sustaining the Bank's growth, oversee the aggregate funding of IT at Bank-level, ascertain if the management has resources to ensure the proper management of IT risks and review contribution of IT to business.

#### Composition

At March 31, 2017, the IT Strategy Committee comprised three Directors including two independent Directors and the Managing Director & CEO and was chaired by Homi Khusrokhan, an independent Director. There were five Meetings of the Committee held during the year. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

| Name of Member                   | Number of meetings attended |
|----------------------------------|-----------------------------|
| Homi Khusrokhan, <i>Chairman</i> | 5/5                         |
| V. Sridar*                       | 5/5                         |
| Chanda Kochhar                   | 5/5                         |

<sup>\*</sup>Participated in one Meeting through video-conference.

#### IX. Risk Committee

#### Terms of Reference

The functions of the Committee are to review ICICI Bank's risk management policies pertaining to credit, market, liquidity, operational, outsourcing, reputation risks, business continuity plan and disaster recovery plan. The functions of the Committee also include review of the Enterprise Risk Management (ERM) framework, risk appetite framework (RAF), stress testing framework, Internal Capital Adequacy Assessment Process (ICAAP) and framework for capital allocation; review of the status of Basel II and Basel III implementation, risk return profile of the Bank, risk dashboard covering various risks, outsourcing activities and the activities of the Asset Liability Management Committee. The Committee also has oversight on risks of subsidiaries covered under the Group Risk Management Framework.

#### Composition

At March 31, 2017, the Risk Committee comprised six Directors including five independent Directors, and the Managing Director & CEO and was chaired by M. K. Sharma, an independent Director. There were seven Meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

| Name of Member                             | Number of meetings attended |
|--|-----------------------------|
| M. K. Sharma, <i>Chairman</i>              | 7/7                         |
| Dileep Choksi                              | 4/7                         |
| Homi Khusrokhan                            | 6/7                         |
| V. K. Sharma                               | 1/7                         |
| V. Sridar*                                 | 6/7                         |
| Alok Tandon <i>(upto January 16, 2017)</i> | 0/5                         |
| Chanda Kochhar                             | 7/7                         |

<sup>\*</sup>Participated in one Meeting through video-conference.

#### X. Stakeholders Relationship Committee

#### Terms of Reference

The functions and powers of the Committee include approval and rejection of transfer or transmission of equity shares, preference shares, bonds, debentures and securities, issue of duplicate certificates, allotment of shares and securities issued from time to time, review redressal and resolution of grievances of shareholders, debenture holders and other security holders, delegation of authority for opening and operation of bank accounts for payment of interest, dividend and redemption of securities and the listing of securities on stock exchanges.



#### Composition

At March 31, 2017, the Stakeholders Relationship Committee comprised three Directors including two independent Directors and was chaired by Homi Khusrokhan, an independent Director. There were four Meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

| Name of Member                   | Number of meetings attended |
|----------------------------------|-----------------------------|
| Homi Khusrokhan, <i>Chairman</i> | 3/4                         |
| V. Sridar*                       | 4/4                         |
| N. S. Kannan                     | 4/4                         |

<sup>\*</sup>Participated in one Meeting through video-conference.

P. Sanker, Senior General Manager (Legal) is the Company Secretary of the Bank and acts as the Compliance Officer of the Bank in accordance with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. 103 shareholder complaints received in fiscal 2017 were processed. At March 31, 2017, no complaints were pending.

#### XI. Review Committee for Identification of Wilful Defaulters/Non Co-operative Borrowers Terms of Reference

The function of the Committee is to review the order of the Committee for identification of wilful defaulters/ non co-operative borrowers (a Committee comprising wholetime Directors and senior executives of the Bank to examine the facts and record the fact of the borrower being a wilful defaulter/non co-operative borrower) and confirm the same for the order to be considered final.

#### Composition

The Managing Director & CEO is the Chairperson of this Committee and any two independent Directors will comprise the remaining members. There was one Meeting of the Committee during the year and details of the same is set out in the following table:

| Name of Member                     | Number of meetings attended |
|------------------------------------|-----------------------------|
| Chanda Kochhar, <i>Chairperson</i> | 1/1                         |
| Homi Khusrokhan                    | 1/1                         |
| M. S. Ramachandran                 | 1/1                         |

#### XII. Other Committees

In addition to the above, the Board has from time to time constituted various committees, namely, Committee of Executive Directors, Executive Investment Committee, Asset Liability Management Committee, Committee for Identification of Wilful Defaulters/non co-operative borrowers, Committee of Senior Management (comprising certain wholetime Directors and executives) and Committee of Executives, Compliance Committee, Product & Process Approval Committee, Regional Committees for India and overseas operations, Outsourcing Committee, Operational Risk Management Committee and other Committees (all comprising executives). These committees are responsible for specific operational areas like asset liability management, approval/renewal of credit proposals, approval of products and processes and management of operational risk, under authorisation/supervision of the Board and its Committees.

#### XIII. General Body Meetings

The details of General Body Meetings held in the last three years are given below:

| General Body Meeting | Day, Date             | Time       | Venue  |
|----------------------|-----------------------|------------|--|
| Twenty-Second AGM    | Monday, July 11, 2016 | 12:00 noon | Sir Sayajirao Nagargruh, Vadodara                  |
| Twenty-First AGM     | Monday, June 29, 2015 | 12:00 noon | Mahanagar Seva Sadan, Near GEB                     |
| Twentieth AGM        | Monday, June 30, 2014 | 1:00 p.m.  | Colony, Old Padra Road, Akota,<br>Vadodara 390 020 |

The details of the Special Resolutions passed in the Annual General Meetings held in the previous three years are given below:

| General Body Meeting   | Day, Date             | Resolution  |  |  |
|------------------------|-----------------------|---|--|--|
| Annual General Meeting | Monday, July 11, 2016 | Private placement of securities under Section 42 of the Companies Act, 2013   |  |  |
| Annual General Meeting | Monday, June 29, 2015 | Private placement of securities under Section 42 of the Companies Act, 2013   |  |  |
| Annual General Meeting | Monday, June 30, 2014 | <ol> <li>Amendment to Articles of Association of the Bank<br/>pursuant to The Banking Laws (Amendment) Act, 2012</li> <li>Borrowing limits under Section 180(1)(c) of the<br/>Companies Act, 2013</li> <li>Private placement of securities under Section 42 of the<br/>Companies Act, 2013</li> </ol> |  |  |

#### **Postal Ballot**

During FY2017 no postal ballot notice was issued. In line with the provisions of Section 110 of the Companies Act, 2013, the Bank *vide* its Postal Ballot Notice dated May 5, 2017 is seeking approval of the Members for the following Special Resolutions:

- (i) Alteration of Articles of Association
- (ii) Amendment to the Employee Stock Option Scheme

The Bank follows the procedure as prescribed under the Companies Act, 2013 read with Companies (Management and Administration), Rules, 2014, as amended from time to time and the Secretarial Standards. Members are provided the facility to cast their votes through electronic voting (e-voting) or through postal ballot. The Board of Directors of the Bank, appoints Scrutinizer(s) for conducting the postal ballot voting process. The Scrutinizer submits his report to the Chairman after the completion of the scrutiny of the postal ballots (including e-voting). Considering the combined results of the Postal Ballot via postal ballot forms and e-voting facility, the resolution is considered approved. The results are declared and communicated to the stock exchanges and displayed on the Bank's website <a href="https://www.icicibank.com">www.icicibank.com</a>.

#### XIV. Disclosures

- There are no materially significant transactions with related parties i.e., directors, management, subsidiaries, or relatives conflicting with the Bank's interests. The Bank has no promoter.
- 2. No penalties or strictures have been imposed on the Bank by any of the stock exchanges, the Securities & Exchange Board of India (SEBI) or any other statutory authority, for any non-compliance on any matter relating to capital markets, during the last three years.
- 3. In terms of the Whistle Blower Policy of the Bank, no employee of the Bank has been denied access to the Audit Committee.



#### XV. Means of Communication

It is ICICI Bank's belief that all stakeholders should have access to complete information regarding its position to enable them to accurately assess its future potential. ICICI Bank disseminates information on its operations and initiatives on a regular basis. ICICI Bank's website (<a href="https://www.icicibank.com">www.icicibank.com</a>) serves as a key awareness facility for all its stakeholders, allowing them to access information at their convenience. It provides comprehensive information on ICICI Bank's strategy, financial performance, operational performance and the latest press releases.

ICICI Bank's investor relations personnel respond to specific queries and play a proactive role in disseminating information to both analysts and investors. In accordance with SEBI and Securities Exchange Commission (SEC) guidelines, all information which could have a material bearing on ICICI Bank's share price is released through leading domestic and global wire agencies. The information is also disseminated to the National Stock Exchange of India Limited (NSE), the Bombay Stock Exchange Limited (BSE), New York Stock Exchange (NYSE), Securities Exchange Commission (SEC), Singapore Stock Exchange, Japan Securities Dealers Association and SIX Swiss Exchange Ltd from time to time.

The financial and other information and the various compliances as required/prescribed under the Listing Regulations are filed electronically with NSE/BSE through NSE Electronic Application Processing (NEAP) System and through BSE Listing Centre and are also available on their respective websites in addition to the Bank's website. Additionally information is also disseminated to BSE/NSE where required by email or fax.

ICICI Bank's quarterly financial results are published either in the Financial Express (Mumbai, Pune, Ahmedabad, New Delhi, Lucknow, Chandigarh, Kolkata, Chennai, Bengaluru, Hyderabad and Kochi editions) or the Business Standard (Ahmedabad, Bengaluru, Bhubaneshwar, Chandigarh, Chennai, Hyderabad, Kochi, Kolkata, Lucknow, Mumbai, New Delhi and Pune editions), and Vadodara Samachar (Vadodara). The financial results, official news releases, analyst call transcripts and presentations are also available on the Bank's website.

The Management's Discussion & Analysis forms part of the Annual Report.

#### **General Shareholder Information**

| Annual General Meeting | Day, Date & Time | Venue   |
|------------------------|------------------|---|
| Twenty-Third AGM       | Friday,          | Professor Chandravadan Mehta Auditorium, General Education            |
|                        | June 30, 2017    | Centre, Opposite D.N. Hall Ground, The Maharaja Sayajirao University, |
|                        | 12:00 noon       | Pratapgunj, Vadodara 390 002  |

Financial Year : April 1, 2016 to March 31, 2017 Book Closure : June 22, 2017 to June 24, 2017

Dividend Payment Date : July 1, 2017

#### Listing of equity shares/ADSs/Bonds on Stock Exchanges

| Stock Exchange  | Code for ICICI Bank |
|---|---------------------|
| BSE Limited (BSE) (Equity)                                    | 532174              |
| Phiroze Jeejeebhoy Towers,                                    | 8                   |
| Dalal Street, Mumbai 400 001                                  | 632174 <sup>1</sup> |
| National Stock Exchange of India Limited (NSE) (Equity)       | ICICIBANK           |
| Exchange Plaza, Bandra-Kurla Complex                          |                     |
| Bandra (East), Mumbai 400 051                                 |                     |
| New York Stock Exchange (ADSs) <sup>2</sup>                   | IBN                 |
| 11, Wall Street, New York, NY 10005, United States of America |                     |

- 1. FII segment of BSE.
- 2. Each ADS of ICICI Bank represents two underlying equity shares.

The Bonds issued in domestic market comprised of privately placed bonds and also bonds issued via public issues which are listed on BSE/NSE.

ICICI Bank has paid annual listing fees for the relevant periods to BSE and NSE where its equity shares/bonds are listed and NYSE where its ADSs are listed.

#### Listing of other securities

The bonds issued overseas are issued either in public or private placement format. The listed bonds are traded on Singapore Exchange Securities Trading Limited, 2 Shenton Way #02-02, SGX Centre 1 Singapore 068804 or SIX Swiss Exchange Ltd, Sales & Product Management, Selnaustrasse 30, CH-8021 Zurich or Tokyo Stock Exchange, 2-1 Nihombashi Kabutocho, Chuo-ku Tokyo 103-8220 Japan.

#### **Market Price Information**

The reported high and low closing prices and volume of equity shares of ICICI Bank traded during fiscal 2017 on BSE and NSE are set out in the following table:

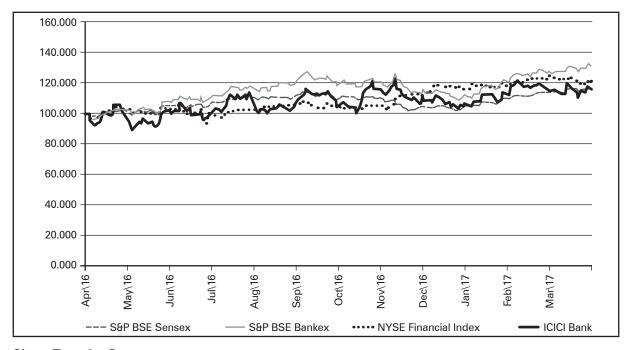
| N.A            |        | BSE    |             |        | NSE    |               | Total Volume on |
|----------------|--------|--------|-------------|--------|--------|---------------|-----------------|
| Month -        | High ₹ | Low ₹  | Volume      | High ₹ | Low ₹  | Volume        | BSE and NSE     |
| April 2016     | 254.10 | 220.15 | 25,410,291  | 254.05 | 220.30 | 426,467,139   | 451,877,430     |
| May 2016       | 245.20 | 214.75 | 33,018,129  | 244.65 | 214.45 | 457,573,408   | 490,591,537     |
| June 2016      | 257.60 | 231.05 | 21,692,145  | 257.65 | 230.95 | 310,507,526   | 332,199,671     |
| July 2016      | 272.10 | 240.40 | 27,029,799  | 272.00 | 240.35 | 250,869,449   | 277,899,248     |
| August 2016    | 257.70 | 239.30 | 25,899,934  | 258.00 | 239.35 | 312,782,813   | 338,682,747     |
| September 2016 | 278.15 | 251.00 | 35,928,019  | 278.15 | 250.35 | 348,360,812   | 384,288,831     |
| October 2016   | 289.10 | 241.20 | 34,369,153  | 289.25 | 241.15 | 385,243,401   | 419,612,554     |
| November 2016  | 292.55 | 255.35 | 43,192,196  | 292.60 | 255.30 | 454,292,361   | 497,484,557     |
| December 2016  | 268.35 | 248.40 | 20,744,718  | 268.45 | 248.15 | 230,907,955   | 251,652,673     |
| January 2017   | 272.05 | 251.10 | 18,891,478  | 272.00 | 251.10 | 361,184,175   | 380,075,653     |
| February 2017  | 290.35 | 276.40 | 28,492,952  | 290.30 | 276.35 | 344,530,054   | 373,023,006     |
| March 2017     | 286.75 | 265.60 | 74,079,245  | 287.25 | 265.00 | 337,097,624   | 411,176,869     |
| Fiscal 2017    | 292.55 | 214.75 | 388,748,059 | 292.60 | 214.45 | 4,219,816,717 | 4,608,564,776   |

The reported high and low closing prices and volume of ADRs of ICICI Bank traded during fiscal 2017 on the NYSE are given below:

| Month          | High (USD) | Low (USD) | Number of ADS traded |
|----------------|------------|-----------|----------------------|
| April 2016     | 7.85       | 6.59      | 230,394,449          |
| May 2016       | 7.19       | 6.38      | 244,522,998          |
| June 2016      | 7.80       | 6.65      | 221,250,327          |
| July 2016      | 8.01       | 7.20      | 191,163,670          |
| August 2016    | 7.67       | 7.17      | 177,275,674          |
| September 2016 | 8.37       | 7.41      | 194,469,484          |
| October 2016   | 8.70       | 7.15      | 277,754,078          |
| November 2016  | 8.62       | 7.46      | 207,498,832          |
| December 2016  | 7.98       | 7.40      | 121,055,688          |
| January 2017   | 8.10       | 7.45      | 156,884,115          |
| February 2017  | 8.64       | 8.20      | 152,351,871          |
| March 2017     | 8.78       | 8.15      | 182,984,082          |
| Fiscal 2017    | 8.78       | 6.38      | 2,357,605,268        |







#### **Share Transfer System**

ICICI Bank's investor services are handled by 3i Infotech Limited (3i Infotech). 3i Infotech is a SEBI registered Category I - Registrar to an Issue & Share Transfer (R&T) Agent. 3i Infotech is an information technology company and in addition to R&T services, provides a wide range of technology & technology-enabled products and services.

ICICI Bank's equity shares are traded mainly in dematerialised form. During the year, 1,464,735 equity shares of face value ₹ 2/- each involving 3,031 certificates were dematerialised. At March 31, 2017, 99.50% of paid-up equity share capital (including equity shares represented by ADS constituting 25.30% of the paid-up equity share capital) are held in dematerialised form.

Physical share transfer requests are processed and the share certificates are returned normally within a period of seven days from the date of receipt, if the documents are correct, valid and complete in all respects.

The number of equity shares of ICICI Bank transferred during the last three years (excluding electronic transfer of shares in dematerialised form) is given below:

|                              | Fiscal 2015                  |                             | Fiscal 2016                 | Fiscal 2017              |
|------------------------------|------------------------------|-----------------------------|-----------------------------|--------------------------|
|                              | Shares of face<br>value ₹ 10 | Shares of face<br>value ₹ 2 | Shares of face<br>value ₹ 2 | Shares of face value ₹ 2 |
| Number of transfer deeds     | 706                          | 564                         | 1,114                       | 414                      |
| Number of shares transferred | 38,382                       | 153,150                     | 314,890                     | 109,155                  |

As required under Regulation 40(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate is obtained every six months from a practising Company Secretary that all transfers have been completed within the stipulated time. The certificates are filed with BSE and NSE.

In terms of SEBI circular no. D&CC/FITTC/CIR-16 dated December 31, 2002, as amended vide circular no. CIR/ MRD/DP/30/2010 dated September 6, 2010 an audit is conducted on a quarterly basis by a firm of Chartered Accountants, for the purpose of, inter alia, reconciliation of the total admitted equity share capital with the depositories and in the physical form with the total issued/paid up equity share capital of ICICI Bank. Certificates issued in this regard are placed before the Stakeholders Relationship Committee and filed with BSE and NSE, where the equity shares of ICICI Bank are listed.

#### **Physical Share Disposal Scheme**

With a view to mitigate the difficulties experienced by physical shareholders in disposing off their shares, ICICI Bank, in the interest of investors holding shares in physical form (upto 250 shares of face value of ₹ 2 each) has instituted a Physical Share Disposal Scheme. The scheme was started in November 2008 and continues to remain open. Interested shareholders may contact the R&T Agent, 3i Infotech Limited for further details.

#### **Registrar and Transfer Agents**

The Registrar and Transfer Agent of ICICI Bank is 3i Infotech Limited. Investor services related queries/requests/ complaints may be directed to R. C. D'souza at the address as under:

#### 3i Infotech Limited

International Infotech Park

Tower 5, 3rd Floor

Vashi Railway Station Complex

Vashi, Navi Mumbai 400 703

Maharashtra, India

Tel No. : +91-22-7123 8021 Fax No.: +91-22-7123 8098 E-mail: investor@icicibank.com

#### Queries relating to the operational and financial performance of ICICI Bank may be addressed to:

Rakesh Jha/Anindya Banerjee/Sonal Bagaria

**ICICI Bank Limited ICICI Bank Towers** Bandra-Kurla Complex

Mumbai 400 051

Tel No. : +91-22-2653 6124 Fax No.: +91-22-2653 1175 E-mail: ir@icicibank.com

#### **Debenture Trustees**

Pursuant to Regulation 53 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the names and contact details of the debenture trustees for the public issue bonds and privately placed bonds of the Bank are given below:

Bank of Maharashtra Legal Dept.Head Office. Lokmangal, "1501", Shivaji Nagar, Pune - 411 005

Tel. No: +91-020-2553 6256 bomcolaw@mahabank.com Axis Trustee Services Limited

Axis House,

Bombay Dyeing Mill Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025 Tel No: +91- 22- 62260050/54

debenturetrustee@axistrustee.com

**IDBI** Trusteeship Services Limited Asian Building, Ground Floor,

17, R Kamani Marg, Ballard Estate, Mumbai 400 001

Tel No: +91 -22 - 4080 7001 ajit.guruji@idbitrustee.com

The details are available on the website of the Bank at the link

http://www.icicibank.com/Personal-Banking/investments/icici-bank-bonds/index.page.



#### Information on Shareholding

#### Shareholding pattern of ICICI Bank at March 31, 2017

| Shareholder Category   | Shares        | % holding |
|--|---------------|-----------|
| Deutsche Bank Trust Company Americas (Depositary for ADS holders)        | 1,473,304,334 | 25.30     |
| FIIs, NRIs, Foreign Banks, Foreign Companies, OCBs and Foreign Nationals | 2,066,832,356 | 35.48     |
| Insurance Companies  | 886,918,475   | 15.23     |
| Bodies Corporate (including Government Companies)                        | 145,843,449   | 2.51      |
| Banks & Financial Institutions   | 5,913,981     | 0.10      |
| Mutual Funds   | 871,787,797   | 14.97     |
| Individuals, HUF and Trusts  | 339,786,970   | 5.83      |
| NBFC Registered with RBI   | 1,122,769     | 0.02      |
| Provident Fund / Pension Fund  | 32,812,592    | 0.56      |
| Alternative Investment Fund  | 153,412       | 0.00      |
| Total  | 5,824,476,135 | 100.00    |

#### Shareholders of ICICI Bank with more than one percent holding at March 31, 2017

| Name of the Shareholder   | No. of shares | % to total no.<br>of shares |
|---|---------------|-----------------------------|
| Deutsche Bank Trust Company Americas (Depositary for ADS holders) | 1,473,304,334 | 25.30                       |
| Life Insurance Corporation of India                               | 608,927,224   | 10.45                       |
| Dodge and Cox International Stock Fund                            | 364,368,485   | 6.26                        |
| Government of Singapore   | 63,125,358    | 1.08                        |
| Government Pension Fund Global                                    | 59,371,058    | 1.02                        |
| Total   | 2,569,096,459 | 44.11                       |

#### Distribution of shareholding of ICICI Bank at March 31, 2017

| Range – Shares  | No. of Folios | %      | No. of Shares | %      |
|-----------------|---------------|--------|---------------|--------|
| Upto 1,000      | 478,953       | 51.02  | 21,024,666    | 0.36   |
| 1,001 – 5,000   | 329,141       | 35.06  | 88,889,355    | 1.53   |
| 5,001 – 10,000  | 77,377        | 8.24   | 56,232,091    | 0.96   |
| 10,001 – 50,000 | 45,941        | 4.89   | 89,096,647    | 1.53   |
| 50,001 & above  | 7,414         | 0.79   | 5,569,233,376 | 95.62  |
| Total           | 938,826       | 100.00 | 5,824,476,135 | 100.00 |

#### Disclosure with respect to shares lying in suspense account

The Bank had 100,950 equity shares held by 508 shareholders lying in suspense account at the beginning of the fiscal 2017. The Bank has been transferring the shares lying unclaimed to the eligible shareholders as and when the request for the same has been received after proper verification. During the year, the Bank had received requests from 16 shareholders holding 2,815 shares for claiming these shares out of which 1,775 shares held by 10 shareholders were transferred from the suspense account. As on March 31, 2017, 99,175 shares held by 498 shareholders remained unclaimed in the suspense account.

The voting rights on the shares lying in suspense account are frozen till the rightful owner of such shares claims the shares.

#### Outstanding GDRs/ADSs/Warrants or any Convertible Debentures, conversion date and likely impact on equity

ICICI Bank has 736.65 million ADS (equivalent to 1,473.30 million equity shares) outstanding, which constituted 25.30% of ICICI Bank's total equity capital at March 31, 2017. Currently, there are no convertible debentures outstanding.

#### Commodity price risk or foreign exchange risk and hedging activities

The foreign exchange risk position including bullion is managed within the ₹ 10.00 billion net overnight open position (NOOP) limit approved by the Board of Directors. The Bank does not undertake positions in commodities. The Bank primarily has floating rate linked assets. Wholesale liability raising takes place in US dollar or other currencies via bond issuances, bilateral loans, syndicated/club loans as well as refinance from Export Credit Agencies (ECA) which may be at a fixed rate or floating rate linked. In case of fixed rate fund raising in US dollars, the interest rate risk is hedged via interest rate swaps wherein the Bank moves to a floating rate index in order to match the asset profile. In case of fund raising in non US dollar currencies, the foreign exchange risk is hedged via foreign exchange swaps or currency interest rate swaps.

#### Plant Locations – Not applicable Address for Correspondence

P. Sanker

Senior General Manager (Legal) & Company Secretary

or

Ranganath Athreya

General Manager & Joint Company Secretary

**ICICI Bank Limited** 

**ICICI Bank Towers** 

Bandra-Kurla Complex

Mumbai 400 051

Tel No. : +91-22-2653 8900 Fax No. : +91-22-2653 1230

E-mail: companysecretary@icicibank.com

The Bank is in compliance with requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Bank has also complied with the discretionary requirements such as maintaining a separate office for the Chairman at the Bank's expense, ensuring financial statements with unmodified audit opinion, separation of posts of Chairman and Chief Executive Officer and reporting of internal auditor directly to the Audit Committee.

#### **ANALYSIS OF CUSTOMER COMPLAINTS**

#### a) Customer complaints in fiscal 2017

| No. of complaints pending at the beginning of the year | 3,400   |
|--|---------|
| No. of complaints received during the year             | 217,473 |
| No. of complaints redressed during the year            | 216,601 |
| No. of complaints pending at the end of the year       | 4,272   |

Note: The above does not include complaint redressed within 1 working day.

#### b) Awards passed by the Banking Ombudsman in fiscal 2017

| Number of unimplemented awards at the beginning of the year      |     |
|--|-----|
| Number of awards passed by the Banking Ombudsman during the year | Nil |
| Number of awards implemented during the year                     | Nil |
| Number of unimplemented awards at the end of the year            | Nil |



#### **COMPLIANCE CERTIFICATE OF THE AUDITORS**

ICICI Bank has annexed to this report, a certificate obtained from the statutory auditors, M/s B S R & Co. LLP, Chartered Accountants, regarding compliance of conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **EMPLOYEE STOCK OPTION SCHEME**

The Bank has an Employee Stock Option Scheme (ESOS/Scheme) which was instituted in fiscal 2000 to enable the employees and wholetime Directors of ICICI Bank and its subsidiaries to participate in future growth and financial success of the Bank. The ESOS aims at achieving the twin objectives of (i) aligning employee interest to that of the shareholders; and (ii) retention of talent. Through employee stock option grants, the Bank seeks to foster a culture of long-term sustainable value creation. The Scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and the below disclosures are available at <a href="https://www.icicibank.com/aboutus/annual.page">www.icicibank.com/aboutus/annual.page</a>. Pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014, options are granted by the Board Governance, Remuneration & Nomination Committee (BGRNC/Committee) and noted by the Board.

The Scheme was initially approved by the Members at their meeting held on February 21, 2000 and thereafter further amended through resolutions at the General Meetings held on September 20, 2004 and June 25, 2012 and *vide* a postal ballot resolution passed on April 22, 2016. The Bank has upto May 3, 2017 granted 446.46 million stock options from time to time aggregating to 7.66% of the issued equity capital of the Bank at May 3, 2017. As per the ESOS, as amended from time to time, the maximum number of options granted to any employee/Director in a year is limited to 0.05% of ICICI Bank's issued equity shares at the time of the grant, and the aggregate of all such options is limited to 10% of ICICI Bank's issued equity shares on the date of the grant (equivalent to 582.56 million shares of face value ₹ 2 each at May 3, 2017).

Options granted after April 1, 2014 vest in a graded manner over a three year period, with 30%, 30% and 40% of the grant vesting in each year, commencing from the end of 12 months from the date of the grant, other than the following:

- 250,000 options granted in April 2014, 50% vested on April 30, 2017 and balance 50% would vest on April 30, 2018
- Options granted in September 2015 would vest in equal proportions on April 30, 2018 and April 30, 2019. The unvested
  options would lapse upon termination of employment due to retirement (including pursuant to early/voluntary
  retirement scheme)

Options granted prior to April 1, 2014 vested in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant, other than the following:

- Options granted in April 2009 vested in a graded manner over a five year period with 20%, 20%, 30% and 30% of the grant vesting in each year, commencing from the end of 24 months from the date of the grant
- The grant approved by the Board at its Meeting held on October 29, 2010 (for which RBI approval for grant to wholetime Directors was received in January 2011), vested 50% on April 30, 2014 and the balance 50% vested on April 30, 2015
- Options granted in September 2011 vested in a graded manner over a five year period with 15%, 20%, 20% and 45% of the grant vesting in each year, commencing from end of 24 months from the date of grant

The price for options granted (except for grants approved on October 29, 2010 where the grant price was the average closing price of the ICICI Bank stock on the stock exchange during the six months upto October 28, 2010) is equal to the closing price on the stock exchange which recorded the highest trading volume preceding the date of grant of options in line with the SEBI regulations.

The BGRNC at its Meeting held on July 11, 2016 amended the scheme to state that in the event of an Participant's employment terminating due to retirement, the Options shall vest by such period as stipulated in the Award Confirmation, subject to the Participant demonstrating compliance with the Code of Conduct including Undertaking of Continued Good Conduct with a proviso that at the sole discretion of the Committee, it may allow the whole of the options or part thereof to vest at one time or at various points of time.

Further the Committee at its meeting held on May 3, 2017 approved the amendment to the definition of Exercise Period as given below:

"Exercise Period means the period commencing from the date of vesting and will expire on completion of such period not exceeding ten years from the date of vesting of Options as may be determined by the Board Governance, Remuneration & Nomination Committee ("BGRNC") for each grant".

The above amendment was also approved by the Board at its Meeting held on the same day subject to the approval of the shareholders. The amendment is intended to cover only future grants to be made and would come into effect only after approval by Members and will not cover grants already made. There is no incremental Exercise Period being granted or proposed. The present definition provides for a fixed term Exercise Period of ten years and does not allow flexibility to align the Exercise Period of future grants to reflect the time horizon of short term and long term strategies of the Bank. The amendment would enable grants to be made with appropriate Exercise Period(s) for each grant after vesting to better align (i) employee efforts to the articulated strategy; and (ii) the compensation payout schedules for senior management to the time horizon of risks. Approval of the shareholders for the above amendment is being sought through postal ballot notice dated May 5, 2017.

The BGRNC at its Meeting held on May 3, 2017 also approved a grant of approximately 33 million options for fiscal 2017 to eligible employees and wholetime Directors of ICICI Bank and its subsidiaries (options granted to wholetime Directors of ICICI Bank being subject to RBI approval). Each option confers on the employee a right to apply for one equity share of face value of ₹ 2 of ICICI Bank at ₹ 275.60 which was closing price on the stock exchange which recorded the highest trading volume in ICICI Bank shares on May 2, 2017. The grant price is calculated as per the SEBI regulations.

Particulars of options granted by ICICI Bank upto May 3, 2017 are given below:

| Options granted till May 3, 2017 (excluding options forfeited/lapsed) | 446,459,925    |
|---|----------------|
| Options forfeited/lapsed  | 71,626,600     |
| Options vested  | 364,814,425    |
| Options exercised   | 210,565,925    |
| Total number of options in force                                      | 235,894,000    |
| Number of shares allotted pursuant to exercise of options             | 210,565,925    |
| Extinguishment or modification of options                             | Nil            |
| Amount realised by exercise of options (₹)                            | 16,661,600,441 |

#### Note:

For details on option movement during the year refer Financials-Schedule 18-Employee Stock Option Scheme. 31,107,650 options vested during FY2017 and ₹ 1,772,579,808 was realised by exercise of options during FY2017.

The following Key Managerial Personnel (other than wholetime Directors) and Senior Management Personnel (SMP) were granted ESOPs upto a maximum of 332,500 options, aggregating to 4,156,000 in May 2017. Additionally 850,000 joining ESOPs were granted to a SMP.

| Sr. No. | Name                 | Grade                                     |
|---------|----------------------|---|
| 1       | Rakesh Jha           | Group Executive (Chief Financial Officer) |
| 2       | B Madhivanan         | Group Executive                           |
| 3       | Balachander Prasanna | Group Executive                           |
| 4       | Sanjay Chougule      | Senior General Manager                    |
| 5       | Anita Pai            | Senior General Manager                    |
| 6       | G Srinivas           | Senior General Manager                    |
| 7       | T K Srirang          | Senior General Manager                    |
| 8       | Kumar Ashish         | Senior General Manager                    |
| 9       | Anuj Bhargava        | Senior General Manager                    |
| 10      | Prathit Bhobe        | Senior General Manager                    |
|         |                      |   |



| Sr. No. | Name                    | Grade                                      |
|---------|-------------------------|--|
| 11      | Partha Dey              | Senior General Manager                     |
| 12      | Sujit Ganguli           | Senior General Manager                     |
| 13      | Ajay Gupta              | Senior General Manager                     |
| 14      | Anirudh Kamani          | Senior General Manager                     |
| 15      | Anil Kaul               | Senior General Manager                     |
| 16      | Loknath Mishra          | Senior General Manager                     |
| 17      | Narayanan N R           | Senior General Manager                     |
| 18      | Amit Palta              | Senior General Manager                     |
| 19      | Murali Ramakrishnan     | Senior General Manager                     |
| 20      | Kusal Roy               | Senior General Manager                     |
| 21      | Anup Kumar Saha         | Senior General Manager                     |
| 22      | Avijit Saha             | Senior General Manager                     |
| 23      | Sanker Parameswaran     | Senior General Manager (Company Secretary) |
| 24      | Supritha Shirish Shetty | Senior General Manager                     |
| 25      | Saurabh Singh           | Senior General Manager                     |

No employee was granted options during any one year equal to or exceeding 0.05% of the issued equity shares of ICICI Bank at the time of the grant.

The diluted earnings per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with AS-20 was ₹ 16.77 in fiscal 2017 compared to basic EPS of ₹ 16.84. Based on the intrinsic value of options, no compensation cost was recognised during fiscal 2017. However, if the Bank had used the fair value of options based on the binomial tree model, compensation cost in fiscal 2017 would have been higher by ₹ 5.11 billion including additional cost of ₹ 1.39 billion due to change in exercise period (approved by shareholders vide postal ballot on April 22, 2016) and proforma profit after tax would have been ₹ 92.90 billion. Additional cost of ₹ 1.39 billion at the date of modification reflects the difference between fair value of option calculated as per revised exercise period and fair value of option calculated as per original exercise period. On a proforma basis, the Bank's basic and diluted earnings per share would have been ₹ 15.90 respectively.

The key assumptions used to estimate the fair value of options granted during fiscal 2017 are given below:

| Risk-free interest rate | 7.43% to 7.77%     |
|-------------------------|--------------------|
| Expected life           | 3.89 to 5.89 years |
| Expected volatility     | 32.03% to 33.31%   |
| Expected dividend yield | 2.04% to 2.15%     |

The weighted average fair value of options granted during fiscal 2017 is ₹ 84.39 (₹ 100.50 during fiscal 2016).

# CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Bank has undertaken various initiatives for energy conservation at its premises, further details are given under Principle 6 of Section E of the Business Responsibility Report. The Bank has used information technology extensively in its operations, for more details please refer the section on Information Technology under Business Overview.

#### GREEN INITIATIVES IN CORPORATE GOVERNANCE

In line with the 'Green Initiative' since the last five years, the Bank has effected electronic delivery of Notice of Annual General Meeting and Annual Report to those Members whose e-mail IDs were registered with the respective Depository Participants and downloaded from the depositories viz. National Securities Depository Limited/Central Depository Services (India) Limited. The Companies Act, 2013 and the underlying rules as well as Regulation 36 of Securities and Exchange

Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, permit the dissemination of financial statements and annual report in electronic mode to the Members. Your Directors are thankful to the Members for actively participating in the Green Initiative and seek your continued support for implementation of the green initiative.

#### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2. that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit of the Bank for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Banking Regulation Act, 1949 and the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- 4. that they have prepared the annual accounts on a going concern basis;
- 5. that they have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and
- 6. that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **ACKNOWLEDGEMENTS**

ICICI Bank is grateful to the Government of India, Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India and overseas regulators for their continued co-operation, support and guidance. ICICI Bank wishes to thank its investors, the domestic and international banking community, rating agencies and stock exchanges for their support.

ICICI Bank would like to take this opportunity to express sincere thanks to its valued clients and customers for their continued patronage. The Directors express their deep sense of appreciation to all the employees, whose outstanding professionalism, commitment and initiative has made the organisation's growth and success possible and continues to drive its progress. Finally, the Directors wish to express their gratitude to the Members for their trust and support.

For and on behalf of the Board

M. K. Sharma

Chairman

#### Compliance with the Group Code of Business Conduct and Ethics

I confirm that all Directors and members of the senior management have affirmed compliance with Group Code of Business Conduct and Ethics for the year ended March 31, 2017.

#### **Chanda Kochhar**

May 15, 2017

Managing Director & CEO May 15, 2017



# **ANNEXURE A**

# Performance and financial position of subsidiaries and associates of the Bank as on March 31, 2017

| 1  | Net asse   | ets <sup>1</sup> | Share in profi | ₹ in million<br>t or loss |
|--|------------|------------------|----------------|---------------------------|
| Name of the entity   | % of total |                  | % of total     | 1 01 1033                 |
| Nume of the entity   | net assets | Amount           | net profit     | Amount                    |
| Parent   |            |                  |                |                           |
| ICICI Bank Limited   | 95.5%      | 999,510.7        | 96.2%          | 98,010.9                  |
| Subsidiaries   |            | ,                |                | •                         |
| Indian   |            |                  |                |                           |
| ICICI Securities Primary Dealership Limited  | 0.9%       | 9,435.2          | 4.0%           | 4,116.0                   |
| ICICI Securities Limited   | 0.5%       | 4,850.5          | 3.3%           | 3,376.1                   |
| ICICI Home Finance Company Limited   | 1.5%       | 16,071.7         | 1.8%           | 1,832.6                   |
| ICICI Trusteeship Services Limited   | 0.0%2      | 5.9              | 0.0%2          | 0.6                       |
| ICICI Investment Management Company Limited  | 0.0%2      | 108.9            | (0.0%)2        | (6.6)                     |
| ICICI Venture Funds Management Company Limited   | 0.2%       | 2,068.3          | 0.1%           | 92.7                      |
| ICICI Prudential Life Insurance Company Limited  | 6.1%       | 64,080.4         | 16.5%          | 16,822.3                  |
| ICICI Lombard General Insurance Company Limited  | 4.2%       | 44,025.4         | 6.9%           | 7,018.8                   |
| ICICI Prudential Trust Limited   | 0.0%2      | 13.0             | 0.0%2          | 0.5                       |
| ICICI Prudential Asset Management Company Limited  | 0.7%       | 7,331.7          | 4.7%           | 4,804.7                   |
| ICICI Prudential Pension Funds Management Company Limited  | 0.0%2      | 269.9            | (0.0%)2        | (5.7)                     |
|  | 0.076      | 209.9            | (0.0%)-        | (5.7)                     |
| Foreign Color Burnell Color Bu | 0.00/      | 04 500 0         | 14.40()        | /4 070 0\                 |
| ICICI Bank UK PLC  | 3.3%       | 34,580.0         | (1.1%)         | (1,078.8)                 |
| ICICI Bank Canada  | 2.9%       | 30,459.7         | (1.7%)         | (1,686.4)                 |
| ICICI International Limited  | 0.0%2      | 87.7             | (0.0%)2        | (4.2)                     |
| ICICI Securities Holdings Inc.   | 0.0%2      | 127.0            | (0.0%)2        | (0.0)2                    |
| ICICI Securities Inc.  | 0.0%2      | 135.9            | 0.0%2          | 10.2                      |
| Other consolidated entities  |            |                  |                |                           |
| Indian   |            |                  |                |                           |
| ICICI Strategic Investments Fund   | 0.0%2      | 227.2            | 0.1%           | 95.5                      |
| Foreign  |            |                  |                |                           |
| NIL  | -          | -                | _              | -                         |
| Minority interests   | (4.6%)     | (48,653.1)       | (11.3%)        | (11,519.4)                |
| Associates   |            |                  |                |                           |
| Indian   |            |                  |                |                           |
| Fino PayTech Limited <sup>3</sup>  | _          | _                | (0.0%)2        | (14.9)                    |
| I-Process Services (India) Private Limited   | _          | _                | (0.0%)2        | (5.0)                     |
| NIIT Institute of Finance Banking and Insurance Training Limited   | _          | _                | (0.0%)2        | (4.2)                     |
| ICICI Merchant Services Private Limited  |            | _                |                |                           |
| India Infradebt Limited  | _          | _                | 0.1%           | 149.1                     |
| India Advantage Fund III   | _          | _                | (0.1%)         | (91.0)                    |
| India Advantage Fund IV  | _          | _                | (0.1%)         | (75.8)                    |
| Foreign  |            |                  | (2/5)          | (22.0)                    |
| NIL NIL  | _          |                  |                | _                         |
| Joint Ventures   |            |                  |                | _                         |
| NIL  |            |                  |                |                           |
| Inter-company adjustments  | (11.2%)    | (118,416.0)      | (19.4%)        | (19,954.2)                |
|  |            | (110.410.0)      | [13.4 /0]      | (13.334.Z)                |

- 1. Total assets minus total liabilities.
- 2. Insignificant.
- 3. FINO PayTech Limited ceased to be an associate of the Bank effective January 5, 2017.

### **ANNEXURE B**

#### FORM NO. MR-3

#### **Secretarial Audit Report**

#### For the financial year ended 31st March, 2017

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To, The Members, ICICI Bank Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ICICI Bank Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time:
  - (d) The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period);
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and



- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)
- (i) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
- (j) The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
- (k) The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993
- (I) The Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996
- (m) The Securities and Exchange Board of India (Investment Advisers) Regulations, 2013
- (n) The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
- (vi) Other laws applicable specifically to the Company namely:
  - (a) Banking Regulation Act, 1949, Master Circulars, Notifications and Guidelines issued by the RBI from time to time
  - (b) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
  - (c) Recovery of Debts Due to Banks and Financial Institutions Act, 1993
  - (d) The Shops and Establishments Act, 1953

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above. However, as against the prescribed 2% threshold, the Company has spent 1.9% of the average net profits of the company for the last three financial years (as calculated in accordance with the Companies Act, 2013) towards Corporate Social Responsibility.

#### We further report that:

The Board of Directors of the Company is duly constituted with proper balance of executive Directors, non-executive Directors and independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has-

1. Pursuant to approval by the Board of Directors of the Bank on April 29, 2016, the Bank sold equity shares representing 12.63% shareholding in ICICI Prudential Life Insurance Company Limited in the initial public offer (IPO) during the three months ended September 30, 2016 for a total consideration of ₹ 6,056.79 crore;

- 2. Obtained approval of members by way of special resolution under Section 42 of the Act to borrow from time to time, by way of issue of non-convertible securities including but not limited to bonds and non-convertible debentures in one or more tranches of upto ₹ 25,000 crore on private placement basis;
- 3. Issued and allotted various Non-Convertible Bonds in the nature of Debentures of face value of ₹ 10,00,000/- each aggregating to ₹ 13,925 crores on private placement basis in the domestic market.

For **Parikh Parekh & Associates**Company Secretaries

Signature:

P. N. Parikh

Place: Mumbai Partner

Date : May 2, 2017 FCS No: 327 CP No: 1228

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.



#### 'ANNEXURE A'

To, The Members ICICI Bank Limited

Our report of even date is to be read along with this letter.

- 1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
- 3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
- 5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
- The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Parikh Parekh & Associates**Company Secretaries

Signature:
P. N. Parikh
Partner

Date: May 2, 2017 FCS No: 327 CP No: 1228

Place: Mumbai

# **ANNEXURE C**

#### FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

# 1. Details of contracts or arrangements or transactions not at arm's length basis Nil

#### 2. Details of material contracts or arrangement or transactions at arm's length basis

| Sr.<br>No. | Name of the related party                             | Nature of relationship | Nature of contracts/<br>transactions                   | Duration of contracts                                   | Salient terms<br>of contracts/<br>transactions    | ₹ in million |
|------------|---|------------------------|--|---|---|--------------|
| 1          | ICICI Lombard<br>General Insurance<br>Company Limited | Subsidiary             | Term deposits<br>placed with the Bank                  | Term deposits Various maturities I placed with the Bank |   | 13,480.0     |
|            | India Infradebt<br>Limited                            | Associate              |  |   | _   | 3,100.0      |
|            | ICICI Home Finance<br>Company Limited                 | Subsidiary             |  |   |   | 750.0        |
| 2          | ICICI Prudential Life<br>Insurance Company<br>Limited | Subsidiary             | Investment in<br>bonds/ debentures<br>of ICICI Bank    | 7 years   | Issued in line with prevailing market rates       | 3,250.0      |
|            | ICICI Bank UK PLC                                     | Subsidiary             |  | 3 years   |   | 1,018.9      |
|            | ICICI Securities<br>Primary Dealership<br>Limited     | Subsidiary             |  | 10 years  |   | 750.0        |
| 3          | India Infradebt<br>Limited                            | Associate              | Investment in<br>bonds/ debentures<br>of related party | 5 years   | Issued in line with prevailing market rates       | 3,950.0      |
| 4          | ICICI Securities<br>Primary Dealership<br>Limited     | Subsidiary             | Short-term lending by the Bank                         | Various maturities                                      | Interest at<br>competitive market<br>rates        | 183,150.0    |
| 5          | ICICI Bank UK PLC                                     | Subsidiary             | Guarantee given by the Bank                            | Various maturities                                      | Commission<br>on guarantee at<br>negotiated rates | 1,916.7      |
| 6          | ICICI Bank UK PLC                                     | Subsidiary             | Standby letters of<br>credit given by the<br>Bank      | Various maturities                                      | Commission<br>on guarantee at<br>negotiated rates | 2,131.7      |
| 7          | ICICI Prudential Life<br>Insurance Company<br>Limited | Subsidiary             | Purchases of investment securities of third            | -   | At market price                                   | 3,028.8      |
|            | ICICI Securities<br>Primary Dealership<br>Limited     | Subsidiary             | parties  |   | -   | 1,818.0      |



| Sr.<br>No. | Name of the related party                               | Nature of relationship | Nature of contracts/<br>transactions                              | Duration of contracts | Salient terms<br>of contracts/<br>transactions  | ₹ in million |
|------------|---|------------------------|---|-----------------------|---|--------------|
| 8          | ICICI Prudential Life<br>Insurance Company<br>Limited   | Subsidiary             | Sale of investment<br>securities of third<br>parties              | -                     | At market price   | 7,524.2      |
|            | ICICI Securities<br>Primary Dealership<br>Limited       | Subsidiary             |   |                       |   | 1,499.0      |
|            | ICICI Lombard<br>General Insurance<br>Company Limited   | Subsidiary             |   |                       |   | 1,449.4      |
| 9          | India Infradebt<br>Limited                              | Associate              | Investment in equity<br>shares of related<br>party                | -                     | In line with terms of right issue   | 1,829.5      |
| 10         | ICICI Bank UK PLC                                       | Subsidiary             | Risk participation  | 5 years               | At market competitive rates   | 2,075.2      |
| 11         | ICICI Securities<br>Primary Dealership<br>Limited       | Subsidiary             | Principal amounts of<br>derivatives such as<br>swaps and forwards | Various maturities    | At market rates   | 220,250.0    |
|            | ICICI Bank UK PLC                                       | Subsidiary             | contracts   |                       | -   | 122,828.8    |
|            | ICICI Securities<br>Limited                             | Subsidiary             |   |                       | -   | 11,723.2     |
|            | ICICI Prudential Life<br>Insurance Company<br>Limited   | Subsidiary             |   |                       |   | 2,178.5      |
|            | ICICI Prudential<br>Asset Management<br>Company Limited | Subsidiary             |   |                       |   | 814.9        |
| 12         | ICICI Bank UK PLC                                       | Subsidiary             | Current account<br>deposits<br>by the Bank                        | _                     | Outstanding balance<br>at March 31, 2017<br>in current account<br>deposits maintained<br>for normal banking<br>transactions | 522.1        |
| 13         | Life Insurance<br>Corporation<br>of India               | Others                 | Current account deposits with the Bank                            | -                     | Outstanding balance<br>at March 31, 2017<br>in current account  | 6,256.3      |
|            | India Infradebt<br>Limited                              | Associate              |   |                       | deposits maintained for normal banking  | 2,006.4      |
|            | ICICI Prudential Life<br>Insurance Company<br>Limited   | Subsidiary             |   |                       | transactions  | 1,502.3      |
|            | ICICI Lombard<br>General Insurance<br>Company Limited   | Subsidiary             |   |                       |   | 1,121.4      |
|            | ICICI Securities<br>Limited                             | Subsidiary             |   |                       | •   | 1,030.4      |
| 14         | Life Insurance  | Others                 | Interest expenses   | _                     | Interest on bonds at  | 17,990.8     |
|            | Corporation of India                                    |                        |   |                       | applicable rates  |              |
| 15         | ICICI Home Finance<br>Company Limited                   | Subsidiary             | Interest income   | _                     | Interest on loans<br>and advances at<br>applicable rates  | 557.5        |

| Sr.<br>No. | Name of the related party                             | Nature of relationship | Nature of contracts/<br>transactions                            | Duration of contracts | Salient terms<br>of contracts/<br>transactions                         | ₹ in million |
|------------|---|------------------------|---|-----------------------|--|--------------|
| 16         | ICICI Lombard<br>General Insurance<br>Company Limited | Subsidiary             | Insurance premium<br>paid                                       | _                     | Staff welfare insurance at market competitive rates                    | 860.8        |
| 17         | ICICI Prudential Life<br>Insurance Company<br>Limited | Subsidiary             | Administration,<br>publicity and<br>marketing support<br>income | 6 years               | Charges for publicity<br>and advertisements<br>at branches and<br>ATMs | 5,726.9      |
| 18         | ICICI Prudential Life<br>Insurance Company<br>Limited | Subsidiary             | Commission income<br>on insurance<br>products                   | On-going              | Commission for corporate agency services to solicit                    | 3,902.2      |
|            | ICICI Lombard<br>General Insurance<br>Company Limited | Subsidiary             |   | 3 years               | and procure the sale and distribution of the policies                  | 877.7        |
| 19         | I-Process Services<br>(India) Private<br>Limited      | Associate              | Expenses towards service provider arrangements                  | 1 year                | Outsourcing of services and resources                                  | 3,572.8      |
|            | ICICI Merchant<br>Services Private<br>Limited         | Associate              |   | 10 years              | Merchant<br>management fee   | 2,221.0      |
| 20         | ICICI Prudential Life<br>Insurance Company<br>Limited | Subsidiary             | Reimbursement of expenses paid                                  | -                     | On actual basis  | 509.9        |

M. K. Sharma Chairman



# DIRECTORS' REPORT ANNEXURE D

#### FORM NO. MGT-9

# Extract of Annual Return as on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

| L65190GJ1994PLC021012                                   |
|---|
| January 5, 1994   |
| ICICI Bank Limited                                      |
| Company limited by shares/Indian Non-Government Company |
| ICICI Bank Tower,                                       |
| Near Chakli Circle,                                     |
| Old Padra Road, Vadodara - 390 007,                     |
| Gujarat, India.   |
| Tel.: +91-265-6722286                                   |
| Email: companysecretary@icicibank.com                   |
| Yes   |
| 3i Infotech Limited                                     |
| Tower 5, 3rd Floor, International Infotech Park,        |
| Vashi, Navi Mumbai - 400 703,                           |
| India   |
| Tel.: +91-22-7123 8021                                  |
| Fax: +91-22-7123 8098                                   |
| Email: investor@icicibank.com                           |
|   |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

| Sr.<br>No. | Name and Description of main products/services | NIC Code of the product/service | % to total<br>turnover of the<br>Company |
|------------|--|---------------------------------|--|
| 1          | Banking and Financial Services                 | 64191                           | 100%                                     |

The Bank is a publicly held banking company engaged in providing a wide range of banking and financial services including retail banking, corporate banking and treasury operations.

# III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr.<br>No. | Name and address of the Company   | CIN/GLN*              | Holding/<br>Subsidiary/<br>Associate | % of shares<br>held | Applicable<br>Section |
|------------|---|-----------------------|--------------------------------------|---------------------|-----------------------|
| 1          | ICICI Bank Canada, Canada<br>150 Ferrand Drive<br>Suite 1200<br>Toronto, ON M3C 3E5<br>Canada   |                       | Subsidiary<br>Company                | 100.00%             | 2(87)                 |
| 2          | ICICI Bank UK PLC, UK<br>Registered Office:<br>One Thomas More Square<br>Five Thomas More<br>Street London<br>E1W 1YN   |                       | Subsidiary<br>Company                | 100.00%             | 2(87)                 |
| 3          | ICICI Home Finance Company Limited<br>Registered Office:<br>ICICI Bank Towers<br>Bandra-Kurla Complex<br>Mumbai 400 051   | U65922MH1999PLC120106 | Subsidiary<br>Company                | 100.00%             | 2(87)                 |
| 4          | ICICI International Limited, Mauritius<br>Registered Office:<br>IFS Court<br>Twenty Eight, Cybercity<br>Ebene,<br>Mauritius   |                       | Subsidiary<br>Company                | 100.00%             | 2(87)                 |
| 5          | ICICI Investment Management Company<br>Limited<br>Registered Office:<br>ICICI Bank Towers<br>Bandra-Kurla Complex<br>Mumbai 400 051   | U65990MH2000PLC124773 | Subsidiary<br>Company                | 100.00%             | 2(87)                 |
| 6          | ICICI Lombard General Insurance Company<br>Limited<br>Registered Office:<br>ICICI Lombard House, 414<br>Veer Savarkar Marg, Near Siddhivinayak<br>Temple<br>Pradhadevi,<br>Mumbai 400 025 | U67200MH2000PLC129408 | Subsidiary<br>Company                | 63.31%              | 2(87)                 |
| 7          | ICICI Prudential Life Insurance Company<br>Limited<br>Registered Office:<br>ICICI PruLife Towers<br>1089 Appasaheb Marathe Marg<br>Prabhadevi<br>Mumbai 400025                            | L66010MH2000PLC127837 | Subsidiary<br>Company                | 54.89%              | 2(87)                 |
| 8          | ICICI Securities Primary Dealership Limited<br>Registered Office:<br>ICICI Centre<br>H. T. Parekh Marg,<br>Churchgate,<br>Mumbai 400 020  | U72900MH1993PLC131900 | Subsidiary<br>Company                | 100.00%             | 2(87)                 |



| Sr.<br>No. | Name and address of the Company   | CIN/GLN*              | Holding/<br>Subsidiary/<br>Associate | % of shares<br>held | Applicable<br>Section |
|------------|---|-----------------------|--------------------------------------|---------------------|-----------------------|
| 9          | ICICI Securities Limited Registered Office: ICICI Centre H. T. Parekh Marg, Churchgate, Mumbai 400 020  | U67120MH1995PLC086241 | Subsidiary<br>Company                | 100.00%             | 2(87)                 |
| 10         | ICICI Securities Holding Inc., USA<br>Registered Office:<br>2711 Centerville Road Suite 400<br>Wilmington, DE 19808<br>United States of America                               |                       | Subsidiary<br>Company                | 100.00%             | 2(87)                 |
| 11         | ICICI Securities Inc., USA<br>Registered Office:<br>2711 Centerville Road Suite 400<br>Wilmington, DE 19808<br>United States of America                                       |                       | Subsidiary<br>Company                | 100.00%             | 2(87)                 |
| 12         | ICICI Trusteeship Services Limited<br>Registered Office:<br>ICICI Bank Towers Bandra-Kurla Complex<br>Mumbai 400 051  | U65991MH1999PLC119683 | Subsidiary<br>Company                | 100.00%             | 2(87)                 |
| 13         | ICICI Venture Funds Management Company<br>Limited<br>Registered Office:<br>ICICI Venture House, Ground Floor<br>Appasaheb Marathe Marg<br>Prabhadevi<br>Mumbai 400 025        | U72200MH1989PLC166901 | Subsidiary<br>Company                | 100.00%             | 2(87)                 |
| 14         | ICICI Prudential Asset Management Company<br>Limited<br>Registered Office:<br>12th floor, Narain Manzil<br>23, Barakhamba Road<br>New Delhi 110 001                           | U99999DL1993PLC054135 | Subsidiary<br>Company                | 51.00%              | 2(87)                 |
| 15         | ICICI Prudential Trust Limited<br>Registered Office:<br>12th floor, Narain Manzil<br>23, Barakhamba Road<br>New Delhi 110 001   | U74899DL1993PLC054134 | Subsidiary<br>Company                | 50.80%              | 2(87)                 |
| 16         | ICICI Prudential Pension Funds Management<br>Company Limited<br>Registered Office:<br>ICICI Prulife Towers<br>1089, Appasaheb Marathe Marg, Prabhadevi<br>Mumbai 400 025      | U66000MH2009PLC191935 | Subsidiary<br>Company                | 100.00%             | 2(87)                 |
| 17         | India Infradebt Limited<br>Registered Office:<br>ICICI Bank Towers, Bandra-Kurla Complex,<br>Mumbai 400 051   | U65923MH2012PLC237365 | Associate<br>Company                 | 31.00%              | 2(6)                  |
| 18         | ICICI Merchant Services Private Limited<br>Registered Office:<br>Edelweiss House, 7th Floor, South Wing,<br>Off CST Road, Vidhyanagari Marg, Santacruz<br>(E), Mumbai 400 098 | U74140MH2009PTC194399 | Associate<br>Company                 | 19.01%              | 2(6)                  |

| Sr.<br>No. | Name and address of the Company   | CIN/GLN*              | Holding/<br>Subsidiary/<br>Associate | % of shares<br>held | Applicable<br>Section |
|------------|---|-----------------------|--------------------------------------|---------------------|-----------------------|
| 19         | I-Process Services (India) Private Limited<br>Registered Office:<br>Acme Plaza, 4th Floor, Unit # 408-409,<br>Andheri-Kurla Road, Opp. Sangam Cinema,<br>Mumbai 400 059         | U72900MH2005PTC152504 | Associate<br>Company                 | 19.00%              | 2(6)                  |
| 20         | NIIT Institute of Finance Banking and Insurance<br>Training Limited<br>Registered Office:<br>8, Balaji Estate, First Floor<br>Guru Ravi Das Marg, Kalkaji, New Delhi 110<br>019 | U80903DL2006PLC149721 | Associate<br>Company                 | 18.79%              | 2(6)                  |
| 21         | Escorts Motors Limited # Registered Office: 1 Shivji Marg Westend Greens, NH – 8, New Delhi 110 037   | U74899DL1994PLC060077 | Associate<br>Company                 | 30.00%              | 2(6)                  |
| 22         | Rajasthan Asset Management Company<br>Private Limited #<br>Registered Office:<br>7th Floor, Ganga Heights,<br>Bapu Nagar, Tonk Road,<br>Jaipur, Rajasthan – 302 015             | U65999RJ2002PTC017380 | Associate<br>Company                 | 24.30%              | 2(6)                  |
| 23         | OTC Exchange of India Limited #<br>Registered Office:<br>92-93 Maker Tower F, Cuffe Parade,<br>Mumbai 400 005   | U67120MH1990NPL058298 | Associate<br>Company                 | 20.00%              | 2(6)                  |
| 24         | Falcon Tyres Limited #<br>Registered Office:<br>K R S Road, Metagalli,<br>Mysore, Karnataka 570 016   | L25114KA1973PLC002455 | Associate<br>Company                 | 26.39%              | 2(6)                  |

<sup>\*</sup> CIN has been mentioned for Indian subsidiaries/Associate Companies.

<sup>#</sup> These companies are not considered as associates in the financial statements, in accordance with the provisions of AS 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements'.



# IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity) –

## (i) Category-wise Shareholding

| 1-7       | -                        |  | 9             |           |   |       |               |           |                      |                    |        |
|-----------|--------------------------|--|---------------|-----------|---|-------|---------------|-----------|----------------------|--------------------|--------|
| SI<br>No. | Category of shareholders | No. of Shares held at the beginning of the year<br>(April 1, 2016) |               |           | No. of Shares held at the end of the year<br>(March 31, 2017) |       |               |           | % change             |                    |        |
|           |                          | Demat  | Physical      | Total     | % of Total<br>Shares  | Demat | Physical      | Total     | % of Total<br>Shares | during the<br>year |        |
| Α         | Pro                      | moters   |               |           |   |       |               |           |                      |                    |        |
| (1)       | Indi                     | ian  |               |           |   |       |               |           |                      |                    |        |
|           | a)                       | Individual / HUF   | 0             | 0         | 0   | -     | 0             | 0         | 0                    | -                  | _      |
|           | b)                       | Central Govt   | 0             | 0         | 0   | -     | 0             | 0         | 0                    | -                  | _      |
|           | c)                       | State Govt(s)  | 0             | 0         | 0   | -     | 0             | 0         | 0                    | -                  | -      |
|           | d)                       | Bodies Corp.   | 0             | 0         | 0   | -     | 0             | 0         | 0                    | -                  | -      |
|           | e)                       | Banks/Financial Institutions                                       | 0             | 0         | 0   | -     | 0             | 0         | 0                    | -                  | -      |
|           | f)                       | Any Other  | 0             | 0         | 0   | -     | 0             | 0         | 0                    | -                  | -      |
|           | Sub                      | -total (A) (1) :-  | 0             | 0         | 0   | -     | 0             | 0         | 0                    | -                  | -      |
| (2)       | For                      | eign   |               |           |   |       |               |           |                      |                    |        |
|           | a)                       | NRIs - Individuals   | 0             | 0         | 0   | -     | 0             | 0         | 0                    | -                  | -      |
|           | b)                       | Other - Individuals  | 0             | 0         | 0   | -     | 0             | 0         | 0                    | -                  | -      |
|           | c)                       | Bodies Corp.   | 0             | 0         | 0   | -     | 0             | 0         | 0                    | -                  | _      |
|           | d)                       | Banks/ Financial Institutions                                      | 0             | 0         | 0   | -     | 0             | 0         | 0                    | -                  | -      |
|           | e)                       | Any Other  | 0             | 0         | 0   | -     | 0             | 0         | 0                    | -                  | -      |
|           | Sub                      | -total (A) (2):-   | 0             | 0         | 0   | -     | 0             | 0         | 0                    | -                  | -      |
|           |                          | al Shareholding of Promoter (A) = (A)<br>-(A)(2)                   | 0             | 0         | 0   | -     | 0             | 0         | 0                    | _                  | -      |
| В         | Pub                      | olic Shareholding  |               |           |   |       |               |           |                      |                    |        |
| (1)       | Inst                     | titutions  |               |           |   |       |               |           |                      |                    |        |
|           | a)                       | Mutual Funds   | 619,557,411   | 69,260    | 619,626,671   | 10.66 | 871,718,537   | 69,260    | 871,787,797          | 14.97              | 4.32   |
|           | b)                       | Banks / Financial Institutions                                     | 6,097,586     | 109,200   | 6,206,786   | 0.11  | 5,804,781     | 109,200   | 5,913,981            | 0.10               | (0.01) |
|           | c)                       | Central Govt   | 7,989,386     | 390       | 7,989,776   | 0.14  | 10,776,155    | 390       | 10,776,545           | 0.19               | 0.05   |
|           | d)                       | State Govt(s)  | 0             | 0         | 0   | -     | 0             | 0         | 0                    | -                  | -      |
|           | e)                       | Venture Capital Funds  | 0             | 0         | 0   | -     | 0             | 0         | 0                    | -                  | -      |
|           | f)                       | Insurance Companies  | 888,934,854   | 1,100     | 888,935,954   | 15.29 | 886,917,375   | 1,100     | 886,918,475          | 15.23              | (0.06) |
|           | g)                       | FIIs   | 2,256,765,038 | 116,800   | 2,256,881,838   | 38.81 | 2,040,935,491 | 116,800   | 2,041,052,291        | 35.04              | (3.77) |
|           | h)                       | Foreign Venture Capital Funds                                      | 0             | 0         | 0   | -     | 0             | 0         | 0                    | -                  | -      |
|           | i)                       | Other (specify)  |               |           |   | -     |               |           |                      | -                  | -      |
|           |                          | Foreign Banks  | 1,247,465     | 925,840   | 2,173,305   | 0.04  | 200,490       | 750,090   | 950,580              | 0.02               | (0.02) |
|           |                          | FII - DR   | 4,224,966     | 0         | 4,224,966   | 0.07  | 4,224,966     | 0         | 4,224,966            | 0.07               | (0.00) |
|           | j)                       | Provident Funds/Pension Funds                                      | 18,561,657    | 0         | 18,561,657  | 0.32  | 32,812,592    | 0         | 32,812,592           | 0.56               | 0.24   |
|           | k)                       | Alternative Investment Fund  | 0             | 0         | 0   | _     | 153,412       | 0         | 153,412              | 0.00               | 0.00   |
|           | Sub                      | -total (B) (1) :-  | 3,803,378,363 | 1,222,590 | 3,804,600,953   | 65.43 | 3,853,543,799 | 1,046,840 | 3,854,590,639        | 66.18              | 0.75   |

| i   | Cata     | Category of shareholders |  | No. of Sh     | No. of Shares held at the beginning of the year (April 1, 2016) |               | No. of               | Shares held a<br>(March 3 | it the end of the 1<br>31, 2017) | year                                  | % change<br>during the |        |
|-----|----------|--------------------------|--|---------------|---|---------------|----------------------|---------------------------|----------------------------------|---------------------------------------|------------------------|--------|
| lo. | Cale     |                          |  | Demat         | Physical  | Total         | % of Total<br>Shares | Demat                     | Physical                         | Total                                 | % of Total<br>Shares   | year   |
| 2)  | Nor      | -Insti                   | tutions  |               |   |               |                      |                           |                                  |                                       |                        |        |
|     | а        | Bod                      | ies Corporate  |               |   |               |                      |                           |                                  |                                       |                        |        |
|     |          | i                        | Indian   | 142,762,650   | 1,375,025   | 144,137,675   | 2.48                 | 123,296,948               | 1,190,230                        | 124,487,178                           | 2.14                   | (0.34) |
|     |          | ii                       | Overseas   | 0             | 3,000   | 3,000         | 0.00                 | 0                         | 3,000                            | 3,000                                 | 0.00                   | (0.00) |
|     | b        | Indi                     | viduals  |               |   |               | -                    |                           |                                  |                                       | -                      | -      |
|     |          | i                        | Individual shareholders<br>holding nominal share capital<br>upto ₹1 lakh | 273,077,696   | 27,585,585  | 300,663,281   | 5.17                 | 260,207,775               | 26,218,780                       | 286,426,555                           | 4.92                   | (0.25) |
|     |          | ii                       | Individual shareholders holding nominal share capital excess of ₹1 lakh  | 39,455,517    | 144,475   | 39,599,992    | 0,68                 | 41,088,460                | 144,475                          | 41,232,935                            | 0.71                   | 0.03   |
|     |          | NRF                      | Cs registered with RBI   | 180,043       | 0   | 180,043       | 0.00                 | 1,122,769                 | 0                                |                                       | 0.02                   | 0.03   |
|     | <u>д</u> |                          | ers (specify)  | 100,040       |   | 100,040       | - 0.00               | 1,122,700                 |                                  | 1,122,700                             | - 0.02                 | 0.02   |
|     | <u>u</u> | Trus                     |  | 979,094       | 1,075   | 980,169       | 0.02                 | 1,807,680                 | 1,075                            | 1,808,755                             | 0.03                   | 0.01   |
|     | _        |                          | ctors & their Relatives (Resident)                                       | 3,576,465     | 77,000  | 3,653,465     | 0.06                 | 3,395,695                 | 0                                | · · · · · · · · · · · · · · · · · · · | 0.06                   | (0.00) |
|     | _        |                          | -Resident Indian Directors   | 0             | 0   | 0             |                      | 0                         | 0                                |                                       | -                      | (0.00) |
|     | _        |                          | eign Nationals   | 81,549        | 0   | 81,549        | 0.00                 | 121.844                   | 21,000                           |                                       | 0.00                   | 0.00   |
|     |          |                          | -Resident Indians  | 19,302,543    | 312,485   | 19,615,028    | 0.34                 | 19,206,584                | 298,435                          | 19,505,019                            | 0.33                   | (0.01) |
|     | _        | Clea                     | ring Member  | 14,900,585    | 0   | 14,900,585    | 0.26                 | 10,579,726                | 0                                | · · · ·                               | 0.18                   | (0.08) |
|     | _        |                          | du Undivided Families  | 7,981,395     | 33,305  | 8,014,700     | 0.14                 | 6,889,725                 | 33,305                           | 6,923,030                             | 0.12                   | (0.02) |
|     |          | Fore                     | eign Companies   | 0             | 143,200   | 143,200       | 0.00                 | 0                         | 143,200                          |                                       | 0.00                   | (0.00) |
|     |          | Fore                     | eign Bodies – DR   | 12,025,008    | 0   | 12,025,008    | 0.21                 | 809,756                   | 0                                | 809,756                               | 0.01                   | (0.20) |
|     |          | NRI                      | – DR   | 0             | 0   | 0             | _                    | 700                       | 0                                | 700                                   | 0.00                   | 0.00   |
|     | Sub      | -total                   | (B) (2) :-   | 514,322,545   | 29,675,150  | 543,997,695   | 9.36                 | 468,527,662               | 28,053,500                       | 496,581,162                           | 8.52                   | (0.84) |
|     | Tota     | l Publi                  | c Shareholding (B) = (B)(1)+(B)(2)                                       | 4,317,700,908 | 30,897,740  | 4,348,598,648 | 74.79                | 4,322,071,461             | 29,100,340                       | 4,351,171,801                         | 74.70                  | (0.09) |
|     |          |                          | eld by Custodian for   |               |   |               |                      |                           |                                  |                                       |                        |        |
|     |          | Rs & A                   | ,  | 1,466,169,782 | 0   | 1,466,169,782 | 25.21                | 1,473,304,334             | 0                                | 1,473,304,334                         | 25.30                  | 0.08   |
|     | Gra      | nd Tota                  | al (A+B+C)   | 5,783,870,690 | 30,897,740  | 5,814,768,430 | 100.00               | 5,795,375,795             | 29,100,340                       | 5,824,476,135                         | 100.00                 | 0.00   |

Percentages have been rounded off to the nearest decimals

#### (ii) Shareholding of Promoters

N.A. – ICICI Bank Limited does not have any promoters.

### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

N.A. – ICICI Bank Limited does not have any promoters.



# **DIRECTORS' REPORT**

# (iv) Shareholding of top ten shareholders (other than Directors, Promoters and Deutsche Bank Trust Company Americas as Depositary for ADS holders)

|  |                              |                                  |  | ₹ in million                     |
|--|------------------------------|----------------------------------|--|----------------------------------|
| Top Ten Shareholders   | Shareholding at the year (Ap |                                  | Shareholding at the end of the year (March 31, 2017) |                                  |
| Top Tell Stiateffolders  | No of shares                 | % of total shares of the company |  | % of total shares of the company |
| Life Insurance Corporation of India  | 598,147,787                  | 10.29                            | 608,927,224  | 10.45                            |
| Dodge and Cox International Stock Fund   | 322,026,107                  | 5.54                             | 364,368,485  | 6.26                             |
| Government of Singapore  | 47,695,409                   | 0.82                             | 63,125,358   | 1.08                             |
| Government Pension Fund Global   | 48,768,891                   | 0.84                             | 59,371,058   | 1.02                             |
| HDFC Trustee Company Limited-HDFC Equity Fund  | 46,140,718                   | 0.79                             | 56,434,718   | 0.97                             |
| Centaura Investments (Mauritius) PTE Limited   | 31,699,538                   | 0.55                             | 48,052,467   | 0.83                             |
| HDFC Standard Life Insurance Company Limited   | 40,243,430                   | 0.69                             | 46,774,018   | 0.80                             |
| Europacific Growth Fund  | 130,051,772                  | 2.24                             | 45,214,170   | 0.78                             |
| The New India Assurance Company Limited  | 42,833,100                   | 0.74                             | 43,318,100   | 0.74                             |
| HDFC Trustee Company Limited -HDFC Prudence  |                              |                                  |  |                                  |
| Fund   | 16,245,005                   | 0.28                             | 43,275,005   | 0.74                             |
| Stichting Depositary APG Emerging Markets Equity Pool  | 50,159,097                   | 0.86                             | 38,047,705   | 0.65                             |
| Bajaj Holdings and Investment Limited  | 49,392,070                   | 0.85                             | 32,344,681   | 0.56                             |
| Vanguard Emerging Markets Stock Index Fund,<br>Aseries Of Vanguard International Equity Index Fund | 43,188,899                   | 0.74                             | 27,405,028   | 0.47                             |
| Aberdeen Global Indian Equity (Mauritius) Limited  | 58,900,000                   | 1.01                             | 15,300,000   | 0.26                             |
| Carmignac Gestion a/c Carmignac Patrimoine   | 70,388,556                   | 1.21                             | 0  | 0.00                             |

#### Note

<sup>1.</sup> The above excludes shares held by Deutsche Bank Trust Company Americas in its capacity of Depositary for ADS holders. The shares of the Bank are substantially held in dematerialised form, and are traded on a daily basis and hence the date wise increase/decrease in shareholding is not indicated.

# (v) Shareholding of Directors and Key Managerial Personnel

| CI         |                              | Shareholding at th<br>the ye |                                  | Cumulative Shareholding during the Year |  |  |
|------------|------------------------------|------------------------------|----------------------------------|---|--|--|
| SI.<br>No. | Name of the Director         | No. of shares                | % of total shares of the company | No. of<br>shares                        | % of total<br>shares of the<br>company |  |
| 1          | M. K. Sharma                 |                              |                                  |   |  |  |
|            | At the beginning of the year | 50,000                       | 0.00                             | 50,000                                  | 0.00                                   |  |
|            | At the end of the year       | 50,000                       | 0.00                             | 50,000                                  | 0.00                                   |  |
| 2          | Dileep Choksi                |                              |                                  |   |  |  |
|            | At the beginning of the year | 2,500                        | 0.00                             | 2,500                                   | 0.00                                   |  |
|            | At the end of the year       | 2,500                        | 0.00                             | 2,500                                   | 0.00                                   |  |
| 3          | Homi Khusrokhan              |                              |                                  |   |  |  |
|            | At the beginning of the year | 3,500                        | 0.00                             | 3,500                                   | 0.00                                   |  |
|            | At the end of the year       | 3,500                        | 0.00                             | 3,500                                   | 0.00                                   |  |
| 4          | M. S.Ramachandran            |                              |                                  |   |  |  |
|            | At the beginning of the year | 1,300                        | 0.00                             | 1,300                                   | 0.00                                   |  |
|            | At the end of the year       | 1,300                        | 0.00                             | 1,300                                   | 0.00                                   |  |
| 5          | Chanda Kochhar               |                              |                                  |   |  |  |
|            | At the beginning of the year | 2,443,625                    | 0.04                             | 2,443,625                               | 0.04                                   |  |
|            | April 7, 2016 Allotment      | 65,000                       | 0.00                             | 2,508,625                               | 0.04                                   |  |
|            | April 11, 2016 Allotment     | 53,000                       | 0.00                             | 2,561,625                               | 0.04                                   |  |
|            | May 9, 2016 Allotment        | 25,000                       | 0.00                             | 2,586,625                               | 0.04                                   |  |
|            | May 26, 2016 Sale            | (150,000)                    | 0.00                             | 2,436,625                               | 0.04                                   |  |
|            | June 1, 2016 Sale            | (50,000)                     | 0.00                             | 2,386,625                               | 0.04                                   |  |
|            | June 7, 2016 Sale            | (50,000)                     | 0.00                             | 2,336,625                               | 0.04                                   |  |
|            | March 14, 2017 Sale          | (100,000)                    | 0.00                             | 2,236,625                               | 0.04                                   |  |
|            | March 23, 2017 Allotment     | 50,000                       | 0.00                             | 2,286,625                               | 0.04                                   |  |
|            | March 27, 2017 Allotment     | 50,000                       | 0.00                             | 2,336,625                               | 0.04                                   |  |
|            | March 29, 2017 Sale          | (50,000)                     | 0.00                             | 2,286,625                               | 0.04                                   |  |
|            | At the end of the year       | 2,286,625                    | 0.04                             | 2,286,625                               | 0.04                                   |  |
| 6          | N. S. Kannan                 |                              |                                  |   |  |  |
|            | At the beginning of the year | 426,125                      | 0.01                             | 426,125                                 | 0.01                                   |  |
|            | At the end of the year       | 426,125                      | 0.01                             | 426,125                                 | 0.01                                   |  |
| 7          | Vishakha Mulye               |                              |                                  | •                                       |  |  |
|            | At the beginning of the year | 589,385                      | 0.01                             | 589,385                                 | 0.01                                   |  |
|            | April 1, 2016 Sale           | (25,000)                     | 0.00                             | 564,385                                 | 0.01                                   |  |
|            | April 4, 2016 Sale           | (25,000)                     | 0.00                             | 539,385                                 | 0.01                                   |  |
|            | April 5, 2016 Sale           | (25,000)                     | 0.00                             | 514,385                                 | 0.01                                   |  |
|            | June 13, 2016 Purchase       | 73                           | 0.00                             | 514,458                                 | 0.01                                   |  |
|            | July 8, 2016 Purchase        | 44                           | 0.00                             | 514,502                                 | 0.01                                   |  |
|            | August 10, 2016 Sale         | (877)                        | 0.00                             | 513,625                                 | 0.01                                   |  |
|            | March 14, 2017 Allotment     | 75,000                       | 0.00                             | 588,625                                 | 0.01                                   |  |
|            | At the end of the year       | 588,625                      | 0.01                             | 588,625                                 | 0.01                                   |  |



# **DIRECTORS' REPORT**

| SI. |                             | Shareholding at th<br>the ye | 0 0                              | Cumulative Shareholding during the Year |  |  |
|-----|-----------------------------|------------------------------|----------------------------------|---|--|--|
| No. | Name of the Director        | No. of shares                | % of total shares of the company | No. of<br>shares                        | % of total<br>shares of the<br>company |  |
| 8   | Vijay Chandok@              |                              |                                  |   |  |  |
|     | At July 28, 2016            | 32,325                       | 0.00                             | 32,325                                  | 0.00                                   |  |
|     | August 1, 2016 Sale         | (2,000)                      | 0.00                             | 30,325                                  | 0.00                                   |  |
|     | August 9, 2016 Sale         | (2,050)                      | 0.00                             | 28,275                                  | 0.00                                   |  |
|     | August 11, 2016 Sale        | (2,100)                      | 0.00                             | 26,175                                  | 0.00                                   |  |
|     | August 12, 2016 Sale        | (3,300)                      | 0.00                             | 22,875                                  | 0.00                                   |  |
|     | August 17, 2016 Sale        | (2,000)                      | 0.00                             | 20,875                                  | 0.00                                   |  |
|     | August 18, 2016 Sale        | (1,500)                      | 0.00                             | 19,375                                  | 0.00                                   |  |
|     | August 19, 2016 Sale        | (1,500)                      | 0.00                             | 17,875                                  | 0.00                                   |  |
|     | August 31, 2016 Sale        | (2,500)                      | 0.00                             | 15,375                                  | 0.00                                   |  |
|     | September 1, 2016 Sale      | (1,500)                      | 0.00                             | 13,875                                  | 0.00                                   |  |
|     | September 1, 2016 Allotment | 3,100                        | 0.00                             | 16,975                                  | 0.00                                   |  |
|     | September 6, 2016 Sale      | (3,500)                      | 0.00                             | 13,475                                  | 0.00                                   |  |
|     | September 7, 2016 Sale      | (1,000)                      | 0.00                             | 12,475                                  | 0.00                                   |  |
|     | September 16, 2016 Sale     | (2,000)                      | 0.00                             | 10,475                                  | 0.00                                   |  |
|     | September 19, 2016 Sale     | (1,900)                      | 0.00                             | 8,575                                   | 0.00                                   |  |
|     | September 22, 2016 Sale     | (1,000)                      | 0.00                             | 7,575                                   | 0.00                                   |  |
|     | October 3, 2016 Allotment   | 3,000                        | 0.00                             | 10,575                                  | 0.00                                   |  |
|     | November 10, 2016 Sale      | (3,400)                      | 0.00                             | 7,175                                   | 0.00                                   |  |
|     | February 6, 2017 Sale       | (5,000)                      | 0.00                             | 2,175                                   | 0.00                                   |  |
|     | February 7, 2017 Sale       | (2,175)                      | 0.00                             | 0                                       | 0.00                                   |  |
|     | March 9, 2017 Allotment     | 5,800                        | 0.00                             | 5,800                                   | 0.00                                   |  |
|     | March 16, 2017 Sale         | (3,000)                      | 0.00                             | 2,800                                   | 0.00                                   |  |
|     | March 16, 2017 Allotment    | 2,900                        | 0.00                             | 5,700                                   | 0.00                                   |  |
|     | March 20, 2017 Allotment    | 3,000                        | 0.00                             | 8,700                                   | 0.00                                   |  |
|     | March 24, 2017 Sale         | (3,000)                      | 0.00                             | 5,700                                   | 0.00                                   |  |
|     | March 29, 2017 Sale         | (3,000)                      | 0.00                             | 2,700                                   | 0.00                                   |  |
|     | March 30, 2017 Sale         | (2,000)                      | 0.00                             | 700                                     | 0.00                                   |  |
|     | At the end of the year      | 700                          | 0.00                             | 700                                     | 0.00                                   |  |

#### Note:

@ Vijay Chandok was appointed as executive Director effective July 28, 2016. The cumulative shareholding column reflects the balance as on day end.

| SI. |                                      | Shareholding at the ye | 0 0                              | Cumulative Shareholding during the year |                                  |
|-----|--------------------------------------|------------------------|----------------------------------|---|----------------------------------|
| No. | Name of the Key Managerial Personnel | No. of shares          | % of total shares of the company | No. of<br>shares                        | % of total shares of the company |
| 1.  | Rakesh Jha                           |                        |                                  |   |                                  |
|     | At the beginning of the year         | 13,500                 | 0.00                             | 13,500                                  | 0.00                             |
|     | At the end of the year               | 13,500                 | 0.00                             | 13,500                                  | 0.00                             |
| 2.  | P. Sanker                            |                        |                                  |   |                                  |
|     | At the beginning of the year         | 5,000                  | 0.00                             | 5,000                                   | 0.00                             |
|     | At the end of the year               | 5,000                  | 0.00                             | 5,000                                   | 0.00                             |

The cumulative shareholding column reflects the balance as on day end.

#### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

|   |  |                    |          | ₹ in crores           |
|---|--|--------------------|----------|-----------------------|
| Particulars   | Secured Loans<br>excluding<br>deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
| Indebtedness at the beginning of the                              |  |                    |          |                       |
| financial year  |  |                    |          |                       |
| i) Principal Amount   | 4,013.12                               | 170,794.26         | -        | 174, 807.38           |
| ii) Interest due but not paid                                     | _                                      | _                  | -        | -                     |
| iii) Interest accrued but not due                                 | 11.04                                  | 2,582.08           | _        | 2,593.13              |
| Total (i+ii+iii)  | 4,024.17                               | 173,376.34         | _        | 177,400.50            |
| Change in Indebtedness during the financial year (see note 1 & 2) |  |                    |          |                       |
| Addition  | _                                      | 17,893.63          | _        | 17,893.63             |
| Reduction   | 4,012.17                               | 41,132.68          | _        | 45,144.86             |
| Net Change  | (4,012.17)                             | (23,239.05)        | -        | (27,251.22)           |
| Indebtedness at the end of the financial year                     |  |                    |          |                       |
| i) Principal Amount   | 0.95                                   | 147,555.20         | _        | 147,556.15            |
| ii) Interest due but not paid                                     | _                                      | _                  | -        | -                     |
| iii) Interest accrued but not due                                 | 468.45                                 | 2293.05            | _        | 2,761.50              |
| Total (i+ii+iii)  | 469.40                                 | 149,848.25         | _        | 150,317.65            |

Data is pertaining to Schedule 4 borrowings under "Secured Loans/Unsecured loans".

#### Notes:

- 1. Movement in short-term market borrowing is shown on net basis.
- 2. Unamortised premium and accrual of discount is included under "Addition" row.
- 3. Principal amount for secured and unsecured loan consists of Schedule 4 borrowings balance.
- 4. Secured loans include borrowings under Collateralised Borrowing and Lending Obligation, and transactions under Liquidity Adjustment Facility, Marginal Standing Facility and REPO.
- 5. Being a banking company, there are no public deposits.



# **DIRECTORS' REPORT**

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Wholetime Directors and/or Manager:

| SI. | Parti                         | culars of Remuneration   | Chanda<br>Kochhar⁵ | N. S.<br>Kannan | K.<br>Ramkumar <sup>1</sup> | Rajiv<br>Sabharwal <sup>4, 5</sup> | Vishakha<br>Mulye | Vijay<br>Chandok² | Anup<br>Bagchi³ | Total (₹)   |
|-----|-------------------------------|--|--------------------|-----------------|-----------------------------|------------------------------------|-------------------|-------------------|-----------------|-------------|
| NO. |                               |  |                    |                 |                             | Amount in ₹                        |                   |                   |                 |             |
| 1   | Gros<br>(a)                   | ss Salary Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961                                |                    |                 |                             |                                    |                   |                   |                 |             |
|     |                               | Salary and Allowances for fiscal 2017 - (A)  | 49,005,072         | 30,184,800      | 25,077,548                  | 29,136,696                         | 30,397,597        | 26,447,800        | 10,869,221      | 201,118,734 |
|     |                               | Bonus paid in fiscal<br>2017 including deferred<br>bonuses for previous<br>three years - (B)                             | 4,467,416          | 2,994,582       | 2,994,582                   | 2,705,040                          | 0                 | 2,597,339         | 0               | 15,758,959  |
|     | (b)                           | Value of perquisites u/s<br>17(2) of the Income-tax<br>Act, 1961   |                    |                 |                             |                                    |                   |                   |                 |             |
|     |                               | Perquisites - (C)  | 1,963,238          | 5,201,328       | 7,227,387                   | 2,369,324                          | 4,009,492         | 6,750,661         | 2,268,236       | 29,789,666  |
|     | (c)                           | Profits in lieu of<br>salary u/s 17(3) of the<br>Income-tax Act, 1961  | 0                  | 0               | 0                           | 0                                  | 0                 | 0                 | 0               | 0           |
| 2   | on E<br>exer<br>w.r.t<br>10 y | k Option (Perquisite<br>mployee Stock Option<br>cised in Fiscal 2017<br>options vested upto<br>ears prior to the date of | 00 400 000         |                 |                             | 404400000                          | 40.005.500        | 0.750.404         |                 | 400 000 404 |
|     | exer                          |  | 23,183,620         | 0               | 0                           | 124,199,820                        | 12,085,500        | 2,759,491         | 0               | 162,228,431 |
| 3   |                               | at Equity  | 0                  | 0               | 0                           | 0                                  | 0                 | 0                 | 0               | 0           |
| 4   | Othe                          | nmission (as % of Profit/<br>ers)  | 0                  | 0               | 0                           | 0                                  | 0                 | 0                 | 0               | 0           |
| 5   | Othe                          | ers  | 0                  | 0               | 0                           | 0                                  | 0                 | 0                 | 0               | 0           |
|     | remo                          | +(B) +(C) Total<br>uneration paid in fiscal<br>/ (excludes perquisites on<br>ek Options as mentioned<br>pint 2)          | 55,435,726         | 38,380,710      | 35,299,517                  | 34,211,060                         | 34,407,089        | 35,795,800        | 13,137,457      | 246,667,359 |
|     | Ceili                         | ng as per the Act <sup>6</sup>   |                    |                 |                             |                                    |                   |                   |                 |             |

<sup>1.</sup> K. Ramkumar ceased to be a Director from the close of business hours on April 29, 2016 and has taken early retirement from the Bank. His last working date was July 29, 2016.

<sup>2.</sup> Vijay Chandok assumed office as executive Director with effect from July 28, 2016, post approval granted by RBI.

<sup>3.</sup> Anup Bagchi has joined the services of the Bank on November 1, 2016 and he assumed office as executive Director with effect from February 1, 2017.

<sup>4.</sup> Rajiv Sabharwal's last working day with the Bank was January 31, 2017.

<sup>5.</sup> Value of Perquisite for Chanda Kochhar and Rajiv Sabharwal does not include superannuation perquisite, since it is cashed out and hence included in Salary and Allowances for fiscal 2017 - (A).

Being a Banking Company, the provisions of Banking Regulation Act, 1949 apply to the Bank and the remuneration of every wholetime Director is subject to the approval of RBI. The remuneration is however well within the limits prescribed under the Companies Act, 2013.

#### B. Remuneration to other Directors: Independent Directors

| 1. | Independent Directors                          |                |               |                    |                       |              |              |           |             |
|----|--|----------------|---------------|--------------------|-----------------------|--------------|--------------|-----------|-------------|
|    |  |                |               | N                  | lame of Directors     | <br>S        |              |           | Total       |
|    | Particulars of Remuneration                    | M. K. Sharma   | Dileep Choksi | Homi<br>Khusrokhan | M. S.<br>Ramachandran | Tushaar Shah | V. K. Sharma | V. Sridar | Amount      |
| •  | Fee for attending Board/<br>Committee meetings | 1,220,000      | 1,180,000     | 2,060,000          | 2,000,000             | 620,000      | 460,000      | 1,480,000 | 9,020,000   |
| •  | Commission                                     | _              | 1,000,000     | 1,000,000          | 1,000,000             | 1,000,000    | 1,000,000    | 1,000,000 | 6,000,000   |
| •  | Others, please specify (see Note 1)            | 3,375,000      |               |                    |                       |              |              |           | 3,375,000   |
|    | Total (1)                                      | 4,595,000      | 2,180,000     | 3,060,000          | 3,000,000             | 1,620,000    | 1,460,000    | 2,480,000 | 18,395,000  |
| 2. | Other Non-executive Directo                    | rs – Please re | fer Note 2    |                    |                       |              |              |           |             |
|    | Total (2)                                      |                | -             | -                  | _                     | -            | -            | -         | -           |
|    | Total (B)=(1+2)                                | 4,595,000      | 2,180,000     | 3,060,000          | 3,000,000             | 1,620,000    | 1,460,000    | 2,480,000 | 18,395,000  |
|    | Total Managerial Remuneration                  |                |               |                    |                       |              |              |           | 265,062,359 |
|    | Overall Ceiling as per the Act (refer Note 3)  |                |               |                    |                       |              |              |           |             |

#### Notes:

- 1. Pursuant to Section 35B of the Banking Regulation Act, 1949 the appointment/re-appointment and remuneration payable to the Chairman of a Bank is subject to approval of RBI. The annual remuneration as approved by RBI for M. K. Sharma with effect from July 1, 2015 was ₹ 3,000,000 and for the period April 1, 2016 June 30, 2016, the remuneration paid was ₹ 750,000. The revised annual remuneration as approved by RBI for M. K. Sharma with effect from July 1, 2016 was ₹ 3,500,000 and for the period July 1, 2016 March 31, 2017, the remuneration paid was aggregating to ₹ 2,625,000.
- 2. Amit Agrawal is a non-executive Director nominated by the Government of India. As a Government Nominee Director he is not eligible to be paid any sitting fees, he is only entitled to reimbursement of expenses for attending Board/Committee Meetings.
- 3. All Independent Directors are paid sitting fees for attending Board and Committee Meetings. Additionally Independent Directors are paid profit linked commission as permitted under RBI guidelines except for Chairman who is paid an annual remuneration with the approval of RBI as mentioned in Note 1. All non-executive/independent Directors are entitled to reimbursement of expenses for attending Board/Committee Meetings. The remuneration is however well within the limits prescribed under the Companies Act, 2013.



# **DIRECTORS' REPORT**

## C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

| SI.<br>No. | Particulars of Remuneration  | P. Sanker<br>Company<br>Secretary | Rakesh<br>Jha<br>CFO | Total (₹)  |
|------------|--|-----------------------------------|----------------------|------------|
|            |  | Amoun                             | nt in ₹              |            |
| 1          | Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961                           |                                   |                      |            |
|            | Salary and Allowances for Fiscal 2017 - (A)  | 16,170,513                        | 19,152,546           | 35,323,059 |
|            | Bonus Paid in Fiscal 2017 - (B)  | 0                                 | 0                    | 0          |
|            | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961   |                                   |                      |            |
|            | Perquisites – (C)  | 3,098,780                         | 3,861,832            | 6,960,612  |
|            | (c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961  | 0                                 | 0                    | 0          |
| 2          | Stock Option (Perquisite on Employee Stock Option exercised in Fiscal 2017 w.r.t options vested upto 10 years prior to the |                                   |                      |            |
|            | date of exercise)  | 0                                 | 0                    | 0          |
| 3          | Sweat Equity   | 0                                 | 0                    | 0          |
| 4          | Commission (as % of Profit/Others)   | 0                                 | 0                    | 0          |
| 5          | Others   | 0                                 | 0                    | 0          |
|            | (A)+(B) + (C) Total Remuneration paid in Fiscal 2017<br>(excludes Perquisites on Stock Options as mentioned<br>in point 2) | 19,269,293                        | 23,014,378           | 42,283,671 |

# VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Туре              | Section of the<br>Companies Act | [<br>Brief<br>Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD /<br>NCLT/ Court] | Appeal made, if any (give Details) |
|-------------------|---------------------------------|---------------------------|---|---------------------------------|------------------------------------|
| A. COMPANY        |                                 |                           |   |                                 |                                    |
| Penalty           |                                 |                           |   |                                 |                                    |
| Punishment        |                                 |                           | None  |                                 |                                    |
| Compounding       |                                 |                           |   |                                 |                                    |
| B. DIRECTORS      |                                 |                           |   |                                 |                                    |
| Penalty           |                                 |                           |   |                                 |                                    |
| Punishment        |                                 |                           | None  |                                 |                                    |
| Compounding       |                                 |                           |   |                                 |                                    |
| C. OTHER OFFICERS | IN                              |                           |   |                                 |                                    |
| Penalty           |                                 |                           |   |                                 |                                    |
| Punishment        |                                 |                           | None  |                                 |                                    |
| Compounding       |                                 |                           |   |                                 |                                    |

M. K. Sharma Chairman

May 15, 2017

## **ANNEXURE E**

#### **Annual Report on Corporate Social Responsibility activities**

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

Corporate Social Responsibility (CSR) has been a long-standing commitment at ICICI Bank. The Bank's contribution to social sector development includes several pioneering interventions and is implemented through the involvement of stakeholders within the Bank and through the broader community. The Bank established the ICICI Foundation for Inclusive Growth (ICICI Foundation) in 2008 with a view to significantly expand the activities in the area of CSR. Over the years, ICICI Foundation has developed projects in specific areas, particularly in the area of skill development, and has built capabilities for direct project implementation as opposed to extending financial support to other organisations.

The CSR Policy of the Bank sets the framework guiding the Bank's CSR activities. It outlines the governance structure, operating framework, monitoring mechanism, and CSR activities that would be undertaken. The CSR Committee is the governing body that articulates the scope of CSR activities and ensures compliance with the CSR policy. The Bank's CSR activities are largely focused in the areas of education, health, skill development and financial inclusion and other activities as the Bank may choose to select in fulfilling its CSR objectives.

The CSR policy was approved by the Committee in July 2014, and subsequently was put up on the Bank's website. Web-link to the Bank's CSR policy:

http://www.icicibank.com/managed-assets/docs/about-us/ICICI-Bank-CSR-Policy.pdf

#### 2. The Composition of the CSR Committee

The Bank's CSR Committee comprises two independent Directors, the government nominee director and the Managing Director & CEO of the Bank, and is chaired by an independent Director. The composition of the Committee is set out below:

- Tushaar Shah (Chairman) (Chairman effective April 25, 2017);
- Dileep Choksi (inducted as a member effective April 6, 2017);
- Amit Agrawal (inducted as a member effective April 6, 2017);
- Chanda Kochhar.

The functions of the Committee include: review of CSR initiatives undertaken by the ICICI Group and ICICI Foundation; formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the company and recommendation of the amount of the expenditure to be incurred on such activities; reviewing and recommending the annual CSR plan to the Board; making recommendations to the Board with respect to the CSR initiatives, policies and practices of the ICICI Group; monitoring the CSR activities, implementation of and compliance with the CSR Policy; and reviewing and implementing, if required, any other matter related to CSR initiatives as recommended/suggested by RBI or any other body.

#### 3. Average net profit of the company for last three financial years

The average net profit of the company for the last three financial years calculated as specified by the Companies Act 2013 for FY2017 was ₹ 99.86 billion.

#### 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)

The prescribed CSR expenditure requirement for FY2017 is ₹ 2.00 billion.

#### 5. Details of CSR spent during the financial year

#### (a) Total amount to be spent for the financial year

Total amount spent towards CSR during FY2017 was ₹ 1.82 billion.

#### (b) Amount unspent, if any

Amount unspent was ₹ 0.18 billion



# **DIRECTORS' REPORT**

## (c) Manner in which the amount spent during the financial year is detailed below:

|    |  |   | ,   | •   |  |  |  |
|----|--|---|---|---|--|--|--|
|    | CSR Project<br>or activity<br>identified   | Sector in which<br>the project is<br>covered  | Projects or programs  1. Local area or other  2. Specify the state and district where projects or programs was undertaken   | Amount<br>outlay<br>(budget)<br>project or<br>program<br>wise<br>(₹ mn) | Amount spent on the projects or programs Sub-heads 1. Direct expenditure on projects or programs 2. Overheads (₹ mn) | Cumulative<br>expenditure<br>upto the<br>reporting<br>period<br>(₹ mn) | Amount<br>spent direct<br>or through<br>implementing<br>agency   |
| 1. | Projects of ICICI Foundation for Inclusive Growth  | <ol> <li>Promoting education, employment enhancing vocational skills, livelihood enhancement projects,</li> <li>Eradication of hunger, poverty and malnutrition; promoting preventive healthcare</li> </ol> | <ul> <li>24 skill training centres located in Bengaluru, Bhubaneswar, Chennai, Coimbatore, Delhi, Durg, Guwahati, Hyderabad, Indore, Jaipur, Kochi, Kolkata, Lucknow, Mumbai, Mohali, Mysore, Nagpur, Narsobawadi, Patna, Pune, Trichy, Vadodara, Vijaywada and Zirakpur.</li> <li>Elementary education projects in Rajasthan and Chhattisgarh.</li> <li>Healthcare programmes including in Baran (Rajasthan).</li> </ul> |   | 475.0  | 1,185.0  | Amount spent<br>through ICICI<br>Foundation<br>for Inclusive<br>Growth. The<br>Foundation<br>was set up in<br>2008 to focus<br>on activities<br>in the area of<br>CSR. |
| 2. | Rural<br>development<br>projects<br>including<br>digital village<br>initiative,<br>financial<br>inclusion<br>and financial<br>literacy | Rural development   | t Pan-India   | 1,370.0   | 1,303.2  | 3,637.5  | Direct &<br>through Bank's<br>business<br>correspondent<br>network   |
| 3. | Financial<br>Counsellling  | Promoting education   | At multiple centres   | 8.0   | 9.3  | 26.2   | Disha Trust set<br>up to assist<br>consumers<br>in financial<br>distress and<br>providing<br>counselling.  |
| 4. | Miscellaneous  | Promoting<br>preventive<br>healthcare<br>including<br>awareness on<br>Swachh Bharat,<br>and promoting<br>education  | _   | 63.0  | 36.1   | 48.1   | _  |

6. In case the company has failed to spend the 2% of the average net profits of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

The amount spent in FY2017 was ₹ 1.82 billion, 5.8% higher compared to ₹ 1.72 billion spent towards CSR in FY2016. The amount spent in FY2017 was 1.8% of the average net profits of the last three financial years. The lower spend vis-à-vis the budget was primarily on account of lower capital expenditure incurred by ICICI Foundation for Inclusive Growth under its ICICI Academy for Skills initiative.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The CSR Committee hereby confirms that the implementation and monitoring of CSR activities is in compliance with CSR objectives and the CSR Policy of the company.

Chanda Kochhar Managing Director & CEO Tushaar Shah CSR Committee Chairman

May 3, 2017



# **DIRECTORS' REPORT**

## ANNEXURE F

#### **Dividend distribution policy**

#### 1. Introduction

ICICI Bank Limited (the Bank or ICICI Bank) is a public company incorporated under the Companies Act, 1956 and licensed as a bank under the Banking Regulation Act, 1949. The Bank has been making profits since inception and has been paying equity share dividends in accordance with the guidelines of Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI), Companies Act, 1956, Companies Act, 2013 and Banking Regulation Act, 1949.

This policy documents the guidelines on payment of dividends, and sets out the key considerations for arriving at the dividend payment decision. The Board will have the flexibility to determine the level of dividend based on the considerations laid out in the policy and other relevant developments.

#### 2. Regulatory framework

The Bank while proposing equity share dividend will ensure compliance with the RBI guidelines relating to declaration of dividend, capital conservation requirements under guidelines on Basel III norms issued by RBI, provisions of the Banking Regulation Act, 1949, the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, provisions of the Companies Act, 2013 and guidelines provided under the section titled "Dividends" in the Articles of Association (AOA) of the Bank.

#### 3. Approval process

The Board of Directors of the Bank would take into account the following aspects while deciding on the proposal for dividend:

- a) profitability and key financial metrics;
- b) the interim dividend paid, if any;
- the auditors' qualifications pertaining to the statement of accounts, if any;
- d) whether dividend/coupon payments for non-equity capital instruments (including preference shares) have been made;
- e) the Bank's capital position and requirements as per Internal Capital Adequacy Assessment Process (ICAAP) projections and regulatory norms; and
- f) the applicable regulatory requirements

The dividend decision would be subject to consideration of any other relevant factors, including, for example:

- External factors including state of the domestic and global economy, capital market conditions and dividend policy of competitors;
- Tax implications including applicability and rate of dividend distribution tax;
- Shareholder expectations

The decision regarding dividend shall be taken only by the Board at its Meeting and not by a Committee of the Board or by way of a Resolution passed by circulation.

Final dividend shall be paid only after approval at an Annual General Meeting (AGM) of the Bank. Shareholder approval is not required for payment of interim dividend.

#### 4. Utilisation of retained earnings

The Bank would utilise the retained earnings for general corporate purposes, including organic and inorganic growth, investments in subsidiaries/associates and/or appropriations/drawdowns as per the regulatory framework. The Board may decide to employ the retained earnings in ensuring maintenance of an optimal level of capital adequacy, meeting the Bank's future growth/expansion plans, other strategic purposes and/or distribution to shareholders, subject to applicable regulations.

#### 5. Parameters for various classes of shares

Currently, the Bank has only one class of equity shareholders. In the absence of any other class of equity shares and/or equity shares with differential voting rights, the entire distributable profit for the purpose of declaration of dividend is considered for the equity shareholders. The Bank has preference shares on which a fixed rate of dividend is appropriated out of profits.

#### 6. Circumstances under which the shareholders may or may not expect dividend

The Board of the Bank may vary the level of dividend or not recommend any dividend based on the regulatory eligibility criteria for recommendation of dividend, including any regulatory restriction placed on the Bank on declaration of dividend. There may also be obligations that the Bank could have undertaken under the terms of perpetual non-cumulative preference shares or debt capital instruments pursuant to applicable regulations which might prohibit the Bank from declaring dividend in certain circumstances.

The Board of the Bank may vary the level of dividend or not recommend any dividend based on the capital and reserves position of the Bank. The Board may recommend lower or no dividends if it is of the view that there is a need to conserve capital. The Board may recommend higher dividends, subject to applicable regulations, if the capital and reserves position supports a higher distribution to the shareholders.

#### 7. Review

The dividend policy of the Bank would be reviewed annually, or earlier if material changes take place in the applicable regulations.



# AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of ICICI Bank Limited

We have examined the compliance of conditions of Corporate Governance by ICICI Bank Limited (the 'Bank') for the year ended 31 March 2017, as per regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India (the 'ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI. We have complied with the relevant applicable requirements of the Standard on Quality Control ('SQC') 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as specified in regulations 17 to 27, clauses (b) to (i) of subregulation (2) of regulation 46 and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

We state that such compliance is neither an assurance as to the future viability of the Bank nor as to the efficiency or effectiveness with which management has conducted the affairs of the Bank.

#### Restrictions on use

This certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For BSR&Co.LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath

Partner

Membership No: 113156

Mumbai May 15, 2017

# **BUSINESS OVERVIEW**

#### **ECONOMIC OUTLOOK**

Global growth moderated to 3.1% in calendar year 2016, with lower growth in both advanced and emerging economies. Important global developments during the year included the US Federal Reserve increasing policy rates in December 2016 and subsequently in March 2017, partial recovery in global commodity prices, a revival in global trade flows and political events including the US presidential elections and the UK referendum decision to withdraw from the European Union. While growth in the Indian economy moderated during fiscal 2017, the Indian economy saw a number of structural reforms being initiated. The Insolvency and Bankruptcy Code was enacted and key decisions with regard to the Goods and Services Tax were taken setting the stage for its implementation in fiscal 2018. During the year, the Government of India denotified ₹ 1,000 and ₹ 500 denomination currency notes, constituting approximately 86.0% of the total currency in circulation, as legal tender. With regard to trends in the banking sector, credit growth continued to remain muted while deposit growth picked up following the demonetisation. The Indian corporate sector continued to experience challenges and the process of resolution was slow, leading to an increase in non-performing loans in the Indian banking sector.

For a detailed discussion of economic developments in fiscal 2017, please refer the section Management's Discussion & Analysis.

#### **BUSINESS REVIEW**

#### **Retail Banking**

ICICI Bank has always been at the forefront of innovation in the retail banking industry and is a leader in leveraging technology and analytics-led innovations to cater to the continuously evolving customer needs. ICICI Bank has many firsts to its credit including launch of ATMs on a large scale, introduction of internet banking and mobile banking, the icicidirect online broking platform with a 3-in-1 account, 24x7 fully automated branches, allowing transactions on social media, integrating Unified Payment Interface (UPI) in the mobile app and the first digital wallet by a bank. ICICI Bank won the award for the 'Best Retail Bank' in India at The Asian Banker Excellence in Retail Financial Services International Awards 2017 for the fourth year in a row.

In fiscal 2017, ICICI Bank made significant headway in its vision of digitising banking transactions. The Bank has created a best-in class mobile banking application, iMobile, with more than 165 services including many industry first features. iMobile was enriched by adding next generation features. Customers can now instantly pay taxes, book rail tickets and send images of their cheque for faster processing. During the year, the Bank introduced 'iMobile SmartKeys', Asia's first payment service using a smartphone keyboard. This service was conceptualised in the second season of 'ICICI Appathon', ICICI Bank's virtual mobile app development challenge, which saw participation from over 2,000 developers and start-ups in the fintech and insurtech space. Customers can transfer money, pay bills and recharge their pre-paid mobile connections while being on any application or browser using their smartphone keyboard. There is no requirement to switch between chat, messenger or other applications, thus reducing transaction time and ensuring quick and secure transactions.

The Bank played a pivotal role in conceptualising the payment platform Unified Payment Interface (UPI) along with National Payments Corporation of India (NPCI) and other banks, and was the first bank to introduce UPI in its mobile app. The Bank also enabled payment through the Bharat Interface for Money (BHIM), a mobile application launched by NPCI and built using the UPI interface. ICICI Bank launched 'Eazypay', India's first-of-its-kind mobile app by a bank for merchants to accept payments on mobile phones through multiple digital modes. It allows transactions through UPI, credit/debit card of any bank, internet banking, and 'Pockets' the digital wallet of ICICI Bank. The Bank also integrated UPI in the Truecaller app, thus making UPI available to 150 million users of the Truecaller app in the country. 'Truecaller Pay' allows users of the app to instantly create a UPI id and send money to any UPI id or a mobile number registered with the BHIM app. It also enables users to recharge their prepaid mobile connections from within the Truecaller app itself.

ICICI Bank took several steps during the year to expedite processes using technology. It became the first bank in the country and among a few globally to roll-out 'Software Robotics'. Over 500 software robots are performing over 1.0 million banking transactions every working day, paring down response time to customers by up to 60% and raising productivity. In another pioneering initiative, the Bank became the first in the country and among the first few globally to execute transactions in international trade finance and remittance using blockchain technology, thus significantly reducing the time taken in these transactions from a few days to a few minutes.



# **BUSINESS OVERVIEW**

The Bank launched the country's first contactless business credit card in association with Jet Airways for SMEs and their employees. The card offers a dual advantage rewards programme on both card spends and repayments. This is a global first with the flexibility to split the reward on the card between the cardholder and the SME.

ICICI Bank integrated its retail internet banking platform with 'DigiLocker', an initiative of the Ministry of Electronics & Information Technology (MeitY), Government of India. 'DigiLocker' is an online repository platform for issuance, verification and storage of digital certificates and documents on cloud. With this integration, all savings account customers of ICICI Bank who have mapped their Aadhaar numbers with bank accounts can directly register and access 'DigiLocker' while they are logged in to their internet banking account at no additional charges.

The Bank continued to harness its information management and analytics capabilities to provide a superior experience to customers. The Bank's multi-channel architecture and best-in-class customer relationship management tools provide a 360 degree view of customers enabling the Bank to offer product and services best suited to them. These bundled product offerings and best offers during each interaction help the Bank to deliver best-in-class relationship services.

ICICI Bank worked towards bringing home loans to the finger-tips of customers through Express Home Loan, the country's first fully online process for sanctioning home loans with approval provided within eight working hours. In April 2016, the Bank launched a state-of-the art online platform for applying for loans and credit cards online. This 'Insta PL' facility is available to select customers who are pre-approved to apply for a personal loan within a certain limit.

The country witnessed an important event on November 8, 2016, when the Prime Minister announced the withdrawal of legal tender status of currency notes of ₹ 500 and ₹ 1,000 denomination ("Specified Bank Notes"). During this period, the Bank introduced several measures to smoothen the transition process and minimise the inconvenience to customers. ICICI Bank was the first to announce 10 customer-friendly measures including extended work hours, creating additional cash counters, regular updates on guidelines, instructions for specific transactions and setting-up of a dedicated centralised helpdesk. Branches were equipped to provide amenities like drinking water and seating area for senior citizens. The Bank created multi-channel touch-points with customers for spreading awareness.

During fiscal 2017, the Bank expanded its network to 4,850 branches and 13,882 ATMs at March 31, 2017, the largest network among private sector banks. The Bank's savings deposits grew by 28.0% to ₹ 1,718.38 billion as on March 31, 2017. The retail loan portfolio (including business banking and rural banking) grew by 18.5% year-on-year at March 31, 2017. Total retail loans were ₹ 2,403.15 billion at March 31, 2017 and the share of retail loans in total loans increased from 46.6% at March 31, 2016 to 51.8% at March 31, 2017.

#### **Rural and Inclusive Banking Group**

Opportunities in the Indian rural market have always driven the Bank to expand its presence through various channels and also leverage technology for sustainable growth. The Bank continued to increase its rural network during fiscal 2017. At March 31, 2017, the Bank had 2,513 branches in rural and semi-urban locations, comprising 52% of the Bank's branch network. Of these, 570 branches were in villages which were previously unbanked. Further, the Bank had also deployed business correspondents in the rural areas, and had a network of 7,977 service points at March 31, 2017.

The Bank offers customised financial products and services to meet the financial requirements of a range of customers including farmers, traders, processors as well as rural entrepreneurs among others.

The Bank issued over 110,000 Kisan Credit Cards (KCCs) in fiscal 2017. It is actively involved in financing post-harvest storage across the value chain, including to small and marginal farmers. The Bank also tied up with National Commodity and Derivatives Exchange Limited (NCDEX) to fund against electronic warehouse receipts. Further, the Bank also evolved i-flexi OD to cater to small businesses in rural areas. Catering to the financial needs of women entrepreneurs through the Self-Help Group (SHG) programme, the Bank has scaled up the programme significantly over the years. Loans had been extended to nearly 2.5 million women beneficiaries through about 270,000 SHGs. Of these, 1.4 million women took a loan from a formal financial institution for the first time. The Bank's rural portfolio grew by 19.4% to ₹ 359.43 billion during fiscal 2017.

At March 31, 2017, the Bank had opened over 21 million Basic Savings Bank Deposit Accounts (BSBDA) through its branch and business correspondent network. The Bank has actively pursued the agenda of seeding Aadhaar numbers in customers' accounts and at March 31, 2017, over 11.5 million customer accounts had been seeded with Aadhaar numbers.

The Bank contributed significantly to various Government schemes for financial inclusion. Under the Pradhan Mantri Jan-Dhan Yojana (PMJDY), the Bank opened 3.3 million accounts, the highest among private sector banks. The Bank has actively participated in the three schemes promoted under the government's Jan Suraksha Yojana (JSY) - Pradhan Mantri Jeevan Jyoti Bima Yojana for providing life insurance, Pradhan Mantri Suraksha Bima Yojana for providing accident insurance and Atal Pension Yojana for providing pension benefits. Till March 31, 2017, a total of 4.0 million customers were enrolled under the three JSY schemes, the highest among private sector banks.

The Indian rural market is moving up the digital curve and ICICI Bank had taken several initiatives during fiscal 2017 to meet this growing requirement of rural customers. The Bank launched a unique mobile app called "Mera iMobile" which allows users in rural areas to access banking services as well as information on agricultural services. The app can also be used by non-ICICI Bank customers. This app provides around 135 services and is available in English and 11 Indian regional languages. Services that can be availed through this app include KCC, loan against gold jewellery, farm equipment loan and loans to SHGs. Additionally, around 14 frequently used banking services can also be accessed without mobile internet connectivity.

In November 2016, following the withdrawal of Specified Bank Notes as legal tender by the Government of India, the Bank proactively ensured that its rural and semi-urban branches were adequately staffed and deployed mobile branches to facilitate transactions in under-banked locations. The Bank conducted awareness campaigns to encourage rural customers to transact at the Bank's branches and at micro-ATMs deployed by the Bank covering 15,000 villages. The Bank also conducted financial awareness programmes for farmers to introduce them to the benefits of banking through various channels and encouraged them to open savings accounts.

The Bank successfully transformed 100 villages into 'ICICI Digital Villages' in as many days, as part of its continuing effort to provide a digital ecosystem across the country. This is inspired by the first 'ICICI Bank Digital Village' which the Bank transformed in Akodara in Sabarkantha district in Gujarat, and in line with the government's focus to shift towards a less-cash economy. This is one of the unique village promotion programmes in the country encompassing digitisation of transactions and commercial activities, besides providing credit facility and market linkage to help villagers earn a sustainable livelihood. In association with ICICI Foundation for Inclusive Growth, free vocational training is provided to the villagers, with a special focus on training women. More than 11,300 villagers were trained under this initiative in fiscal 2017.

#### **Small & Medium Enterprises**

Small and medium enterprises (SMEs) have emerged as a highly vibrant and dynamic sector of the Indian economy. SMEs play a critical role in providing large scale employment opportunities and also facilitate inclusive growth. They are vital for overall socio-economic development of the country. At the same time, they face challenges arising from rapid technological developments, increasing competition and barriers to scaling up their operations.

At ICICI Bank, we offer a comprehensive suite of banking products and solutions to SMEs for meeting their business and growth requirements. Our long-standing experience of partnering with SMEs has enabled us to develop non-traditional techniques for assessing credit risks. These techniques are unique and provide appropriate solutions customised to their needs. The Bank also offers supply chain financing solutions and vendor bill discounting through small-ticket funding to the channel partners of large corporates. The Bank has set up dedicated desks across major branches to assist SMEs. It also has specialised teams for current accounts, trade finance, cash management services and door-step banking. The Bank has also tailored its internet banking platform to cater to the unique banking needs of SMEs.

The Bank continued to pursue a strategy of calibrated growth of the SME portfolio with higher focus on managing concentration risks, diversification of portfolio, monitoring and enhancement of collateral.

#### **Wholesale Banking Group**

ICICI Bank's Wholesale Banking group (WBG) provides financial solutions to domestic corporates, multinational corporations, public sector undertakings and financial institutions. Customised solutions for working capital finance, export finance, trade, transaction and commercial banking, foreign exchange and derivative products and rupee as well as foreign currency term loans are offered to clients.

The market saw significant changes in fiscal 2017 with the global economy continuing to see moderate growth and the domestic economy seeing softer interest rates and increased liquidity. However, domestic corporates continued to face challenges in the form of volatility in commodity prices and shortfall in cash-flow generation. Capital investment by corporates was low. Credit off-take by corporates remained muted as it depends on recovery in credit-intensive sectors like



# **BUSINESS OVERVIEW**

power, metals and infrastructure which remained subdued. In these changing market conditions, clients need customised products to overcome these business challenges. As a trusted partner, WBG leverages technology, identifies opportunities and collaborates with clients to address business complexities.

A two-pronged approach of improving portfolio quality and earnings quality has been adopted by WBG to align itself with these volatile market conditions. With a view to improve portfolio quality, special attention was given to borrowers requiring proactive steps for resolution and recovery in the existing portfolio while simultaneously continuing to focus on higher rated corporates for incremental lending. The Bank's approach to resolution and recovery involves working with sponsors for deleveraging through sale of assets and businesses, working with all stakeholders to ensure improvement in the operations and cash flow generation of borrowers and enforcement of contractual rights. Credit monitoring of the existing portfolio is also of paramount importance and to this effect we have further strengthened credit monitoring by leveraging technology and using analytics to develop early warning mechanisms for proactive monitoring and analysis of the portfolio. On the earnings quality front, we diversified income streams by widening the client base through new client acquisition and by focusing on non-credit income. Renewed emphasis was placed on granularity of income streams by offering clients a range of products and services. There was a focus on transaction banking income which is fee-based, more predictable and granular.

With a view to effectively implement the strategy to improve portfolio quality and earnings quality, WBG has different groups catering to various client needs. The Corporate Banking Group (CBG) is the principal coverage group of WBG, which develops new relationships and enhances existing relationships through continuous engagement with clients. CBG focuses on deal origination and acts as a single point of contact for clients to cater to their requirements across businesses and products. The coverage team collaborates with relevant groups such as the Commercial Banking Group, Markets Group and Syndications Group to address specific needs of clients.

The Commercial Banking Group manages banking transactions, trade based requirements and cash management needs of corporate clients. The group focuses on delivering superior client service levels through 30 mega branches spread across the country. The Commercial Banking Group is an important part of WBG's strategy to improve earnings quality by generating sustainable income streams.

The Markets Group works with clients and provides risk based solutions to address currency and interest rate risks in client businesses. It closely interfaces with clients for arranging market related funding products.

The Syndications Group looks at leveraging relationship with corporates and other financial intermediaries to originate and distribute loans. Our Syndications Group is one of the leaders in the loan syndication market for corporate and project finance transactions. It is an active player in the Indian primary and secondary loan distribution market and maintains strong relationships with financial market participants like banks, financial institutions, non-banking financial companies and insurance companies. It also interfaces with newer market participants like private equity players, sovereign wealth funds and alternate investment funds.

Going forward, WBG will continue to work on deepening existing relationships and sourcing new clients for generating new income opportunities. We will continue to serve our clients by offering a suite of customised financial solutions for the changing macro-economic landscape. The focus will be to increase granularity, ensure stability of revenue streams and strengthen client relationships while maintaining focus on profitability and credit quality.

#### **International Banking**

Fiscal 2017 saw significant global developments in the form of Brexit, the US presidential elections and a firm reversal of the US Fed's accommodative policy. These have far-reaching implications for relationships between economies and the direction of flow of cross-border trade and investments. Global GDP growth remained moderate. There are concerns regarding global trade recovery given impact of protectionist policies going forward. In contrast, the Indian economy remained resilient and the outlook remains positive based on the reform and development orientation of the Government.

In this context, the Bank in its international banking business sharpened its focus on managing risks and pursued opportunities within a tighter risk framework. The international banking business focused on providing end-to-end solutions for the international banking requirements of its Indian corporate clients; offer banking solutions to local corporates in countries where ICICI Bank has a presence; leveraging economic corridors between India and the rest of the world; and being the preferred bank for Non-Resident Indians (NRIs) in key global markets.

India continues to be the highest recipient globally of inward remittances. ICICI Bank continues to be a leader in the remittance market by offering innovative and customer friendly products and customised service offerings that meet the requirements of the widely dispersed NRI population. In fiscal 2017, the Bank's key online platform for inward remittances, Money2India, was revamped with enriched features and the Bank also launched the first fingerprint enabled mobile application for money transfers to India. At the same time, ICICI Bank became the first bank in India and one of the first few globally to successfully execute transactions in international trade finance and remittance using blockchain technology.

The International Banking Group has positioned itself as the preferred partner for global corporations seeking to expand their presence in India. The Bank also selectively built a portfolio of MNCs and local corporate assets in some of the host countries to develop a local franchise.

The Bank continues to diversify its international funding sources and build strong syndication capabilities to support its corporate and investment banking businesses. During the year, FinanceAsia's Fixed Income Research Poll named ICICI Bank as 'India's Best Borrower' for the fifth year in a row as well as the 'Most Impressive Investment Grade Financial Institution from Asia'. Further, the Bank was awarded the title of the 'Best Private Indian Bank' in 'Global Business' by Dun & Bradstreet for the sixth consecutive year. During fiscal 2017, ICICI Bank Canada repatriated equity and preference share capital aggregating CAD 120.6 million.

Our international footprint consists of subsidiaries in the United Kingdom and Canada, branches in the United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Dubai International Finance Centre, South Africa, China and Qatar Financial Centre and representative offices in the United Arab Emirates, Bangladesh, Malaysia and Indonesia. The Bank's whollyowned subsidiary ICICI Bank UK Plc has eight branches in the United Kingdom and a branch each in Belgium and Germany. ICICI Bank Canada has eight branches. ICICI Bank also continues to ramp up its business at International Banking Unit (IBU), in India's first International Financial Services Centre (IFSC), at GIFT City, Gandhinagar in Gujarat.

#### **Treasury**

ICICI Bank's treasury operations comprise the Asset Liability Management Group, Structural Rate Risk Management Group, Markets Group and Proprietary Trading Group.

The Asset Liability Management Group actively manages the Bank's liquidity.

The Structural Rate Risk Management Group manages the securities portfolio held for compliance with statutory and regulatory requirements. The Group focuses on optimisation of yield on the overall portfolio, while maintaining an appropriate portfolio duration in the context of the prevailing interest rate environment.

The Markets Group offers foreign exchange and derivative solutions to clients and continues to be a major player in the segment. The Bank provides global coverage of markets with a detailed insight into local markets. It provides clients with regular market updates as well as quantitative and qualitative research on topics related to macroeconomics and financial markets. The Bank is a leading player in private placements of bonds/debentures. It has dedicated sales coverage of institutional debt investors across various segments.

The Proprietary Trading Group manages trading positions within the approved risk limits.

The Bank continues to receive awards and recognition in this area. It has been recognised as the 'Best Derivatives House of the Year - India', 'Best Bond House - India' & 'Best Structured Products House of the Year - India' by The Asset magazine, 'Best Foreign Exchange Provider – India', by The Global Finance magazine and 'Best Domestic Provider of FX Services – India', by The Asiamoney magazine.

#### **Risk Management**

Risk is an integral part of the banking business and the Bank aims at achieving an appropriate trade-off between risk and returns. Key risks that the Bank is exposed to include credit, market, liquidity, operational (including information security), legal, compliance and reputation risks, among others. The Bank has put in place an Enterprise Risk Management framework that articulates its risk appetite and details the drill down of the same into a limit framework for various risk categories. The risk governance framework ensures oversight and accountability, continuous monitoring for vulnerability mapping and an integrated evaluation for effective risk management.



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The Board of Directors has oversight on all the risks assumed by the Bank. The Board has established Committees to facilitate focused oversight of various risks. These Committees have specific terms of reference. Policies approved from time to time by the Board of Directors or Committees of the Board constitute the governing framework for each type of risk. Business activities are undertaken within this policy framework. Independent groups and sub-groups have been constituted across the Bank to facilitate independent evaluation, monitoring and reporting of various risks. These groups function independently of the business groups.

Every year, the Risk Committee approves a detailed calendar of reviews. The calendar of reviews include reviews of risk management policies in relation to various risks, risk profile of the Bank, its overseas banking subsidiaries and key non-banking subsidiaries, assessment of capital adequacy based on the risk profile of the balance sheet and status with respect to the implementation of advanced approaches under the Basel framework. The Credit Committee also approves a detailed calendar of reviews every year covering the Bank's exposure to various industries and outlook for those industries, analysis of non-performing loans, overdues, incremental sanctions and specific review of key portfolios. A summary of the reviews carried out by the Credit Committee and Risk Committee is reported to the Board of Directors.

The Bank has dedicated groups (Risk Management Group, Compliance Group, Corporate Legal Group, Internal Audit Group and Financial Crime Prevention and Reputation Risk Management Group) with a mandate to identify, assess and monitor the Bank's principal risks in accordance with well-defined policies and procedures. The Risk Management Group, Corporate Legal Group and Financial Crime Prevention and Reputation Risk Management Group report to an Executive Director. The Audit Committee provides direction to and monitors the quality of the compliance and internal audit function. The Compliance and Internal Audit Groups have administrative reporting to an Executive Director. These groups are independent of all business operations and coordinate with representatives of the business units to implement the Bank's risk-management methodologies.

#### Credit Risk

Credit risk entails the risk of loss that may occur from any party's failure to abide by the terms and conditions of any financial contract, principally the failure to make required payments to the Bank. All credit risk related aspects are governed by a Credit and Recovery policy, approved by the Bank's Board of Directors. The Credit and Recovery policy outlines the type of products that can be offered, customer categories, targeted customer profile and the credit approval process and limits. The Bank measures, monitors and manages credit risk at an individual borrower level and at the portfolio level for non-retail borrowers. The credit risk for retail borrowers is being managed at portfolio level. The Bank's structured and standardised credit approval process includes a well-established procedure of comprehensive appraisal. It has also established a Country Risk Management Policy, which addresses the identification, measurement, monitoring and reporting of country risk.

The credit risk associated with any corporate financing proposal is assessed based on an analysis of the borrower and the industry in which the borrower operates. The Bank has developed internal credit rating methodologies for rating obligors. In case of facilities backed by third-party comforts such as corporate guarantees, letters of comfort, put option or shortfall undertaking, the rating of the borrower for such facilities is anchored to that of the comfort provider. The rating serves as a key input in the approval as well as post-approval credit processes. The Bank has a framework for conducting asset reviews. The risk based review framework outlines the review schedule wherein the frequency of asset review is higher for cases with higher exposure and/or lower credit ratings. These reviews are conducted periodically (quarterly, half-yearly or yearly) based on the review schedule. Relevant industry knowledge is constantly updated through field visits and interactions with clients, sector regulators and industry experts.

The appraisal and execution of project finance transactions involves a detailed evaluation of technical, commercial, financial, marketing and management factors and the sponsor's financial strength and experience. The Bank identifies the project risks, mitigating factors and residual risks associated with the project. As a part of its due diligence, the Bank appoints consultants, including technical advisors, business analysts, legal counsel and insurance consultants, whenever necessary. Risk mitigating factors in project finance loans include creation of debt service reserves and channelling project revenues through a trust and retention account. The Bank's project finance loans are generally fully secured, and have full recourse to the borrower. In some cases, the Bank also takes additional credit comforts such as corporate or personal guarantees from one or more sponsors of the project or a pledge of the sponsors' equity holding in the project company.

The Bank has refined and strengthened its framework for managing concentration risk, including limits/ thresholds with respect to single borrower and group exposure. The limits are regularly reviewed taking into account developments in the operating environment and the credit profile of borrowers/groups.

In case of retail loans, sourcing and approval have been segregated to maintain independence. The Credit Risk Management Group has oversight on the credit risk issues for retail assets including vetting of all credit policies and operating notes proposed for approval by the Board of Directors or forums authorised by the Board. The Credit Risk Management Group is also involved in portfolio monitoring for all retail assets and suggesting and implementing policy changes.

The Retail Credit and Policy Group is an independent unit focusing on policy formulation and portfolio tracking and monitoring. This group also includes the Credit Administration Unit that services various retail business units for credit underwriting. In addition, there is also a Business Intelligence Unit to provide support for analytics, score card development and database management. The credit officers evaluate retail credit proposals on the basis of the product policy vetted by the Credit Risk Management Group and approved by the Committee of Executive Directors. These criteria vary across product segments but typically include factors like the borrower's income, the loan-to-value ratio and demographic parameters. Reports from credit bureaus also serve as an important input in making credit decisions.

The technical valuations in case of residential mortgages are conducted by empanelled valuers or technical teams. External agencies (field investigation agencies and credit processing agencies) are used to facilitate a comprehensive due diligence. The process includes visits to offices and homes in case of loans to individual borrowers. In addition, the credit officer checks a centralised delinquent database and reviews the borrower's profile before disbursements. The Bank also avails the services of certain fraud-control agencies operating in India to check applications before disbursements.

The Credit Monitoring Group, the Treasury Control and Services Group and the Operations Group track the operational adherence to regulations, policies and internal approvals. The Bank has centralised operations to manage operational risk in most back office processes of the Bank's retail loan business. It has established the Financial Crime Prevention Group as a dedicated and independent group, overseeing / handling fraud prevention, detection, investigation, monitoring, reporting and awareness creation functions. The segregation of responsibilities and oversight by groups external to the business groups ensure adequate checks and balances.

The Bank's credit approval authorisation framework is laid down by the Board of Directors. Several levels of credit approval authorities have been established for corporate banking activities like the Credit Committee of the Board of Directors, the Committee of Executive Directors (COED), the Committee of Senior Management, the Committee of Executives (Credit) and the Regional Committee (Credit). The authorisation framework is risk based with lower rated borrowers and/or larger exposures being escalated to higher committees. Retail Credit Forums and Small Enterprise Group Forums have been created for approval of retail loans and credit facilities to small enterprises and agriculture based enterprises respectively. In addition, the Bank conducts programme lending, which involves a cluster-based approach, wherein a lending programme is implemented for a homogeneous group of individuals/business entities that comply with certain laid down parameterised norms. All such programs and applicable limits are pre-approved by the COED. Individual executives are also delegated with powers to approve lending within the exposure limits set by the Board of Directors, in case of retail products.

#### Market Risk

Market risk arises when movements in market factors (foreign exchange rates, interest rates, credit spreads and equity prices) impact the Bank's income or the market value of its portfolios. Exposure to market risk is segregated into two portfolios i.e. the trading and structural banking books. Trading portfolios comprise positions arising from market making activity and trading on own account. Trading book comprises fixed income securities and equities in the held-for-trading and available-for-sale categories and interest rate/foreign exchange derivatives which are marked to market. Market risk on the trading portfolio is assessed and managed through measures such as net overnight open position limit, price value of one basis point, value-at-risk and stop loss limits. The structural banking book comprises the non-trading portfolio, which includes the Bank's corporate/retail assets and liabilities, derivative positions meeting the hedge effectiveness criteria and the held-to-maturity portfolio. The risks associated with non-trading portfolios are measured through metrics such as the duration of equity, earnings at risk and liquidity gap limits. The limits are stipulated in our Investment Policy, Asset Liability Management Policy and Derivatives Policy. These policies are reviewed and approved by the Bank's Board of Directors.



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The Asset Liability Management Committee (ALCO) comprises the Managing Director & CEO, wholetime Directors and senior executives. The ALCO meets periodically to review the Bank's business profile and its impact on asset liability management. It determines the asset liability management strategy in light of the current and expected business environment. It reviews positions of the trading groups and the interest rate and liquidity gap positions on the banking book. The ALCO also sets deposit and benchmark lending rates. The Market Risk Management Group recommends changes in risk policies and processes and methodologies for quantifying and assessing market risks. Risk limits including position limits and stop loss limits for the trading book are reported by the Treasury Control & Services Group and reviewed periodically.

Foreign exchange risk is tracked through the net overnight open position limit. Interest rate risk is measured through the use of re-pricing gap analysis and duration analysis, and is tracked through interest rate risk limits approved by the ALCO. The Bank uses various measurement tools of liquidity risk, including the statement of structural liquidity, dynamic liquidity gap statements, liquidity ratios and stress testing. It maintains diverse sources of liquidity to facilitate flexibility in meeting funding requirements. Incremental operations in the domestic market are principally funded by accepting deposits from retail and corporate depositors. The deposits are augmented by borrowings in the short-term interbank market and through the issuance of bonds, including long-term bonds (for financing infrastructure projects and affordable housing). Loan maturities and sale of investments also provide liquidity. The Bank's international branches are primarily funded by debt capital market issuances, lines of financing from export credit agencies, syndicated loans, bilateral loans and bank lines, while its international subsidiaries raise deposits from their local markets.

#### Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Operational risk includes legal risk but excludes strategic and reputational risks. Operational risk is inherent in the Bank's business activities in both domestic as well as overseas operations and spans a wide spectrum of issues. Operational risk can result from a variety of factors, including (but not limited to) failure to obtain proper internal authorisations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and errors committed by employees. The Bank's operational risk is managed through a comprehensive system of internal controls, systems and procedures to monitor transactions, key back-up procedures and undertaking regular contingency planning. The control framework is designed, based on categorisation of functions into front-office comprising business groups, middle office comprising credit and treasury middle offices, back office comprising operations, corporate and support functions.

The Bank's operational risk management governance and framework is defined in the Operational Risk Management (ORM) Policy approved by the Board of Directors. The Policy is applicable across the Bank, including overseas branches, ensuring a clear accountability and responsibility for management and mitigation of operational risk, developing a common understanding of operational risk, and facilitating the business, operation and support groups to improve internal controls, thereby reducing the probability and potential impact of losses from operational risk incidents. While the policy provides a broad framework, detailed standard operating procedures for operational risk management processes have been established. The Bank has adopted the three lines of defence approach for internal operational risk management. The business, operation and support functions are the first line of defece, responsible for managing the operational risks inherent in the products, processes, services and activities undertaken by them. A functionally independent Operational Risk Management Group (ORMG) is the second line of defence, complementing and challenging the business line's operational risk management activities. The ORMG is responsible for design, implementation and enhancement of operational risk management framework; and to facilitated the business and operations groups in operational risk management on an ongoing basis. The Internal Audit Group (IAG) is the third line of defence, which undertakes an independent review that the first and second lines are operating in line with the policies, regulations and internal standards defined for management of operational risk in the Bank. The operational risk management framework comprises identification and assessment of risks and controls, new products and process approval framework, measurement through incidents and exposure reporting, monitoring through key risk indicators and mitigation through process and control enhancement and insurance. The objective of the Bank's operational risk management is to manage and control operational risks within targeted levels of operational risk consistent with the Bank's risk appetite as specified in the ORM Policy.

The Board-level Committees that undertake supervision and review of operational risk aspects are the Risk Committee, Fraud Monitoring Committee, Audit Committee and Information Technology Strategy Committee. The Bank has also constituted an Operational Risk Management Committee (ORMC) to oversee internal operational risk management.

The ORM Policy specifies the composition, roles and responsibilities of the ORMC. Other executive level committees that oversee operational risk related aspects are Product and Process Approval Committee, Outsourcing Committee, Information Security Committee, Information Technology Steering Committee, Committee of Executive Directors and Business Continuity Management Steering Committee.

#### **Human Resources**

On January 5, 2017, ICICI Bank launched a new organisation level initiative, #LeadTheNew, an umbrella initiative to reinforce its rich legacy of driving and adapting to change, of spotting and leveraging opportunities for growth and of executing flawlessly on its growth agenda. This journey of transformation focuses on being continuously agile, leading in innovation and being future-ready so that the Bank remains competitive and sustains its leadership position across products and segments.

To support this transformation in the context of an ever changing environment, the Bank has reinforced its culture by being more DYNAMIC. DYNAMIC is an acronym for Digital, Young, Nurturing, Agile, Mindful, Inclusive and Connected. It signifies an organisation which is ready to experiment; open to new ideas; where the customer is the prime focus; and where employees act with speed and continuously learn and relearn to provide exemplary customer solutions, while ensuring compliance to regulatory and internal controls.

Under the #LeadTheNew initiative, a new engagement platform called #CEOConnect was launched which allows all employees to directly connect and interact with the Managing Director & CEO to gain perspectives on organisational strategy and philosophy and also share their views and suggestions. A similar platform is being used by senior management under the banner of #EngageYourLeader. The Bank also launched #Tomorrow'sWinners, an initiative to identify transformational projects and create new winning propositions for tomorrow and #Simplify, an initiative focussed on re-engineering existing processes.

ICICI Bank won the 'Best Company to Work for' Award by Business Today magazine in the Banking, Financial Services and Insurance sector. This award reflects the Bank's strong emphasis on creating an enabling workplace, ensuring employee welfare and offering opportunities to learn and grow. Physical health and fitness are important elements of employee well-being and to facilitate this, the Bank launched a comprehensive health and wellness programme called #be-fit for its employees. The #be-fit programme covers initiatives like onsite wellness activities such as yoga and fitness sessions at select locations, sessions on healthy lifestyle, wearable fitness devices at discounted rates, virtual fitness challenges and second opinion from specialist doctors in India and abroad.

The Bank launched new initiatives which focussed on enabling women employees to deal with various life-stage related needs. The Travel Accompaniment Policy allows women employees to take their children and a caretaker/family member to accompany them during all work related travel. Another important initiative iWork@Home launched earlier, where women employees can opt to work from home, saw increased participation during the year. The Bank featured among the top 10 organisations in the list of 'Best Companies for Women in India'. Working Mother Media, a US-based company, prepared the list on the basis of a study which it conducted in partnership with Avtar Group, an Indian organisation focusing on diversity and inclusion at the workplace.

ICICI Bank accords high importance to initiatives aimed at improving productivity of the employees. In line with this philosophy, the Bank continues to leverage internal role-linked and functional training academies to provide requisite knowledge and skills to its employees. Capability building initiatives aimed at enhancing the expertise of employees in various domains including Credit Analysis and International Accounting Standards were introduced. Several customised workshops were conducted in collaboration with leading global learning partners to meet specialised learning needs of various business groups.

Advanced training on credit analysis was conducted for the senior leadership in the Wholesale Banking Group, Strategic Solutions Group, Small and Medium Enterprises & Agri Group and Risk Management Group. In line with the evolving needs of the customers as well as market dynamics, the Branch Leadership Programme was redesigned to focus on requisite knowledge and skills for employees in leadership roles in the Retail Banking Group. A Leadership Mentoring Programme on adaptive leadership was conducted for the senior management of the ICICI Group by Professor Ronald Heifetz from Harvard Kennedy School.



# **BUSINESS OVERVIEW**

#### **Information Technology**

Technology and digital initiatives remain an integral part of the Bank's strategy with a core focus on enhancing customer experience and efficiency in processes. The Bank continues to invest in advanced technologies to provide a secure, superior, seamless and uniform service experience to customers across all channels. A dedicated Technology and Digital Group focusing on leveraging the transformational trends in mobility, digitisation and rapid growth of social media, has enabled an integrated view of technology across the group and building strategic synergies across retail, wholesale, commercial, small and medium enterprise as well as treasury groups.

During fiscal 2017, the Bank launched several new solutions and offerings including increased number of services on 'iMobile', Unified Payments Interface (UPI) based payments, the 'Eazypay' mobile application for merchants and 'Mera iMobile', an application for rural customers. The Bank also developed a rich innovation ecosystem comprising of relationships with technology partners, start-ups, accelerators, incubators, informed customers and premier academic and research institutions. ICICI Bank partnered with various innovation leaders in building integrated services such as the My Galaxy Pockets SDK app for Samsung users, UPI based payments in the Truecaller app and quick checkout SDK on a travel booking site. This helped the Bank in expanding its customer base by offering highly competitive services with best-in-class security features.

The Bank organised its annual flagship event, 'ICICI Appathon', which received an overwhelming response from over 2,000 participants. The Bank incorporated the winning mobile innovation of enabling payments using a digital keyboard into its mobile banking app within 100 days of the completion of the 'ICICI Appathon'. 'iMobile Smartkeys' is the first payment service in Asia that allows payment and banking from a smartphone keyboard.

ICICI Bank revamped 'iMobile' and apart from adding 'iMobile Smartkeys' also included UPI to simplify payments and Chatbots, an artificial intelligence enabled chat feature, for processing banking transactions. Several other key features like India's first tax payment through mobile, purchase of general and life insurance, mVisa payments and QR based payments, railway ticket booking, issuance of Expressions debit card and purchase of mutual funds were added. Payments using Aadhaar and BharatQR code were also enabled on iMobile and Pockets.

ICICI Bank was the first bank in India to launch transit card solutions for metro and bus transport. The Bank has tied up with metro operators in Delhi, Mumbai, Hyderabad, Bengaluru and Ahmedabad. The Bank is also the first bank in India to implement interoperable electronic toll collection. The Bank has issued prepaid radio frequency identification (RFID) tags for vehicles for electronic toll collection and has developed a central clearing house to process the toll payments.

The Bank migrated its core banking system from iCore version 7x to 10x in international geographies like UK, USA and Sri Lanka for enhanced performance. The Bank has equipped itself with state-of-the-art infrastructure management systems and support equipment in order to achieve best possible Power Usage Effectiveness. The Bank strengthened its backup system to improve backup services and move towards better compliance and backup governance. Technology enabled solutions were deployed by the Bank which ensured high availability of critical applications along with enhanced performance.

In order to protect sensitive customer information and transactions, the Bank has put in place a robust information and cyber security system by implementing a gamut of security controls. The list includes firewalls, intrusion prevention system, data rights management, data leakage prevention, anti-email spoofing framework, mobile device management, security analytics, advanced behaviour based anti-malware solution and dynamic URL filtering solution.

ICICI Bank received several awards during the year recognising the leadership of the Bank in technological innovations and digital expertise. The Bank received 'The Best Technology Bank of the Year' award from IBA, the 'Celent Model Bank 2017 for Most Promising Proof-of-Concept' for the blockchain transaction, the Asian Banker award for 'The Best Core Banking Migration project' and 'The Best Retail Payments project' and the IMC Digital Technology Award, 2016 for two projects – Chatbot on iMobile and Software Robotics. The Bank was also recognised as Highly Commended in the 'Best Consumer Payments Service Initiative' at the Banking Technology Awards 2016 for Pockets 'Touch & Pay'.

#### **KEY SUBSIDIARIES**

#### **ICICI Prudential Life Insurance Company (ICICI Life)**

ICICI Life remains the market leader among private life insurers in terms of retail weighted received premium (RWRP) with an overall market share of 12.0% and private market share of 22.3% in fiscal 2017. ICICI Life's total premium in fiscal 2017

was ₹ 223.54 billion compared to ₹ 191.64 billion in fiscal 2016 while the annualised premium equivalent for fiscal 2017 was ₹ 66.25 billion compared to ₹ 51.70 billion for fiscal 2016. The Value of New Business was ₹ 6.66 billion in fiscal 2017 compared to ₹ 4.12 billion in fiscal 2016. The Embedded Value at March 31, 2017 was ₹ 161.84 billion compared to ₹ 139.39 billion at March 31, 2016. The total assets under management of ICICI Life stood at ₹ 1,229.19 billion at March 31, 2017. During fiscal 2017, ICICI Bank sold 12.63% out of its shareholding in ICICI Life through an offer for sale in an initial public offering of the company's shares. ICICI Life was listed on the National Stock Exchange of India Limited and BSE Limited on September 29, 2016. The Bank's shareholding in ICICI Life came down to 54.9% following the IPO.

#### **ICICI Lombard General Insurance Company (ICICI General)**

ICICI Lombard (ICICI General) became the first private general insurance company in India to cross ₹ 100 billion in premium income. Its Gross Domestic Premium Income (GDPI) rose to ₹ 107.25 billion in fiscal 2017, a growth of 32.6% over fiscal 2016. ICICI General's profit after tax grew by 38% from ₹ 5.02 billion in fiscal 2016 to ₹ 7.02 billion in fiscal 2017. Its return on equity increased to 20.3% in fiscal 2017 from 16.9% in fiscal 2016. The company's solvency ratio at March 31, 2017 was 2.10x against the minimum regulatory requirement of 1.5x. During the fiscal year, the company issued unsecured nonconvertible debentures of ₹ 4.85 billion. The issue was assigned a rating of 'AAA' by CRISIL & ICRA. It was the first issue of subordinated debt by an insurance company in India. The robust performance was delivered on the back of increase in policies serviced to 17.73 million in fiscal 2017 compared to 15.80 million policies in fiscal 2016. The company honoured more than 2.2 million claims in fiscal 2017.

#### **ICICI Prudential Asset Management Company (ICICI AMC)**

ICICI Prudential AMC (ICICI AMC) had quarterly average mutual fund assets under management of ₹ 2,429.61 billion for the quarter ended March 31, 2017, making it the largest asset management company in India. Its overall market share in the mutual fund business grew to 13.3% on quarterly average basis for quarter ended March 31, 2017 compared to 13.0% for quarter ended March 31, 2016. At March 31, 2017, the closing equity mutual fund AUM (excluding exchange traded funds) has moved up to ₹ 949.44 billion and the market share has increased to 15.1% in fiscal 2017 from 14.4% in fiscal 2016. ICICI AMC achieved a profit after tax of ₹ 4.80 billion in fiscal 2017, an increase of 48% as compared to ₹ 3.26 billion in fiscal 2016.

In fiscal 2017, the company won the 'Best Fund House – Equity' category and 'Best Fund House - Multi Asset' category at the Morningstar Fund India Awards 2017 and the Best Debt Fund House and Runner Up in Best Fund House award category at the Outlook Money 2016 Awards.

#### **ICICI Venture Funds Management Company (ICICI Venture)**

During fiscal 2017, ICICI Venture successfully concluded the closing of its power platform (Resurgent Power Ventures Limited) at USD 843 million. RPVL is co-sponsored by ICICI Venture and Tata Power Company Limited. ICICI Venture also concluded fund closings of its fourth private equity fund (India Advantage Fund Series 4) thereby taking the fund tally to USD 315 million (including co-investment capital); continued exits by concluding full/residual/partial exits from ten portfolio investments across various funds with aggregate realisation of over ₹ 6.25 billion and concluded six new investments, three from AION (a strategic partnership between ICICI Venture and Apollo Global Management in the area of special situations) and three from India Advantage Fund Series 4, involving aggregate capital outlay of about USD 300 million (including co-investments) across these two funds. ICICI Venture achieved a profit after tax of ₹ 0.09 billion in fiscal 2017 compared to a loss of ₹ 0.21 billion in fiscal 2016.

#### **ICICI Securities**

During fiscal 2017, the company continued to assist its 4.0 million retail customers in meeting their financial goals by providing them with research, advisory and execution services for their investments. The corporate finance business continued to strengthen its franchise in equity capital markets and was the market leader in the IPO business. The institutional brokerage business enhanced its presence across domestic and foreign institutional investors through focused research, corporate access and efficient execution. The company achieved a consolidated profit after tax of ₹ 3.39 billion in fiscal 2017 compared to ₹ 2.39 billion in fiscal 2016.

#### ICICI Securities Primary Dealership (I-Sec PD)

I-Sec PD maintained its leadership position in auction bidding and underwriting as well as in the secondary market trading activity. The company achieved record profits despite the sharp reversal in yields starting from December 2016. This was achieved by way of dynamic portfolio management throughout the year. The company managed multiple corporate



# **BUSINESS OVERVIEW**

debt placements aggregating to ₹ 1,506 billion in fiscal 2017 and improved its ranking to fourth position in the PRIME League Tables in fiscal 2017 from fifth in fiscal 2016. The company is one of the fund managers managing the corpus of the Employee Provident Fund Organisation, India's largest retirement fund as well as the Coal Mines Provident Fund, the second largest fund, making it one of the largest discretionary fund managers in the country. I-Sec PD's profit after tax was ₹ 4.12 billion in fiscal 2017 compared to ₹ 1.95 billion in fiscal 2016.

#### ICICI Bank UK Plc. (ICICI Bank UK)

ICICI Bank UK made a loss after tax in fiscal 2017 of USD 16.1 million compared to a profit after tax of USD 0.5 million in fiscal 2016. The decrease in profits was primarily on account of higher specific provisions on impaired loans and a reduction in the balance sheet size. At March 31, 2016, ICICI Bank UK had total assets of USD 3.48 billion compared to USD 4.61 billion at March 31, 2016. It had a capital adequacy ratio of 18.4% at March 31, 2017 compared to 16.7% at March 31, 2016.

#### **ICICI Bank Canada**

ICICI Bank Canada's loss after tax for fiscal 2017 was CAD 33.0 million compared to a profit of CAD 22.4 million in fiscal 2016. The loss was on account of higher specific provision on existing impaired loans. As at March 31, 2017, ICICI Bank Canada had total assets of CAD 6.33 billion compared to CAD 6.51 billion as at March 31, 2016. ICICI Bank Canada had a capital adequacy ratio of 21.9% as at March 31, 2017 compared to 23.6% at March 31, 2016. In line with its strategy of rationalising capital, ICICI Bank Canada repatriated CAD 65.0 million of equity share capital and redeemed CAD 55.6 million of preference share capital during fiscal 2017.

#### **CREDIT RATING**

| Rating agency                               | Rating     | Outlook  |
|---|------------|----------|
| ICRA Limited                                | [ICRA] AAA | Stable   |
| Credit Analysis and Research Limited (CARE) | CARE AAA   | Stable   |
| CRISIL Limited                              | CRISIL AAA | Stable   |
| Moody's Investors Services <sup>1</sup>     | Baa3       | Positive |
| S&P Global Ratings <sup>1</sup>             | BBB-       | Stable   |
| Japan Credit Rating Agency <sup>1</sup>     | BBB+       | Stable   |

<sup>1.</sup> Senior foreign currency debt ratings

# Vision

To be the leading provider of financial services in India and enhance our positioning among global banks through sustainable value creation.

# **Mission**

To create value for our stakeholders by:

- being the financial services provider of first choice for our customers by delivering high quality, world-class products and services
- playing a proactive role in the full realisation of India's potential and contributing positively in all markets where we operate
- maintaining high standards of governance and ethics; and balancing growth, profitability and risk to deliver and sustain healthy returns on capital

# MANAGEMENT'S DISCUSSION & ANALYSIS

#### **BUSINESS ENVIRONMENT**

Global economic growth slowed to 3.1% during calendar year 2016, with moderation in both advanced as well as emerging economies. The US Federal Reserve increased policy rates towards the end of calendar year 2016, and again in March 2017, while the monetary policy stance remained accommodative in most other economies. Commodity prices, which had declined sharply in calendar year 2015, partially recovered during calendar year 2016, particularly those of crude oil and metals. Global trade showed an improvement towards the later part of the year, partly led by the rise in commodity prices. The key political developments during the year were the presidential election in the US and the UK referendum decision to withdraw from the European Union.

In India, fiscal year 2017 witnessed a number of major policy initiatives.

- In May 2016, the Insolvency and Bankruptcy Code, 2016 was enacted providing an institutional framework for recovery and resolution, and protection for investors and creditors.
- A six-member Monetary Policy Committee comprising members from the Reserve Bank of India (RBI) and the Government was constituted, with responsibility for monetary policy decision making.
- On November 8, 2016, the Government of India denotified ₹ 1,000 and ₹ 500 denomination currency notes ("Specified Bank Notes") as legal tender and introduced new ₹ 500 and ₹ 2,000 denomination currency notes. The extant ₹ 500 and ₹ 1,000 denominated currency notes accounted for approximately ₹ 15.00 trillion or approximately 86% of the total currency in circulation. This step was taken with the aim to curb the parallel economy, eliminate the use of counterfeit notes and encourage a shift to digital transaction modes.
- Fiscal policy was reformed with the merger of the Railway Budget with the Union Budget and removing the categorisation of expenditure into plan and non-plan.
- Foreign investment policies were further liberalised, and the dissolution of the Foreign Investment Promotion Board (FIPB) was announced.
- Legislation relating to the Goods and Services Tax was enacted, paving the way for its implementation in fiscal 2018.
   The Goods and Services Tax is a unified single tax replacing the various indirect taxes on goods and services such as central excise duty, service tax, central sales tax and state value added tax currently being collected by the central and state governments.

India's Gross Domestic Product (GDP) grew by 7.2% year-on-year during the first nine months of fiscal 2017 compared to a growth of 7.7% during the first nine months of fiscal 2016. The growth was driven largely by government spending and the agriculture sector. As per industry-wise growth estimates on Gross Value Added (GVA) basis, the agriculture sector grew by 4.1%, the industrial sector by 5.9% and the services sector by 7.9% during the first nine months of fiscal 2017 compared to 0.4%, 8.1% and 9.8% respectively, during the corresponding period of fiscal 2016. The Central Statistical Organisation has estimated GDP growth of 7.1% in fiscal 2017 compared to a growth of 7.9% in fiscal 2016.

Retail inflation, as measured by the Consumer Price Index (CPI), eased from 4.8% in March 2016 to 3.8% in March 2017. Core CPI inflation, excluding food and fuel products, increased from 4.7% in March 2016 to 4.9% in March 2017. The Wholesale Price Index (WPI), under the revised base year 2011-12, was -2.0% in March 2016 and increased during fiscal 2017 to 5.3% in March 2017. Average WPI inflation for fiscal 2017 was 1.7%.

The repo rate was reduced by 50 basis points during fiscal 2017 with a 25 basis points reduction from 6.75% to 6.50% in April 2016 and another 25 basis points reduction to 6.25% in October 2016. This took the cumulative reduction in the repo rate since January 2015, when the policy rate reduction cycle began, to 175 basis points. However, in the subsequent policy announcements during the year, the repo rate was kept unchanged and the policy stance was changed from accommodative to neutral in February 2017 due to concerns on inflation exceeding the articulated target band of 4% (+/- 2%) going forward.

Trends in merchandise trade remained muted for most of fiscal 2017 but picked up significantly during the fourth quarter. Exports grew by 1.2% and imports declined by 6.7% year-on-year during the first nine months of fiscal 2017, but growth picked up in the fourth quarter of fiscal 2017 to 16.8% for exports and 25.6% year-on-year for imports. The improvement



# MANAGEMENT'S DISCUSSION & ANALYSIS

in trade primarily reflected the pickup in global commodity prices and improvement in global trade flows. India's Current Account Deficit (CAD) narrowed to 0.7% of GDP in the first nine months of fiscal 2017 compared to 1.4% of GDP during the first nine months of fiscal 2016. Foreign Direct Investment (FDI) remained stable with inflow of US\$ 33.1 billion during the first nine months of fiscal 2017. There was a net outflow of investments by Foreign Portfolio Investors (FPI) of US\$ 3.4 billion during the first nine months of fiscal 2017, with a net inflow of US\$ 2.2 billion in equity markets and a net outflow of US\$ 5.5 billion in debt markets. However, portfolio inflows improved significantly during the fourth quarter of fiscal 2017 with estimated inflows of approximately US\$ 10.0 billion. The benchmark S&P BSE Sensex increased by 16.9% during fiscal 2017 to close at 29,621. The Rupee depreciated from ₹ 66.4 per U.S. dollar at March 31, 2016 to ₹ 68.8 per U.S. dollar at November 28, 2016 but subsequently appreciated to ₹ 64.9 per U.S. dollar at March 31, 2017. Yields on the benchmark 10-year Government securities remained in the range of 7.0% to 7.5% during April-October 2016. Yields fell significantly following the withdrawal of legal tender status of Specified Bank Notes to around 6.2% in November 2016, but thereafter increased to 6.7% at March 31, 2017.

With regard to trends in banking, there was a surge in deposits following the withdrawal of legal tender status of Specified Bank Notes in November 2016. There was a net increase of ₹ 8.20 trillion in deposits in the banking system during November 2016 to March 2017. Total deposit growth, which was in the range of 9.0-10.0% year-on-year for most part of April-October 2016, picked up to over 15.0% year-on-year in November 2016 and subsequently moderated to 11.8% year-on-year at March 31, 2017, higher compared to the growth of 9.1% year-on-year at April 1, 2016. Demand deposits grew by 20.1% year-on-year at March 31, 2017 compared to 14.4% year-on-year at April 1, 2016. Time deposits grew by 10.7% year-on-year at March 31, 2017 compared to 8.5% year-on-year at April 1, 2016. Credit growth, however, remained muted. Non-food credit, which grew in the range of 9.0-11.0% year-on-year during April-October 2016, moderated further from November 2016 and grew by 5.8% year-on-year at March 31, 2017 compared to 9.9% year-on-year at April 1, 2016. Growth moderated across all key segments. Based on sector-wise credit deployment, credit growth in the services sector was 7.7%, retail 12.0% and agriculture 9.0% while credit to industry declined by 5.2% year-onyear at February 17, 2017. The banking system continued to experience stress on corporate asset quality. The gross NPA ratio for the system increased from 7.8% at March 31, 2016 to 9.1% at September 30, 2016. Total stressed loans (including standard restructured advances) increased from 11.7% at March 31, 2016 to 12.3% at September 30, 2016. The continued challenges in the operating and recovery environment impacted the pace of resolution of stressed assets during fiscal 2017.

During the year, digital financial transactions received a further push through launch of new payment applications. Key launches included the Unified Payment Interface (UPI), a payment platform which allows instant fund transfer to any bank account using a virtual payment address and without requiring bank account details, the Bharat Interface for Money (BHIM) a mobile application built using the UPI interface, and Aadhaar-Enabled Payment System (AePS) which enables banking transactions using Aadhaar authentication. UPI transactions including BHIM were ₹ 69.47 billion in the first year of its launch.

The sharp increase in deposit growth compared to credit growth led to a spike in liquidity in the banking system during the third and fourth quarter of fiscal 2017. In line with RBI's articulated objective of maintaining system liquidity at near neutrality, the liquidity in the system just prior to the withdrawal of SBNs was at a deficit of ₹ 350.00 billion at November 8, 2016. Subsequently, liquidity increased significantly and crossed ₹ 5.00 trillion in a span of two weeks. In order to absorb surplus liquidity, as a temporary measure RBI announced an incremental cash reserve ratio (CRR) of 100% of the increase in net demand and time liabilities (NDTL) between September 16, 2016 and November 11, 2016 effective the fortnight beginning November 26, 2016. Later, to facilitate liquidity management operations by RBI, the Government of India on December 2, 2016, revised the ceiling for issue of securities under the Market Stabilisation Scheme (MSS) to ₹ 6.00 trillion. Subsequently, on December 7, 2016, RBI withdrew the incremental CRR effective the fortnight beginning December 10, 2016. During the fourth quarter, RBI adopted reverse repo transactions and issuance of securities under the MSS to absorb the surplus liquidity in the system. However, liquidity remained high with an average daily liquidity surplus of ₹ 5.93 trillion during the fourth quarter of fiscal 2017 compared to an average daily liquidity surplus of ₹ 2.24 trillion during the third quarter of fiscal 2017. In the monetary policy announced in April 2017, RBI narrowed the policy rate corridor from +/- 50 basis points to +/- 25 basis points (bps). Accordingly, the reverse repo rate and the marginal standing facility rate were revised by 25 bps lower/higher than the repo rate to 6.0% and 6.5% respectively. Further, RBI has proposed the introduction of a Standing Deposit Facility that will eliminate the requirement of collateral for absorbing liquidity.

Following the withdrawal of legal tender status of SBNs, several short-term measures were announced by RBI. From time to time, guidelines were issued with regard to limits on exchange of SBNs and cash withdrawal limits from ATMs and bank accounts. Banks also proactively initiated steps like waiving merchant discount rates and transaction related charges during the period. The key regulations announced by RBI during this period were:

- Banks were directed to waive levy of ATM charges for all transactions of savings account customers, including both financial and non-financial transactions, and irrespective of the number of transactions at own or at other banks' ATMs. The waiver was applicable from November 10, 2016 to December 30, 2016.
- In order to facilitate wider acceptance of digital transactions, temporary measures were introduced such as reduction in Merchant Discount Rate (MDR) for debit card transactions up to ₹ 2,000 and waiver of charges on transactions settled on Immediate Payment Service (IMPS), USSD-based \*99# and Unified Payment Interface (UPI) systems for transactions up to ₹ 1,000. These measures were effective from January 1, 2017 to March 31, 2017.
- While limits on cash withdrawals and waiver on ATM charges were removed from March 31, 2017, RBI decided to continue the special MDRs that were applicable till March 31, 2017, further till issuance of final instructions. Meanwhile, the government of India decided to absorb MDR charges for debit card transactions for tax and non-tax bill payments to the government. This was effective from January 1, 2017, with reimbursement on a quarterly basis. Further, in February 2017, RBI released a draft circular on Rationalisation of Merchant Discount Rate for Debit Card Transactions. RBI has proposed to restructure the MDR based on merchant turnover rather than slab-rate based on transaction value.
- In November 2016, RBI extended the period for recognising a loan account as sub-standard by an additional 60 days. The guideline was applicable to working capital accounts/crop loans and term loans up to ₹ 10.0 million. Further, in December 2016, this benefit was extended by another 30 days, over and above the earlier grace period of 60 days, in case of working capital accounts/crop loans and term loans for business purposes.
- Banks were permitted to provide additional working capital limit to borrowers in the micro and small enterprise segment to overcome the difficulties arising from demonetisation. This was a one-time measure provided up to March 31, 2017.

The first year retail premium underwritten in the life insurance sector (on weighted received premium basis) grew by 20.7% to ₹ 532.18 billion during fiscal 2017 compared to ₹ 440.76 billion during fiscal 2016. Gross premium of the non-life insurance sector (excluding specialised insurance institutions) grew by 30.2% from ₹ 915.72 billion during fiscal 2016 to ₹ 1,192.15 billion during fiscal 2017. The average assets under management of mutual funds increased by 35.2% from ₹ 13,534.43 billion for the quarter ended March 2016 to ₹ 18,295.83 billion for the three months ended March 31, 2017.

Other key regulatory developments were:

- In April 2016, RBI allowed the issuance of priority sector lending certificates (PSLCs) and permitted banks to trade their priority sector portfolios by selling/buying these certificates. There will be no transfer of risks or loan assets in these transactions. A bank can issue priority sector lending certificates up to 50.0% of the previous year's priority sector lending achievement. The certificates will expire on March 31 and will not be valid beyond the last reporting date for the fiscal. The calculation of priority sector lending would be the sum of the outstanding priority sector lending portfolio and the net priority sector lending certificates purchased.
- In May 2016, RBI issued a discussion paper proposing limits on the banking system's exposure to large borrowers and higher standard asset provisioning and risk weights on incremental exposures beyond the normally permitted lending limits. Draft guidelines were issued in August 2016 and the final guidelines in December 2016. According to the guidelines a borrower having an aggregate fund-based credit limit of ₹ 250.00 billion at any time during fiscal 2018 will be considered a large borrower. This limit will be gradually reduced to ₹ 150.00 billion in fiscal 2019 and to ₹ 100.00 billion from fiscal 2020 onwards. The normally permitted lending limit is defined as an amount that is 50% of the incremental funds raised over and above the aggregate fund-based credit limit. The general provision required on the incremental exposure above the normally permitted lending limit would be 3.0% and the additional risk weight for such exposure over and above the applicable risk weight would be 75%. The framework is applicable from April 1, 2017.



# MANAGEMENT'S DISCUSSION & ANALYSIS

- As an additional measure to strengthen the ability of banks to deal with large stressed assets, in June 2016 RBI issued guidelines introducing the Scheme for Sustainable Structuring of Stressed Assets (S4A). Projects that have commenced commercial operations and have aggregate borrowings (including interest) of over ₹ 5.00 billion are eligible to be structured under the scheme. The scheme is applicable where the Joint Lenders' Forum concludes based on a techno-economic viability assessment that the current sustainable debt can be serviced over its tenor at current levels of cash flows. The portion assessed as unsustainable should be converted into equity or redeemable cumulative optionally convertible preference shares or convertible debentures and may attract higher provisioning. The scheme may include allowing the current promoter to continue with majority shareholding, or bringing in a new promoter, or lenders acquiring majority shareholding through conversion of debt into equity. Further, in December 2016, revised guidelines were issued allowing the sustainable portion of the debt to be treated as standard at the time of implementation of the resolution, subject to provisions made upfront covering at least 25% of the total outstanding or 50% of the unsustainable portion of debt.
- In May 2016, RBI issued revised guidelines with regard to shareholding in private sector banks. As per the guidelines, non-financial corporate entities can have a shareholding up to 10.0% in private sector banks; non-diversified unlisted financial institutions can hold up to 15.0%; and well-diversified listed financial institutions can hold up to 40%. Voting rights are capped at 15.0%. However, any acquisition of shareholding/voting rights of 5.0% or more will require the prior approval of the RBI.
- In July 2016, RBI allowed banks to include government securities equivalent to an additional 1.0% of net demand
  and time liabilities (NDTL) under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) as level 1 high quality
  liquid assets for the computation of liquidity coverage ratio. With this, a total of 11.0% of NDTL comprising statutory
  liquidity ratio securities would be available for banks to recognise as level one high quality liquid assets.
- RBI increased the risk weights on externally unrated exposures to corporates, asset finance companies (AFCs) and infrastructure financing non-banking finance companies (IFCs). According to guidelines issued in August 2016, risk weights on externally unrated exposures of the banking system of more than ₹ 2.00 billion to corporates, AFCs and IFCs would increase from 100% to 150% from June 30, 2017. Aggregate exposure of more than ₹ 1.00 billion which were rated earlier and subsequently became unrated attract a risk weight of 150% from August 2016.
- In September 2016, RBI announced a series of measures with regard to development of the corporate bond market. These include setting up an electronic dealing platform for repo in corporate bonds, considering corporate bonds as eligible securities for liquidity operations subject to amendments to the RBI Act, allowing foreign portfolio investors (FPIs) to trade through primary members and also trade directly in corporate bonds without involving brokers. In another announcement relating to the corporate bond market, RBI enhanced the aggregate exposure limit for all banks towards partial credit enhancement for a corporate bond issue from earlier 20% to 50% of the bond issue size, with a limit of up to 20% of the bond issue size for an individual bank.
- RBI issued a new framework for sale of distressed assets by banks in September 2016. Key features include allowing banks to sell such assets to non-banking finance companies while earlier only sale to securitisation companies/ asset reconstruction companies were allowed; using e-auction platform; introduction of a floor of provisioning for investment in security receipts (SRs) backed by stressed assets at the provisioning rate applicable to the underlying loans (assuming that the loans notionally continued in the books of the bank), if more than 50% of the SRs are held by the bank that sold loans from April 1, 2017 with the threshold reduced to 10% from April 2018; additional disclosure requirements; and offering first right of refusal to a SC/ARCs which has already acquired a significant share of the asset through the auction process.
- In August 2016, RBI permitted banks to raise funds overseas by issuing long-term rupee denominated bonds for financing infrastructure and affordable housing. In November 2016, RBI allowed banks to raise funds through issuance of rupee denominated bonds overseas. Banks have been permitted to issue Perpetual Debt Instruments (PDI) qualifying for inclusion as additional Tier 1 capital and debt capital instruments qualifying for inclusion as Tier 2 capital, by way of rupee denominated bonds in the overseas market.
- In February 2017, RBI issued amendments with regard to payment of coupon on Basel III capital instruments. As per the revised guidelines, if current year profits are not sufficient, coupon may be paid through profits brought forward

from previous years, and/or reserves representing appropriation of net profits including statutory reserves. However, this would exclude share premium, revaluation reserve, foreign currency translation reserve, investment reserve and reserves created on amalgamation. Appropriation from the statutory reserve shall be the last option when all other profit pools/reserves fall short of the coupon amount.

- RBI revised the Prompt Corrective Action (PCA) framework for banks effective from April 1, 2017. As per the revised guidelines, a bank may be placed under the PCA framework at any point in time, if it is found to breach on any of the parameters prescribed. The key criteria for invocation of PCA include either falling below the capital adequacy ratio of 10.25% and/or common equity tier 1 ratio of 6.75%, or exceeding net non-performing asset ratio of 6.0%, or negative return on assets for two consecutive years, or a leverage ratio of below 4.0%. Depending upon the extent of breach, the bank may be classified into three risk thresholds and will be accordingly restricted from business expansion and will be required to take mandatory action for resolution. A bank breaching the risk threshold where CET1 falls below 3.625% could be considered for resolution through tools like amalgamation, reconstruction and winding up.
- In April 2017, RBI issued guidelines requiring banks to make additional disclosures in the Notes to Accounts where there is a material divergence in the asset classification and provisioning by banks as compared to RBI norms. The guidelines require that where the additional provisioning requirements assessed by RBI exceed 15.0% of the published net profits after tax for the reference period, and/or the additional gross NPAs identified by RBI exceed 15.0% of the published incremental gross NPAs for the reference period, the same will have to be disclosed in the notes to accounts section of the annual report. The divergences observed for fiscal 2016 will be disclosed in the financial statements for fiscal 2017.
- In April 2017, RBI issued clarifications with regard to recognising gains in profit and loss account on repatriation of
  accumulated profits/retained earnings from overseas branches. As per the clarification, banks cannot recognise in the
  profit and loss account the proportionate exchange gains or losses held in the foreign currency translation reserve on
  repatriation of profits from overseas operations.
- In a guideline issued in April 2017, RBI has indicated that banks should maintain provisions for standard assets at rates higher than the regulatory requirement, particularly in respect of advances to stressed sectors of the economy. Banks have to put in place a Board-approved policy for making higher provisions based on evaluation of risk and stress in various sectors. The policy will have to be reviewed on a quarterly basis, and as an immediate step, banks should review the telecom sector latest by June 30, 2017.
- To further facilitate timely resolution of stressed assets, in May 2017, the Government of India passed an ordinance amending section 35A of the Banking Regulation Act, 1949 and inserting two new sections 35AA and 35AB. Through this amendment, the RBI is authorised to intervene and instruct banks to resolve specific stressed assets and initiate insolvency resolution process where required. The RBI is also empowered to issue other directions for resolution, and appoint or approve for appointment, authorities or committees to advise banking companies for resolution of stressed assets.
- In May 2017, RBI issued revisions to the guidelines under the Framework for Revitalising Distressed Assets in the Economy, on Joint Lenders' Forum (JLF) and corrective action plan (CAP). As per the guidelines, CAP can be approved by a minimum of 60% of creditors by value and 50% of creditors by number in the JLF as compared to the earlier requirement of only 50% of the lenders by number in the JLF. Any bank which does not support the CAP may either exit subject to substitution or abide by the decision of the JLF. The executives shall be empowered to implement the JLF decision without requiring approval of the Board. Non-adherence to the decision and timelines shall attract monetary penalties on the concerned banks. It was further clarified that CAP can include all resolution mechanisms proposed by RBI including flexible structuring of project loans, strategic debt restructuring and S4A framework.
- Two announcements with regard to the banking structure were made during the period. In August 2016, RBI released guidelines for continuous licensing of universal banks in the private sector. According to the guidelines, the minimum net worth for these banks will be ₹ 5.00 billion and the promoters will be required to hold a minimum of 40.0% of the paid-up capital, which will be locked-in for five years and brought down to 15.0% over a period of 12 years. Eligible promoters include non-banking finance companies, individuals with 10 years of experience in banking and finance, and entities/groups in the private sector that have total assets of at least ₹ 50.00 billion with non-financial



# MANAGEMENT'S DISCUSSION & ANALYSIS

business accounting for less than 40% of total assets. Foreign shareholding of up to 74.0% is allowed. Promoting entities that have other group entities shall set up the bank only through the non-operative financial holding company structure. Specialised banking activities can be conducted through a separate entity held under the holding company. In another announcement in April 2017, RBI released a discussion paper proposing the introduction of a new type of bank, 'Wholesale and Long-Term Finance Banks' (WLTF). The key recommendations include a minimum paid-up equity capital of ₹ 10.00 billion; these institutions cannot accept savings deposits; term and current account deposits can be mobilised for higher amounts like above ₹ 100.0 million; and they will be exempt from SLR requirement. WLTF would focus on providing long-term lending to infrastructure sector and also small, medium and corporate businesses.

#### STANDALONE FINANCIALS AS PER INDIAN GAAP

#### **SUMMARY**

Profit after tax increased by 0.8% from ₹ 97.26 billion in fiscal 2016 to ₹ 98.01 billion in fiscal 2017. There was a 27.3% increase in non-interest income and a 2.4% increase in net interest income, offset by a 30.4% increase in provisions and contingencies and a 16.3% increase in non-interest expenses.

Net interest income increased by 2.4% from ₹ 212.24 billion in fiscal 2016 to ₹ 217.37 billion in fiscal 2017 reflecting an increase of 10.1% in the average volume of interest-earning assets, offset by a decrease in net interest margin from 3.49% in fiscal 2016 to 3.25% in fiscal 2017.

Non-interest income increased by 27.3% from ₹ 153.22 billion in fiscal 2016 to ₹ 195.05 billion in fiscal 2017 primarily due to an increase in income from treasury-related activities. Income from treasury-related activities increased from ₹ 40.60 billion in fiscal 2016 to ₹ 85.77 billion in fiscal 2017. During fiscal 2017, the Bank sold equity shares representing 12.63% shareholding in ICICI Prudential Life Insurance Company Limited (ICICI Life) through an initial public offer (IPO) resulting in a gain of ₹ 56.82 billion.

Operating expenses increased by 16.3% from ₹ 126.83 billion in fiscal 2016 to ₹ 147.55 billion in fiscal 2017 primarily due to an increase in staff cost and other administrative expenses.

Provisions and contingencies (excluding provision for tax) increased by 30.4% from ₹ 116.67 billion in fiscal 2016 to ₹ 152.08 billion in fiscal 2017. This increase was primarily due to an increase in provisions on non-performing assets. The Indian corporate sector has experienced several challenges following a phase of significant expansion in investment in the infrastructure and industrial during fiscal 2010 and 2011. These challenges included delays in project implementation, issues in access to raw materials, low demand and global commodity price cycles. As a result, there has been a substantial increase in the level of additions to non-performing loans, including slippages from restructured loans, into non-performing status during fiscal 2016 and fiscal 2017 for the banking sector and the Bank. Gross additions to the Bank's non-performing assets (NPAs) in fiscal 2017 were ₹ 335.44 billion (fiscal 2016: ₹ 171.13 billion) including slippages from restructured loans amounting to ₹ 45.20 billion (fiscal 2016: ₹ 53.00 billion). Gross NPAs (net of write-offs) increased from ₹ 267.21 billion at March 31, 2016 to ₹ 425.52 billion at March 31, 2017. Net NPAs increased from ₹ 132.97 billion at March 31, 2016 to ₹ 254.51 billion at March 31, 2017. The net NPA ratio increased from 2.67% at March 31, 2016 to 4.89% at March 31, 2017. The provisions for non-performing assets are expected to remain elevated in fiscal 2018.

The income tax expense decreased by 40.2% from ₹ 24.70 billion in fiscal 2016 to ₹ 14.78 billion in fiscal 2017 due to a lower effective tax rate in fiscal 2017, primarily reflecting the composition of income.

Net worth increased from ₹897.36 billion at March 31, 2016 to ₹999.51 billion at March 31, 2017 primarily due to accretion to reserves out of profit for the year. Pursuant to amendment in the Accounting Standard, AS 4 - 'Contingencies and events occurring after balance sheet date', the Bank has not reduced the proposed dividend for fiscal 2017 from the net worth.

Total assets increased by 7.1% from ₹ 7,206.95 billion at March 31, 2016 to ₹ 7,717.91 billion at March 31, 2017. Total advances increased by 6.7% from ₹ 4,352.64 billion at March 31, 2016 to ₹ 4,642.32 billion at March 31, 2017 primarily due to an increase in domestic advances by 14.0%, offset, in part, by a decline in the advances of overseas branches by 20.1%. Total deposits increased by 16.3% from ₹ 4,214.26 billion at March 31, 2016 to ₹ 4,900.39 billion at March 31, 2017. Current and savings account (CASA) deposits increased by 27.8% from ₹ 1,931.00 billion at March 31, 2016 to ₹ 2,468.22

billion at March 31, 2017. Term deposits increased by 6.5% from ₹ 2,283.26 billion at March 31, 2016 to ₹ 2,432.17 billion at March 31, 2017. The CASA ratio increased from 45.8% at March 31, 2016 to 50.4% at March 31, 2017. The higher growth in deposits, particularly CASA deposits, was partly due to the additional deposit inflows following the withdrawal of legal tender status of ₹ 500 and ₹ 1,000 currency notes in November 2016.

The Bank continued to expand its branch network in India. The branch network of the Bank in India increased from 4,450 branches at March 31, 2016 to 4,850 branches at March 31, 2017. The ATM network of the Bank increased from 13,766 ATMs at March 31, 2016 to 13,882 ATMs at March 31, 2017.

The Bank is subject to the Basel III capital adequacy guidelines stipulated by RBI. The total capital adequacy ratio of the Bank at March 31, 2017 (after deduction of proposed dividend from capital funds) in accordance with RBI guidelines on Basel III was 17.39% with a Tier-1 capital adequacy ratio of 14.36% as compared to a total capital adequacy ratio of 16.64% and Tier-1 capital adequacy ratio of 13.09% at March 31, 2016.

#### Operating results data

The following table sets forth, for the periods indicated, the operating results data.

|  |             | ₹ in billion, except percentages |          |
|--|-------------|----------------------------------|----------|
| Particulars  | Fiscal 2016 | Fiscal 2017                      | % change |
| Interest income                                      | ₹ 527.39    | ₹ 541.56                         | 2.7%     |
| Interest expense                                     | 315.15      | 324.19                           | 2.9      |
| Net interest income                                  | 212.24      | 217.37                           | 2.4      |
| Non-interest income                                  |             |                                  |          |
| - Fee income <sup>1</sup>                            | 88.20       | 94.52                            | 7.2      |
| - Treasury income                                    | 40.60       | 85.77                            | -        |
| - Dividend from subsidiaries                         | 15.35       | 14.19                            | (7.6)    |
| - Other income (including lease income) <sup>2</sup> | 9.07        | 0.57                             | (93.7)   |
| Operating income                                     | 365.46      | 412.42                           | 12.8     |
| Operating expenses                                   | 126.83      | 147.55                           | 16.3     |
| Operating profit                                     | 238.63      | 264.87                           | 11.0     |
| Provisions, net of write-backs                       | 116.67      | 152.08                           | 30.4     |
| Profit before tax                                    | 121.96      | 112.79                           | (7.5)    |
| Tax, including deferred tax                          | 24.70       | 14.78                            | (40.2)   |
| Profit after tax                                     | ₹ 97.26     | ₹ 98.01                          | 0.8%     |

- 1. Includes merchant foreign exchange income and margin on customer derivative transactions.
- 2. Fiscal 2016 includes exchange gains related to overseas operations.
- 3. All amounts have been rounded off to the nearest ₹ 10.0 million.
- 4. Prior period figures have been re-grouped/re-arranged, where necessary.

#### **Key ratios**

The following table sets forth, for the periods indicated, the key financial ratios.

| Particulars                               | Fiscal 2016 | Fiscal 2017 |
|---|-------------|-------------|
| Return on average equity (%) <sup>1</sup> | 11.32       | 10.34       |
| Return on average assets (%) <sup>2</sup> | 1.49        | 1.35        |
| Earnings per share (Basic) (₹)            | 16.75       | 16.84       |
| Book value per share (₹)                  | 154.32      | 171.61      |
| Fee to income (%)                         | 24.13       | 22.92       |
| Cost to income (%) <sup>3</sup>           | 34.70       | 35.78       |

- 1. Return on average equity is the ratio of the net profit after tax to the quarterly average equity share capital and reserves.
- 2. Return on average assets is the ratio of net profit after tax to average assets.
- 3. Cost represents operating expense. Income represents net interest income and non-interest income.



# MANAGEMENT'S DISCUSSION & ANALYSIS

#### Net interest income and spread analysis

The following table sets forth, for the periods indicated the net interest income and spread analysis.

|   | ₹ in billion, except percentages |             |          |
|---|----------------------------------|-------------|----------|
|   | Fiscal 2016                      | Fiscal 2017 | % change |
| Interest income                                   | ₹ 527.39                         | ₹ 541.56    | 2.7%     |
| Interest expense                                  | 315.15                           | 324.19      | 2.9      |
| Net interest income                               | 212.24                           | 217.37      | 2.4      |
| Average interest-earning assets <sup>1</sup>      | 6,084.83                         | 6,697.02    | 10.1     |
| Average interest-bearing liabilities <sup>1</sup> | ₹ 5,391.57                       | ₹ 5,943.14  | 10.2     |
| Net interest margin                               | 3.49%                            | 3.25%       | -        |
| Average yield on interest-earning assets          | 8.67%                            | 8.09%       | =        |
| Average cost of funds                             | 5.85%                            | 5.45%       | -        |
| Interest spread                                   | 2.82%                            | 2.64%       | -        |

<sup>1.</sup> All amounts have been rounded off to the nearest ₹ 10.0 million.

Net interest income increased by 2.4% from ₹ 212.24 billion in fiscal 2016 to ₹ 217.37 billion in fiscal 2017 reflecting an increase of 10.1% in the average volume of interest-earning assets, offset by a decrease in net interest margin by 24 basis points.

The yield on average interest-earning assets decreased by 58 basis points from 8.67% in fiscal 2016 to 8.09% in fiscal 2017. The cost of funds decreased by 40 basis points from 5.85% in fiscal 2016 to 5.45% in fiscal 2017. The interest spread decreased by 18 basis points from 2.82% in fiscal 2016 to 2.64% in fiscal 2017. Net interest margin decreased by 24 basis points from 3.49% in fiscal 2016 to 3.25% in fiscal 2017.

Net interest margin on domestic operations decreased by 24 basis points from 3.83% in fiscal 2016 to 3.59% in fiscal 2017 primarily due to a decrease in the yield on interest-earning assets, offset, in part, by a decrease in the cost of funds. The net interest margin was adversely impacted by non-accrual of interest income on incremental NPAs and loans under the Strategic Debt Restructuring (SDR) scheme, and acquisition of non-banking assets, which do not earn any interest income, in satisfaction of claims, under debt-assets swap transactions with certain borrowers during fiscal 2016 and fiscal 2017. Net interest margin was positively impacted by deployment of funds received from the sale of equity shares of ICICI Life and the significant increase in CASA deposits, particularly in the second half of the financial year.

Net interest margin of overseas branches decreased from 1.86% in fiscal 2016 to 1.30% in fiscal 2017 primarily due to a decrease in yield on interest-earning assets, primarily due to non-accrual of interest income on incremental NPAs.

The following table sets forth, for the periods indicated, the trend in yield, cost, spread and margin.

|   | ,           |             |
|---|-------------|-------------|
|   | Fiscal 2016 | Fiscal 2017 |
| Yield on interest-earning assets                | 8.67%       | 8.09%       |
| - On advances                                   | 9.47        | 8.88        |
| - On investments <sup>1</sup>                   | 7.61        | 7.23        |
| - On SLR investments                            | 7.84        | 7.45        |
| - On other investments <sup>1</sup>             | 6.83        | 6.57        |
| - On other interest-earning assets <sup>1</sup> | 5.49        | 4.78        |
| Cost of interest-bearing liabilities            | 5.85        | 5.45        |
| - Cost of deposits                              | 5.88        | 5.39        |
| - Current and savings account (CASA) deposits   | 3.00        | 2.99        |
| - Term deposits                                 | 7.86        | 7.25        |
| - Cost of borrowings                            | 5.77        | 5.61        |
| Interest spread                                 | 2.82        | 2.64        |
| Net interest margin                             | 3.49%       | 3.25%       |

The yield on average interest-earning assets decreased by 58 basis points from 8.67% in fiscal 2016 to 8.09% in fiscal 2017 primarily due to the following factors:

- The yield on domestic advances decreased by 100 basis points from 11.07% in fiscal 2016 to 10.07% in fiscal 2017 and the yield on overseas advances decreased by 23 basis points from 4.34% in fiscal 2016 to 4.11% in fiscal 2017 primarily due to the following reasons:
  - There have been higher additions to NPAs and loans under SDR scheme during fiscal 2016 and fiscal 2017. The Bank accounts for interest income on cash basis on NPAs and cases where SDR has been invoked.
  - The Bank reduced its base rate by 65 basis points in three phases in fiscal 2016. Further, the incremental loans by the Bank were made at lower rates, in line with market trends.

Due to an increase in proportion of domestic advances in total advances, the decrease in the overall yield on average advances was 59 basis points, from 9.47% in fiscal 2016 to 8.88% in fiscal 2017.

- The yield on average interest-earning investments decreased from 7.61% in fiscal 2016 to 7.23% in fiscal 2017 primarily due to a decrease in yield on Statutory Liquidity Ratio (SLR) investments. The yield on SLR investments decreased by 39 basis points from 7.84% in fiscal 2016 to 7.45% in fiscal 2017 due to softening of yields on Government securities and reset yields on floating rate bonds at lower levels. Yield on non-SLR investments decreased by 26 basis points from 6.83% in fiscal 2016 to 6.57% in fiscal 2017 primarily due to a decrease in yield on corporate bonds and debentures, mutual funds, commercial paper and certificate of deposits, reflecting softening of interest rates, offset, in part by, higher yield on pass through certificates (PTCs).
- The yield on other interest-earning assets decreased from 5.49% in fiscal 2016 to 4.78% in fiscal 2017 primarily due to lower interest income on non-trading interest rate swaps and a decrease in investment in Rural Infrastructure Development Fund (RIDF) and related deposits which are relatively higher yielding amongst other interest-earning assets, offset, in part, by an increase in interest on income tax refund. Interest income on non-trading interest rate swaps, which were undertaken to manage the market risk arising from the assets and liabilities, decreased from ₹ 9.82 billion in fiscal 2016 to ₹ 7.07 billion in fiscal 2017.

Interest on income tax refund was at ₹ 4.51 billion in fiscal 2017 (fiscal 2016: ₹ 3.12 billion). The receipt, amount and timing of such income depend on the nature and timing of determinations by tax authorities and are neither consistent nor predictable.

The cost of funds decreased by 40 basis points from 5.85% in fiscal 2016 to 5.45% in fiscal 2017 primarily due to the following factors:

- The cost of average deposits decreased from 5.88% in fiscal 2016 to 5.39% in fiscal 2017 primarily due to a decrease in cost of term deposits and an increase in proportion of CASA deposits. The cost of term deposits decreased by 61 basis points from 7.86% in fiscal 2016 to 7.25% in fiscal 2017 primarily due to a decrease in cost of domestic term deposits by 70 basis points from 8.10% in fiscal 2016 to 7.40% in fiscal 2017, offset, in part, by a decrease in proportion of overseas term deposits in total term deposits. The proportion of average CASA deposits increased from 40.7% in fiscal 2016 to 43.7% in fiscal 2017, which includes the impact of significantly higher CASA inflows in the second half of the financial year.
- Cost of borrowings decreased by 16 basis points from 5.77% in fiscal 2016 to 5.61% in fiscal 2017.

Our interest income, yield on advances, net interest income and net interest margin are likely to continue to be impacted going forward, due to the non-accrual of income on non-performing assets and loans under SDR/Scheme for Sustainable Structuring of Stressed Assets (S4A), the increased proportion of retail advances in total advances, focus on lending to higher rated corporates, changes in benchmark lending rates and competitive market conditions.



# MANAGEMENT'S DISCUSSION & ANALYSIS

The following table sets forth, for the period indicated, the trend in average interest-earning assets and average interest-bearing liabilities:

₹ in billion, except percentages Fiscal 2016 Fiscal 2017 % change ₹ 4,110,47 ₹ 4.459.84 Advances 8.5% Interest-earning investments1 1,397.00 1,573.06 12.6 Other interest-earning assets 577.36 664.12 15.0 Total interest-earning assets 6,084.83 6,697.02 10.1 **Deposits** 3,665.55 4,242.69 15.7 Borrowings<sup>1,2</sup> 1,726.02 1,700.45 (1.5)Total interest-bearing liabilities ₹ **5,391.57** 10.2% ₹ 5,943.14

- 1. Average investments and average borrowings include average short-term repurchase transactions.
- 2. Borrowings exclude preference share capital.
- 3. All amounts have been rounded off to the nearest ₹ 10.0 million.

The average volume of interest-earning assets increased by 10.1% from ₹ 6,084.83 billion in fiscal 2016 to ₹ 6,697.02 billion in fiscal 2017. The increase in average interest-earning assets was primarily on account of an increase in average advances by ₹ 349.37 billion and average interest-earning investments by ₹ 176.06 billion.

Average advances increased by 8.5% from ₹ 4,110.47 billion in fiscal 2016 to ₹ 4,459.84 billion in fiscal 2017 primarily due to an increase in domestic advances, offset, in part, by a decrease in overseas advances.

Average interest-earning investments increased by 12.6% from ₹ 1,397.00 billion in fiscal 2016 to ₹ 1,573.06 billion in fiscal 2017, primarily due to an increase in SLR investments by 9.7% from ₹ 1,076.45 billion in fiscal 2016 to ₹ 1,181.10 billion in fiscal 2017 and an increase in interest-earning non-SLR investments by 22.3% from ₹ 320.55 billion in fiscal 2016 to ₹ 391.96 billion in fiscal 2017. Average interest-earning non-SLR investments increased primarily due to an increase in investments in mutual funds, commercial papers and PTCs, offset, in part, by a decrease in investments in certificate of deposits.

There was an increase in average other interest-earning assets by 15.0% from ₹ 577.36 billion in fiscal 2016 to ₹ 664.12 billion in fiscal 2017 primarily due to an increase in call money lent and balance with RBI, offset, in part, by a decrease in RIDF and related deposits.

Average interest-bearing liabilities increased by 10.2% from ₹ 5,391.57 billion in fiscal 2016 to ₹ 5,943.14 billion in fiscal 2017 on account of an increase of ₹ 577.14 billion in average deposits, offset, in part, by a decrease of ₹ 25.57 billion in average borrowings.

Average deposits increased by 15.7% from ₹ 3,665.55 billion in fiscal 2016 to ₹ 4,242.69 billion in fiscal 2017 due to an increase in average CASA deposits by ₹ 360.06 billion and an increase in average term deposits by ₹ 217.08 billion in fiscal 2017 compared to fiscal 2016.

Average borrowings decreased by 1.5% from ₹ 1,726.02 billion in fiscal 2016 to ₹ 1,700.45 billion in fiscal 2017.

#### Non-interest income

The following tables set forth, for the periods indicated, the principal components of non-interest income.

|   |             | ₹ in billion, except percentages |          |
|---|-------------|----------------------------------|----------|
| Particulars                             | Fiscal 2016 | Fiscal 2017                      | % change |
| Fee income <sup>1</sup>                 | ₹ 88.20     | ₹ 94.52                          | 7.2%     |
| Income from treasury-related activities | 40.60       | 85.77                            | -        |
| Dividend from subsidiaries              | 15.35       | 14.19                            | (7.6)    |
| Other income (including lease income)   | 9.072       | 0.57                             | (93.7)   |
| Total non-interest income               | ₹ 153.22    | ₹ 195.05                         | 27.3%    |

- Includes merchant foreign exchange income and income on customer derivative transactions.
- 2. Includes exchange gains related to overseas operations.
- 3. All amounts have been rounded off to the nearest ₹ 10.0 million.

Non-interest income primarily includes fee and commission income, income from treasury-related activities, dividend from subsidiaries and other income including lease income. The non-interest income increased by 27.3% from ₹ 153.22 billion in fiscal 2016 to ₹ 195.05 billion in fiscal 2017 primarily due to an increase in income from treasury-related activities.

#### Fee income

Fee income primarily includes fees from corporate clients such as loan processing fees and transaction banking fees and fees from retail customers such as loan processing fees, fees from cards business, account servicing charges and third party referral fees.

Fee income increased by 7.2% from ₹ 88.20 billion in fiscal 2016 to ₹ 94.52 billion in fiscal 2017 primarily due to an increase in income from transaction banking fees and third party referral fees, offset, in part, by a decrease in commercial banking fees.

#### Profit/(loss) on treasury-related activities (net)

Income from treasury-related activities includes income from sale of investments and revaluation of investments on account of changes in unrealised profit/(loss) in the fixed income, equity and preference share portfolio, units of venture funds and security receipts issued by asset reconstruction companies.

Profit from treasury-related activities increased from ₹ 40.60 billion in fiscal 2016 to ₹ 85.77 billion in fiscal 2017 primarily due to higher gains on sale of equity shares of ICICI Life and higher gains on government securities and other fixed income investments. In fiscal 2017, the Bank made a gain of ₹ 56.82 billion on sale of equity shares of ICICI Life (net of issue expenses) through an offer for sale in its IPO (fiscal 2016: Gain on sale of equity shares of ICICI Life was ₹ 18.64 billion and ICICI Lombard General Insurance Company Limited was ₹ 15.10 billion).

#### Dividend from subsidiaries

Dividend from subsidiaries decreased by 7.6% from ₹ 15.35 billion in fiscal 2016 to ₹ 14.19 billion in fiscal 2017. The following table sets forth, for the periods indicated, the details of dividend received from subsidiaries:

|   |             | ₹ in billion |
|---|-------------|--------------|
| Name of the entity                                | Fiscal 2016 | Fiscal 2017  |
| ICICI Prudential Life Insurance Company Limited   | 8.74        | 5.45         |
| ICICI Securities Primary Dealership Limited       | 1.22        | 2.78         |
| ICICI Securities Limited                          | 1.61        | 2.05         |
| ICICI Prudential Asset Management Company Limited | 0.54        | 1.63         |
| ICICI Home Finance Company Limited                | 1.26        | 1.07         |
| ICICI Lombard General Insurance Company Limited   | 0.98        | 1.00         |
| ICICI Bank Canada                                 | 1.00        | 0.21         |
| Total   | 15.35       | 14.19        |

- 1. All amounts have been rounded off to the nearest ₹ 10.0 million.
- 2. During fiscal 2017, ICICI Life changed its dividend payment periodicity from quarterly to half-yearly.

#### Other income (including lease income)

Other income decreased from ₹ 9.07 billion in fiscal 2016 to ₹ 0.57 billion in fiscal 2017. Other income in fiscal 2016 included exchange gain on repatriation of retained earnings from overseas branches of ₹ 9.41 billion. Effective April 1, 2016, pursuant to RBI circular no. DBR.BPBC.No.61/21.04.018/ 2016-17 dated April 18, 2017, the Bank does not recognise the proportionate amount of exchange differences in foreign currency translation reserve (FCTR) as income or expenses, which relates to repatriation of accumulated profits from overseas operations. Accordingly for fiscal 2017, the Bank has not recognised an amount of ₹ 2.88 billion as income, which relates to the repatriation of retained earnings from foreign branches during the fiscal 2017.



#### Operating expense

The following table sets forth, for the periods indicated, the principal components of non-interest expense.

|   |             | ₹ in billio | n, except percentages |
|---|-------------|-------------|-----------------------|
| Particulars   | Fiscal 2016 | Fiscal 2017 | % change              |
| Payments to and provisions for employees                    | ₹ 50.02     | ₹ 57.34     | 14.6%                 |
| Depreciation on own property (including non-banking assets) | 6.79        | 7.58        | 11.6                  |
| Other administrative expenses                               | 69.83       | 82.63       | 18.3                  |
| Depreciation (net of lease equalisation) on leased assets   | 0.19        | -           | -                     |
| Total operating expense                                     | ₹ 126.83    | ₹ 147.55    | 16.3%                 |

<sup>1.</sup> All amounts have been rounded off to the nearest ₹ 10.0 million.

Operating expenses primarily include employee expenses, depreciation on assets and other administrative expenses. Non-interest expenses increased by 16.3% from ₹ 126.83 billion in fiscal 2016 to ₹ 147.55 billion in fiscal 2017.

#### Payments to and provisions for employees

Employee expenses increased by 14.6% from ₹ 50.02 billion in fiscal 2016 to ₹ 57.34 billion in fiscal 2017 primarily on account of higher salary due to annual increments and promotions, an increase in average staff strength and higher provision for retirement benefit obligations due to movement in the discount rate linked to yield on government securities. The number of employees increased from 74,096 at March 31, 2016 to 82,841 at March 31, 2017 (average staff strength was 71,810 for fiscal 2016 and 79,671 for fiscal 2017), primarily in retail and rural banking. The employee base includes sales executives, employees on fixed term contracts and interns.

#### Depreciation

Depreciation on owned property increased by 11.6% from ₹ 6.79 billion in fiscal 2016 to ₹ 7.58 billion in fiscal 2017 due to an increase in fixed assets with higher depreciation rates.

#### Other administrative expenses

Other administrative expenses primarily include rent, taxes and lighting, advertisement, sales promotion, repairs and maintenance, direct marketing expenses and other expenditure. Other administrative expenses increased by 18.3% from ₹ 69.83 billion in fiscal 2016 to ₹ 82.63 billion in fiscal 2017. The increase in other administrative expenses was primarily due to an increase in the Bank's branch and ATM network and retail business volumes. The number of branches in India increased from 4,450 at March 31, 2016 to 4,850 at March 31, 2017. The ATM network of the Bank increased from 13,766 ATMs at March 31, 2016 to 13,882 ATMs at March 31, 2017.

#### Provisions and contingencies (excluding provisions for tax)

The following tables set forth, for the periods indicated, the components of provisions and contingencies.

|   |             | ₹ in billio | n, except percentages |
|---|-------------|-------------|-----------------------|
| Particulars   | Fiscal 2016 | Fiscal 2017 | % change              |
| Provision for non-performing and other assets <sup>1</sup>  | ₹ 72.16     | ₹ 146.86    | -                     |
| Provision for investments (including credit substitutes) (net)                                      | 1.71        | 6.09        | -                     |
| Provision for standard assets   | 2.97        | (3.39)      | -                     |
| Others  | 3.84        | 2.52        | (34.4)                |
| Total provisions and contingencies (excluding collective contingency reserve and provision for tax) | ₹ 80.67     | 152.08      | 88.5%                 |
| Collective contingency reserve  | 36.00       | -           | -                     |
| Total provisions and contingencies (excluding provision for tax)                                    | ₹ 116.67    | 152.08      | 30.4%                 |

<sup>1.</sup> Includes restructuring related provision.

<sup>2.</sup> All amounts have been rounded off to the nearest ₹ 10.0 million.

Provisions are made by the Bank on standard, sub-standard and doubtful assets at rates prescribed by RBI. Loss assets and the unsecured portion of doubtful assets are provided for/written off as required by RBI guidelines. For loans and advances of overseas branches, provisions are made as per RBI regulations or host country regulations whichever is higher. Provisions on retail non-performing loans are made at the borrower level in accordance with the retail assets provisioning policy of the Bank, subject to the minimum provisioning levels prescribed by RBI. The specific provisions on retail loans and advances held by the Bank are higher than the minimum regulatory requirement. Provision on loans and advances restructured/rescheduled is made in accordance with the applicable RBI guidelines on restructuring of loans and advances by banks. In addition to the specific provision on NPAs, the Bank maintains a general provision on standard loans and advances at rates prescribed by RBI. For standard loans and advances in overseas branches, the general provision is made at the higher of host country regulatory requirements and RBI requirements. The Bank makes floating provision as per a Board approved policy, which is in excess of the specific and general provisions made by the Bank. The floating provision can be utilised with the approval of Board and RBI.

Provisions and contingencies (excluding provisions for tax) increased from ₹ 116.67 billion in fiscal 2016 to ₹ 152.08 billion in fiscal 2017. This increase was primarily due to an increase in provisions on non-performing assets. Provision for non-performing and other assets increased from ₹ 72.16 billion in fiscal 2016 to ₹ 146.86 billion in fiscal 2017 primarily due to an increase in additions to non-performing assets in the corporate and small and medium enterprises loan portfolio including downgrades from the restructured loan portfolio, cases where SDR has been invoked/implemented and specific provision on certain standard loans. The provision coverage ratio at March 31, 2017 including cumulative technical/prudential write-offs, the provision coverage ratio was 40.2%.

The Bank had disclosed its fund based exposure and outstanding non-fund based facilities internally rated below investment grade (excluding borrowers classified as non-performing or restructured) at March 31, 2016 to the iron and steel, mining, power, rigs and cement sectors and promoter entities internally rated below investment grade where the underlying was partly linked to these sectors. In view of the uncertainties relating to these sectors and the time that it might take to resolve the Bank's exposure to these sectors, the Bank had made a collective contingency and related reserve in fiscal 2016 amounting to ₹ 36.00 billion towards these exposures to these sectors. This reserve was over and above the provisions required for non-performing and restructured loans as per RBI guidelines. During fiscal 2017, there was a drawdown from the collective contingency and related reserve of ₹ 36.00 billion.

Provision for standard assets decreased from a provision of ₹ 2.97 billion in fiscal 2016 to write-back of ₹ 3.39 billion in fiscal 2017 primarily due to higher slippages to NPAs and invocation of SDR on certain cases. Based on RBI guidelines, specific provision is made on cases where SDR is invoked. The cumulative general provision held at March 31, 2017 was ₹ 23.13 billion (March 31, 2016: ₹ 26.58 billion).

Provision for investments increased from ₹ 1.71 billion in fiscal 2016 to ₹ 6.09 billion in fiscal 2017 primarily due to provision on security receipts and equity shares acquired on conversion of loans.

#### Tax expense

The income tax expense decreased by 40.2% from ₹ 24.70 billion in fiscal 2016 to ₹ 14.78 billion in fiscal 2017. The effective tax rate decreased from 20.3% in fiscal 2016 to 13.1% in fiscal 2017 primarily due to long term capital gain from sale of shares of ICICI Life in Q2-2017 which is exempted from income tax.



#### **Financial condition**

#### Assets

The following table sets forth, at the dates indicated, the principal components of assets.

|  |                   | ₹ in billion, e   | xcept percentages |
|--|-------------------|-------------------|-------------------|
| Assets   | At March 31, 2016 | At March 31, 2017 | % change          |
| Cash and bank balances                                   | ₹ 598.69          | ₹ 757.13          | 26.5%             |
| Investments  | 1,604.12          | 1,615.07          | 0.7               |
| - Government and other approved investments <sup>1</sup> | 1,104.05          | 1,085.39          | (1.7)             |
| - Equity investment in subsidiaries                      | 107.63            | 103.23            | (4.1)             |
| - Other investments                                      | 392.44            | 426.45            | 8.7               |
| Advances   | 4,352.64          | 4,642.32          | 6.7               |
| - Domestic   | 3,414.52          | 3,892.39          | 14.0              |
| - Overseas branches                                      | 938.12            | 749.93            | (20.1)            |
| Fixed assets (including leased assets)                   | 75.76             | 78.05             | 3.0               |
| Other assets   | 575.74            | 625.34            | 8.6               |
| - RIDF and other related deposits <sup>2</sup>           | 280.66            | 241.13            | (14.1)            |
| Total assets   | ₹ 7,206.95        | ₹ 7,717.91        | 7.1%              |

- 1. Banks in India are required to maintain a specified percentage, currently 20.50%, of their net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities.
- 2. Deposits made in Rural Infrastructure Development Fund and other such entities pursuant to shortfall in the amount required to be lent to certain specified sectors called priority sector as per RBI guidelines.
- 3. All amounts have been rounded off to the nearest ₹ 10.0 million.

Total assets of the Bank increased by 7.1% from ₹7,206.95 billion at March 31, 2016 to ₹7,717.91 billion at March 31, 2017, primarily due to a 6.7% increase in advances, 26.5% increase in cash and cash equivalents and 8.6% increase in other assets.

#### Cash and cash equivalents

Cash and cash equivalents include cash in hand and balances with RBI and other banks, including money at call and short notice. Cash and cash equivalents increased from ₹ 598.69 billion at March 31, 2016 to ₹ 757.13 billion at March 31, 2017 primarily due to an increase in money at call and short notice and balances with RBI.

#### Investments

Total investments increased by 0.7% from ₹ 1,604.12 billion at March 31, 2016 to ₹ 1,615.07 billion at March 31, 2017 primarily due to an increase in investments in pass through certificates by ₹ 40.68 billion, security receipts by ₹ 29.19 billion, and commercial paper by ₹ 22.09 billion, offset by a decrease in investments in certificate of deposits by ₹ 81.38 billion and Government securities by ₹ 18.66 billion. In fiscal 2017, ICICI Bank Canada repatriated equity share capital of CAD 65 million (fiscal 2016: CAD 50 million) and redeemed preference share capital of CAD 56 million (fiscal 2016: CAD 37 million).

At March 31, 2017, the Bank had an outstanding net investment of ₹ 32.86 billion in security receipts issued by asset reconstruction companies compared to ₹ 7.91 billion at March 31, 2016.

#### Advances

Net advances increased by 6.7% from ₹ 4,352.64 billion at March 31, 2016 to ₹ 4,642.32 billion at March 31, 2017 primarily due to an increase in domestic advances, offset, in part, by a decrease in overseas advances. Domestic advances increased by 14.0% from ₹ 3,414.52 billion at March 31, 2016 to ₹ 3,892.39 billion at March 31, 2017. Net advances of overseas branches decreased by 20.1% from ₹ 938.12 billion at March 31, 2016 to ₹ 749.93 billion at March 31, 2017. Advances of overseas branches include impact of maturity of loans against Foreign Currency Non-Resident (Bank) (FCNR-B) deposits in fiscal 2017.

#### Fixed and other assets

Fixed assets (net block) increased by 3.0% from ₹ 75.76 billion at March 31, 2016 to ₹ 78.05 billion at March 31, 2017. Other assets increased from ₹ 575.74 billion at March 31, 2016 to ₹ 625.34 billion at March 31, 2017 primarily due to an increase in trade receivables, deferred tax assets and non-banking assets acquired in satisfaction of claims, offset, in part, by a decrease in RIDF and related deposits. RIDF and other related deposits made in lieu of shortfall in directed lending requirements decreased from ₹ 280.66 billion at March 31, 2016 to ₹ 241.13 billion at March 31, 2017. During fiscal 2017, the Bank acquired fixed assets in satisfaction of claims including debt-assets swap transactions amounting to ₹ 16.25 billion.

#### Liabilities

The following table sets forth, at the dates indicated, the principal components of liabilities (including capital and reserves).

|   | _                 | ₹ in billio       | n, except percentages |
|---|-------------------|-------------------|-----------------------|
| Liabilities   | At March 31, 2016 | At March 31, 2017 | % change              |
| Equity share capital  | ₹ 11.70           | ₹ 11.71           | 0.1%                  |
| Reserves <sup>1</sup>   | 885.66            | 987.80            | 11.5                  |
| Deposits  | 4,214.26          | 4,900.39          | 16.3                  |
| - Savings deposits  | 1,342.30          | 1,718.38          | 28.0                  |
| - Current deposits  | 588.70            | 749.83            | 27.4                  |
| - Term deposits   | 2,283.26          | 2,432.17          | 6.5                   |
| Borrowings (excluding subordinated debt and preference share capital) | 1,363.66          | 1,129.66          | (17.2)                |
| - Domestic  | 426.39            | 326.19            | (23.5)                |
| - Overseas branches   | 937.27            | 803.47            | (14.3)                |
| Subordinated debt (included in Tier-1 and Tier-2 capital)             | 380.92            | 342.40            | (10.1)                |
| - Domestic  | 358.40            | 342.40            | (4.5)                 |
| - Overseas branches   | 22.52             | -                 | (100.0)               |
| Preference share capital <sup>2</sup>                                 | 3.50              | 3.50              | 0.0                   |
| Other liabilities   | 347.25            | 342.45            | (1.4)                 |
| Total liabilities   | ₹ 7,206.95        | ₹ 7,717.91        | 7.1%                  |

- 1. Reserves at March 31, 2017 do not include provision for proposed dividend.
- 2. Included in Schedule 4 "Borrowings" of the balance sheet.
- 3. All amounts have been rounded off to the nearest ₹ 10.0 million.

Total liabilities (including capital and reserves) increased by 7.1% from ₹ 7,206.95 billion at March 31, 2016 to ₹ 7,717.91 billion at March 31, 2017 primarily due to a 16.3% increase in deposits and 11.5% increase in reserves, offset, in part, by a 15.6% decrease in borrowings.

#### **Deposits**

Deposits increased by 16.3% from ₹ 4,214.26 billion at March 31, 2016 to ₹ 4,900.39 billion at March 31, 2017 primarily due to significantly higher CASA deposit inflows post demonetisation, offset, in part, by redemption of about USD 1.75 billion of FCNR-B deposits mobilised during fiscal 2014.

Savings account deposits increased by 28.0% from ₹ 1,342.30 billion at March 31, 2016 to ₹ 1,718.38 billion at March 31, 2017 and current account deposits increased by 27.4% from ₹ 588.70 billion at March 31, 2016 to ₹ 749.83 billion at March 31, 2017. Term deposits increased by 6.5% from ₹ 2,283.26 billion at March 31, 2016 to ₹ 2,432.17 billion at March 31, 2017. The current and savings account deposits increased from ₹ 1,931.00 billion at March 31, 2016 to ₹ 2,468.22 billion at March 31, 2017. Total deposits at March 31, 2017 formed 76.9% of the funding (i.e., deposits and borrowings, other than preference share capital).

#### **Borrowings**

Borrowings decreased by 15.6% from ₹ 1,748.08 billion at March 31, 2016 to ₹ 1,475.56 billion at March 31, 2017 primarily due to a decrease in call and term money borrowings, refinance borrowings, borrowings with RBI under liquidity



adjustment facility and subordinated bond borrowings (including foreign currency bonds), offset, in part, by an increase in bond borrowings including infrastructure bond borrowings. Infrastructure bond borrowings increased from ₹ 68.50 billion at March 31, 2016 to ₹ 172.50 billion at March 31, 2017. During fiscal 2017, the Bank issued Basel III compliant unsecured subordinated perpetual Additional Tier-1 (AT1) capital instruments aggregating ₹ 34.25 billion on private placement basis. Borrowings of overseas branches (net) decreased by 16.3% from ₹ 959.79 billion at March 31, 2016 to ₹ 803.47 billion at March 31, 2017.

#### Other liabilities

Other liabilities decreased by 1.4% from ₹ 347.25 billion at March 31, 2016 to ₹ 342.45 billion at March 31, 2017.

#### Equity share capital and reserves

Equity share capital and reserves increased from ₹ 897.36 billion at March 31, 2016 to ₹ 999.51 billion at March 31, 2017 primarily due to accretion to reserves out of profit.

Pursuant to amendment in Accounting Standard, AS 4 - 'Contingencies and events occurring after balance sheet date', the Bank has not accounted for proposed dividend for fiscal 2017. Accordingly, the proposed dividend has not been reduced from the net worth at March 31, 2017.

#### Off balance sheet items, commitments and contingencies

The following table sets forth, for the periods indicated, the principal components of contingent liabilities.

₹ in billion At March 31, 2016 At March 31, 2017 Claims against the Bank, not acknowledged as debts ₹ 35.36 ₹ 46.43 0.01 Liability for partly paid investments 0.01 Notional principal amount of outstanding forward exchange contracts 3,567.73 4,272.34 Guarantees given on behalf of constituents 1,004.95 929.99 Acceptances, endorsements and other obligations 472.78 478.37 Notional principal amount of currency swaps 460.01 410.83 Notional principal amount of interest rate swaps and currency options and interest 3,414.40 4,131.19 rate futures Other items for which the Bank is contingently liable 40.78 52.75 Total ₹ 9,007.99 ₹ 10,309.94

All amounts have been rounded off to the nearest ₹ 10.0 million.

Contingent liabilities increased from ₹ 9,007.99 billion at March 31, 2016 to ₹ 10,309.94 billion at March 31, 2017 primarily due to an increase in notional principal amount of outstanding forward exchange contracts and notional amount of interest rate swaps and currency options. The notional principal amount of outstanding forward exchange contracts increased from ₹ 3,567.73 billion at March 31, 2016 to ₹ 4,272.34 billion at March 31, 2017.

Claims against the Bank, not acknowledged as debts, represents certain demands made in certain tax and legal matters against the Bank in the normal course of business and customer claims arising in fraud cases. In accordance with the Bank's accounting policy and Accounting Standard 29, the Bank has reviewed and classified these items as possible obligations based on legal opinion/judicial precedents/ assessment by the Bank. No provision in excess of provisions already made in the financial statements is considered necessary.

The Bank enters into foreign exchange contracts in its normal course of business, to exchange currencies at a pre-fixed price at a future date. This item represents the notional principal amount of such contracts, which are derivative instruments. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the inter-bank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.

As a part of project financing and commercial banking activities, the Bank has issued guarantees to support regular business activities of clients. These generally represent irrevocable assurances that the Bank will make payments in the event that the customer fails to fulfill its financial or performance obligations. Financial guarantees are obligations to pay a

third party beneficiary where a customer fails to make payment towards a specified financial obligation, including advance payment guarantee. Performance guarantees are obligations to pay a third party beneficiary where a customer fails to perform a non-financial contractual obligation. The guarantees are generally issued for a period not exceeding 10 years. The credit risks associated with these products, as well as the operating risks, are similar to those relating to other types of financial instruments. Cash margins available to reimburse losses realised under guarantees amounted to ₹ 84.60 billion at March 31, 2017 compared to ₹ 77.78 billion at March 31, 2016. Other property or security may also be available to the Bank to cover potential losses under guarantees.

The Bank is obligated under a number of capital contracts. Capital contracts are job orders of a capital nature, which have been committed. Estimated amounts of contracts remaining to be executed on capital account in domestic operations aggregated to ₹ 5.11 billion at March 31, 2017 compared to ₹ 5.71 billion at March 31, 2016.

#### Capital resources

The Bank actively manages its capital to meet regulatory norms, current and future business needs and the risks in its businesses. The capital management framework of the Bank is administered by the Finance Group and the Risk Management Group under the supervision of the Board and the Risk Committee. The capital adequacy position and assessment is reported to the Board and the Risk Committee periodically.

#### Regulatory capital

The Bank is subject to the Basel III guidelines issued by RBI, effective from April 1, 2013, which are being implemented in a phased manner by March 31, 2019 as per the transitional arrangement provided by RBI for Basel III implementation. The Basel III rules on capital consist of measures for improving the quality, consistency and transparency of capital, enhancing risk coverage, introducing a supplementary leverage ratio, reducing pro-cyclicality and promoting counter-cyclical buffers and addressing systemic risk and inter-connectedness.

At March 31, 2017, the Bank was required to maintain a minimum Common Equity Tier-1 (CET1) capital ratio of 6.80%, minimum Tier-1 capital ratio of 8.30% and minimum total capital ratio of 10.30%. The minimum total capital requirement includes a capital conservation buffer of 1.25% and capital surcharge of 0.05% on account of the Bank being designated as a Domestic Systemically Important Bank (D-SIB). Under Pillar 1 of the RBI guidelines on Basel III, the Bank follows the standardised approach for measurement of credit risk, standardised duration method for measurement of market risk and basic indicator approach for measurement of operational risk.

The following table sets forth the capital adequacy ratios computed in accordance with Basel III guidelines of RBI at March 31, 2016 and March 31, 2017.

₹ in billion, except percentages Basel III At March 31, 2016 At March 31, 2017<sup>2</sup> CET1 capital 789.59 858.39 Tier-1 capital 794.82 897.25 Tier-2 capital 215.13 189.41 Total capital 1,009.95 1,086.66 Credit Risk — Risk Weighted Assets (RWA) 5,266.99 5,263.19 On balance sheet 4,213.23 4,363.08 Off balance sheet 1,049.96 903.91 Market Risk — RWA 310.41 420.25 Operational Risk - RWA 497.53 560.78 **Total RWA** 6.071.13 6.248.02 Total capital adequacy ratio 16.64% 17.39% CET1 capital adequacy ratio 13.74% 13.00% Tier-1 capital adequacy ratio 13.09% 14.36% Tier-2 capital adequacy ratio 3.55% 3.03%

1. All amounts have been rounded off to the nearest ₹ 10.0 million.

2. The proposed dividend was reduced from capital funds though not deducted from net worth for the purpose of financial reporting at March 31, 2017



At March 31, 2017, the Bank's Tier-1 capital adequacy ratio was 14.36% as against the requirement of 8.30% and total capital adequacy ratio was 17.39% as against the requirement of 10.30%.

#### Movement in the capital funds and risk weighted assets from March 31, 2016 to March 31, 2017 as per Basel III norms

Capital funds (net of deductions) increased by ₹ 76.71 billion from ₹ 1,009.95 billion at March 31, 2016 to ₹ 1,086.66 billion at March 31, 2017 primarily due to inclusion of retained earnings for fiscal 2017, issuance of Additional Tier-1 (AT1) capital instruments of ₹ 34.25 billion, lower deduction for investment in subsidiaries due to repatriation of capital from an overseas banking subsidiary and sale of shareholding in insurance subsidiaries, offset, in part, by a decrease in amount of innovative perpetual debt instruments (IPDI) upon exercising the call option by the Bank and decrease in eligible amount of non-common equity capital due to application of Basel III grandfathering rules.

Credit risk RWA increased by ₹ 3.80 billion from ₹ 5,263.19 billion at March 31, 2016 to ₹ 5,266.99 billion at March 31, 2017 primarily due to an increase of ₹ 149.85 billion in RWA for on-balance sheet assets, offset, in part, by a decrease of ₹ 146.05 billion in RWA for off-balance sheet assets. The off-balance sheet RWA at March 31, 2015 was ₹ 1,063.31 billion which decreased to ₹ 1,049.95 billion at March 31, 2016 and further decreased to ₹ 903.91 billion at March 31, 2017.

Market risk RWA increased by ₹ 109.84 billion from ₹ 310.41 billion at March 31, 2016 to ₹ 420.25 billion at March 31, 2017 primarily due to an increase in the portfolio of fixed income securities and equity investments.

Operational risk RWA increased by ₹ 63.25 billion from ₹ 497.53 billion at March 31, 2016 to ₹ 560.78 billion at March 31, 2017. The operational risk capital charge is computed based on 15% of the average of the previous three financial years' gross income and is revised on an annual basis at June 30. RWA is arrived at by multiplying the capital charge by 12.5.

#### Internal assessment of capital

The capital management framework of the Bank includes a comprehensive internal capital adequacy assessment process conducted annually, which determines the adequate level of capitalisation necessary to meet regulatory norms and current and future business needs, including under stress scenarios. The internal capital adequacy assessment process is undertaken at both the standalone bank level and the consolidated group level. The internal capital adequacy assessment process encompasses capital planning for a four-year time horizon, identification and measurement of material risks and the relationship between risk and capital.

The capital management framework is complemented by the risk management framework, which covers the policies, processes, methodologies and frameworks established for the management of material risks. Stress testing, which is a key aspect of the internal capital adequacy assessment process and the risk management framework, provides an insight into the impact of extreme but plausible scenarios on the Bank's risk profile and capital position. Based on the stress testing framework approved by the Board, the Bank conducts stress tests on various portfolios and assesses the impact on the capital ratios and the adequacy of capital buffers for current and future periods. The Bank periodically assesses and refines its stress testing framework in an effort to ensure that the stress scenarios capture material risks as well as reflect possible extreme market moves that could arise as a result of market conditions and the operating environment. The business and capital plans and the stress testing results of certain key group entities are integrated into the internal capital adequacy assessment process.

Based on the internal capital adequacy assessment process, the Bank determines the level of capital that needs to be maintained by considering the following in an integrated manner:

- strategic focus, business plan and growth objectives;
- regulatory capital requirements as per RBI guidelines;
- assessment of material risks and impact of stress testing;
- future strategy with regard to investments or divestments in subsidiaries; and
- evaluation of options to raise capital from domestic and overseas markets, as permitted by RBI from time to time.

The Bank continues to monitor relevant developments and believes that its current robust capital adequacy position and demonstrated track record of access to domestic and overseas markets for capital raising will enable it to maintain the necessary levels of capital as required by regulations while continuing to grow its business.

#### **ASSET QUALITY AND COMPOSITION**

#### Loan concentration

The Bank follows a policy of portfolio diversification and evaluates its total financing exposure to a particular industry in light of its forecasts of growth and profitability for that industry. The Bank's Credit Risk Management Group monitors all major sectors of the economy and specifically tracks industries in which the Bank has credit exposures. The Bank monitors developments in various sectors to assess potential risks in our portfolio and new business opportunities. The Bank's policy is to limit its portfolio to any particular industry (other than retail loans) to 15.0% of its total exposure. In addition, the Bank has refined and strengthened its framework for managing concentration risk with respect to single borrower and group exposures with lower thresholds/limits for lower rated borrowers and groups.

The following tables set forth, at the dates indicated, the composition of the Bank's gross advances (net of write-offs).

₹ in billion, except percentages

|  |                |                     |                | -                   |
|--|----------------|---------------------|----------------|---------------------|
|  | March 31,      | 2016                | March 31, 2017 |                     |
|  | Total advances | % of total advances | Total advances | % of total advances |
| Retail finance <sup>1, 2</sup>                                   | ₹ 2,130.70     | 47.3%               | ₹ 2,440.38     | 50.6%               |
| Power  | 273.32         | 6.1                 | 302.84         | 6.3                 |
| Services – finance   | 143.30         | 3.2                 | 273.05         | 5.7                 |
| Iron/steel and products  | 256.54         | 5.7                 | 235.62         | 4.9                 |
| Road, ports, telecom, urban development and other infrastructure | 268.49         | 6.0                 | 228.80         | 4.7                 |
| Services – non-finance   | 229.64         | 5.1                 | 180.77         | 3.7                 |
| Wholesale/retail trade   | 126.86         | 2.8                 | 115.70         | 2.4                 |
| Mining   | 73.79          | 1.7                 | 108.01         | 2.2                 |
| Construction   | 104.97         | 2.3                 | 98.71          | 2.0                 |
| Metal & products (excluding iron & steel)                        | 99.71          | 2.2                 | 89.72          | 1.9                 |
| Cement   | 85.66          | 1.9                 | 75.40          | 1.6                 |
| Electronics and engineering                                      | 67.02          | 1.5                 | 73.75          | 1.5                 |
| Food and beverages   | 67.42          | 1.5                 | 70.37          | 1.5                 |
| Crude petroleum/refining and petrochemicals                      | 77.41          | 1.7                 | 66.59          | 1.4                 |
| Other industries <sup>3</sup>                                    | 497.00         | 11.0                | 464.89         | 9.6                 |
| Total  | ₹ 4,501.83     | 100.0%              | ₹ 4,824.60     | 100.0%              |

- 1. Includes home loans, automobile loans, commercial business loans, dealer financing and small ticket loans to small businesses, personal loans, credit cards, rural loans and loans against securities.
- 2. Includes loans against FCNR deposits of ₹ 14.99 billion at March 31, 2017 (March 31, 2016: ₹ 72.65 billion).
- 3. Other industries primarily include developer financing portfolio, gems and jewellery, chemical and fertilisers, textile, manufacturing products (excluding metal), automobiles, drugs and pharmaceuticals and FMCG.
- 4. All amounts have been rounded off to the nearest ₹ 10.0 million.

The Bank's capital allocation framework is focused on higher growth in retail and rural lending and lower growth in corporate lending with an increase in the proportion of higher rated exposures. Given the focus on the above priorities, gross retail finance advances (including loans against FCNR deposits) increased by 14.5% in fiscal 2017 compared to an increase of 7.2% in total gross advances. As a result, the share of gross retail finance advances increased from 47.3% of gross advances at March 31, 2016 to 50.6% of gross advances at March 31, 2017. Further, advances to other sectors increased primarily due to an increase in advances to services-finance by ₹ 129.75 billion, mining by ₹ 34.22 billion and power by ₹ 29.52 billion, offset, in part, by a decrease in advances to roads, ports, telecom, urban development & other infrastructure by ₹ 39.69 billion and iron/steel and products by ₹ 20.92 billion. The net increase in advances to services-finance and power sector in fiscal 2017 was primarily to the higher rated borrowers based on the Bank's internal ratings.



The following table sets forth, at the dates indicated, the composition of the Bank's gross (net of write-offs) outstanding retail finance portfolio.

₹ in billion, except percentages

|   | March 3               | 1, 2016                    | March 3                  | 1, 2017                    |
|---|-----------------------|----------------------------|--------------------------|----------------------------|
|   | Total retail advances | % of total retail advances | Total retail<br>advances | % of total retail advances |
| Home loans                                  | ₹ 1,098.99            | 51.6%                      | ₹ 1,281.90               | 52.5%                      |
| Rural loans                                 | 314.33                | 12.8                       | 370.25                   | 15.2                       |
| Automobile loans                            | 224.64                | 10.5                       | 256.09                   | 10.5                       |
| Commercial business                         | 129.16                | 6.1                        | 150.26                   | 6.2                        |
| Personal loans                              | 102.15                | 4.8                        | 143.65                   | 5.9                        |
| Business banking <sup>1</sup>               | 114.19                | 5.3                        | 126.88                   | 5.2                        |
| Credit cards                                | 55.21                 | 2.6                        | 75.44                    | 3.1                        |
| Others <sup>2, 3</sup>                      | 92.03                 | 3.8                        | 35.91                    | 1.4                        |
| Total retail finance portfolio <sup>3</sup> | ₹ 2,130.70            | 100.0%                     | ₹ 2,440.38               | 100.0%                     |

- 1. Includes dealer financing and small ticket loans to small businesses.
- 2. Includes loans against securities
- Includes loans against FCNR deposits of ₹ 14.99 billion at March 31, 2017 (March 31, 2016: ₹ 72.65 billion).
- 4. All amounts have been rounded off to the nearest ₹ 10.0 million

The net domestic retail loan portfolio of the Bank grew by 18.5% during fiscal 2017.

#### **Directed Lending**

RBI requires banks to lend to certain sectors of the economy. Such directed lending comprises priority sector lending and export credit.

#### **Priority Sector Lending and Investment**

The RBI guidelines on priority sector lending require banks to lend 40.0% of their adjusted net bank credit (ANBC), to fund certain types of activities carried out by specified borrowers. The definition of ANBC includes bank credit in India adjusted by bills rediscounted with RBI and other approved financial institutions and certain investments and is computed with reference to the outstanding amount at corresponding date of the preceding year as prescribed by RBI guidelines 'Master Direction - Priority Sector Lending - Targets and Classification'. Further, RBI allowed loans extended in India against incremental foreign currency non-resident (bank)/non-resident external deposits from July 26, 2013 and outstanding at March 7, 2014 to be excluded from ANBC. In May 2014, RBI issued guidelines allowing banks to include the outstanding investments in Rural Infrastructure Development Fund and other specified funds to be classified as "indirect agriculture" and count towards the overall priority sector target achievement. Such investments at corresponding date of the preceding year are included in the ANBC which forms the base for computation of the priority sector and sub-segment lending requirements. In fiscal 2015, RBI allowed banks to issue long-term bonds for financing infrastructure and low-cost housing. The amount raised by way of these bonds is permitted to be excluded from the ANBC for the purpose of computing priority sector lending targets.

The priority sectors include categories such as agriculture, micro and small enterprises, education, housing and other sectors as prescribed by RBI's Master Direction on 'Priority Sector Lending - Targets and Classification'. Out of the overall target of 40.0%, banks are required to lend a minimum of 18.0% of their ANBC to the agriculture sector and the balance to certain specified sectors. Banks are also required to lend 10.0% of their ANBC, to certain borrowers under the "weaker section" category.

In April 2015, RBI issued revised guidelines on priority sector lending. Under the revised guidelines, the overall target for priority sector lending continues to be 40% of the ANBC; sub-targets for direct and indirect lending to agriculture have been combined; and sub-targets of 8.0% for lending to small & marginal farmers and 7.5% lending target to micro-enterprises have been introduced. These sub-targets were to be achieved in a phased manner by March 2017. Sectors qualifying for priority sector lending have been broadened to include medium enterprises, social infrastructure and renewable energy. Priority sector lending achievement would be evaluated on a quarterly average basis from fiscal 2017 instead of only at the

year-end. Further, in July 2015, RBI has directed banks to maintain direct lending to non-corporate farmers at the banking system's average level for the last three years, failing which banks will attract penalties for shortfall. RBI would notify the banks of the banking system's average level at the beginning of each year. RBI has notified a target level of 11.7% of ANBC for this purpose for fiscal 2017. RBI has also directed banks to maintain lending to borrowers who constituted the direct agriculture lending category under the earlier guidelines.

The Bank is required to comply with the priority sector lending requirements prescribed by the RBI from time to time. The shortfall in the amount required to be lent to the priority sectors and weaker sections may be required to be deposited in funds with government sponsored Indian development banks like the National Bank for Agriculture and Rural Development, the Small Industries Development Bank of India and the National Housing Bank, MUDRA Limited and other financial institutions as decided by RBI from time to time, based on the allocations made by RBI. These deposits have a maturity of up to seven years and carry interest rates lower than market rates. At March 31, 2017, the Bank's total investment in such bonds was ₹ 241.13 billion, which was fully eligible for consideration in overall priority sector lending achievement.

The Bank's priority sector lending increased by 13.7% from ₹ 1,311.91 billion at March 31, 2016 to ₹ 1,491.36 billion at March 31, 2017. The qualifying total agriculture loans increased from ₹ 545.84 billion at March 31, 2016 to ₹ 557.06 billion at March 31, 2017. The advances to weaker sections increased from ₹ 204.35 billion at March 31, 2016 to ₹ 233.89 billion at March 31, 2017.

As prescribed in RBI guideline, the Bank's priority sector lending achievement is computed on quarterly average basis for fiscal 2017. Total average priority sector lending was ₹ 1,399.56 billion constituting 39.9% of ANBC against the requirement of 40.0% of ANBC. The average lending to the agriculture sector was ₹ 547.41 billion constituting 15.6% of ANBC against the requirement of 18.0% of ANBC. The average advances to weaker sections were ₹ 220.92 billion constituting 6.3% of ANBC against the requirement of 10.0% of ANBC. Average lending to small and marginal farmers was ₹ 142.19 billion constituting 4.1% of ANBC against the requirement of 8.0% of ANBC. The average lending to micro enterprises was ₹ 241.23 billion constituting 6.9% of ANBC against the requirement of 7.5% of ANBC. The average lending to non-corporate farmers was ₹ 287.42 billion constituting 8.2% of ANBC against the requirement of 11.7% of ANBC.

#### Classification of loans

The Bank classifies its assets as performing and non-performing in accordance with RBI guidelines. Under RBI guidelines, an asset is generally classified as non-performing if any amount of interest or principal remains overdue for more than 90 days, in respect of term loans. In respect of overdraft or cash credit, an asset is classified as non-performing if the account remains out of order for a period of 90 days and in respect of bills, if the account remains overdue for more than 90 days. RBI guidelines also require an asset to be classified as non-performing based on certain other criteria like restructuring of a loan, inability of a borrower to complete a project funded by the Bank within stipulated timelines and certain other non-financial parameters. In respect of borrowers where loans and advances made by overseas branches are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per RBI guidelines, the amount outstanding in the host country is classified as non-performing.

RBI has separate guidelines for classification of loans for projects under implementation which are based on the date of commencement of commercial production and date of completion of the project as originally envisaged at the time of financial closure. For infrastructure projects, a loan is classified as non-performing if it fails to commence commercial operations within two years from the documented date of commencement and for non-infrastructure projects, the loan is classified as non-performing if it fails to commence operations within 12 months from the documented date of such commencement.

RBI also has separate guidelines for restructured loans. Upto March 31, 2015, a fully secured standard asset could be restructured by re-schedulement of principal repayments and/or the interest element, but had to be separately disclosed as a restructured asset. The diminution in the fair value of the restructured loan, if any, measured in present value terms, was either written off or a provision was made to the extent of the diminution involved. Similar guidelines applied for restructuring of sub-standard loans. Loans restructured after April 1, 2015 (excluding loans given for implementation of projects in the infrastructure sector and non-infrastructure sector and which are delayed up to a specified period) by re-schedulement of principal repayments and/or the interest element are classified as non-performing. For such loans, the diminution in the fair value of the loan, if any, measured in present value terms, has to be provided for in addition to the provisions applicable to non-performing loans.



The following table sets forth, at the dates indicated, information regarding the asset classification of the Bank's gross non-performing assets (net of write-offs, interest suspense and derivative income reversals).

|  |                | ₹ in billion   |
|--|----------------|----------------|
|  | March 31, 2016 | March 31, 2017 |
| Non-performing assets                    |                |                |
| Sub-standard assets                      | ₹ 40.91        | ₹ 145.07       |
| Doubtful assets                          | 195.94         | 259.08         |
| Loss assets                              | 30.36          | 21.37          |
| Total non-performing assets <sup>1</sup> | ₹ 267.21       | ₹ 425.52       |

- 1. Include advances, lease receivables and credit substitutes like debentures and bonds. Excludes preference shares.
- 2. All amounts have been rounded off to the nearest ₹ 10.0 million

The following table sets forth, at the dates indicated, information regarding the Bank's non-performing assets (NPAs).

|                |                        |          | ₹ in billion, ex    | cept percentages                                       |
|----------------|------------------------|----------|---------------------|--|
| Year ended     | Gross NPA <sup>1</sup> | Net NPA  | Net customer assets | % of net NPA<br>to net customer<br>assets <sup>2</sup> |
| March 31, 2014 | ₹ 105.54               | ₹ 33.01  | ₹ 4,037.08          | 0.82%  |
| March 31, 2015 | ₹ 152.42               | ₹ 63.25  | ₹ 4,516.34          | 1.40%  |
| March 31, 2016 | ₹ 267.21               | ₹ 132.97 | ₹ 4,972.29          | 2.67%  |
| March 31, 2017 | ₹ 425.52               | ₹ 254.51 | ₹ 5,209.52          | 4.89%  |

- 1. Net of write-offs, interest suspense and derivatives income reversal.
- 2. Include advances, lease receivables and credit substitutes like debentures and bonds. Excludes preference shares.
- 3. All amounts have been rounded off to the nearest ₹ 10.0 million

In fiscal 2017, the gross additions to NPAs were ₹ 335.44 billion including slippages of ₹ 45.20 billion from the restructured loan portfolio. In fiscal 2017, the Bank recovered/upgraded non-performing assets amounting to ₹ 25.38 billion and wrote-off/sold non-performing assets amounting to ₹ 151.75 billion. As a result, gross NPAs (net of write-offs) of the Bank increased from ₹ 267.21 billion at March 31, 2016 to ₹ 425.52 billion at March 31, 2017.

Net NPAs increased from ₹ 132.97 billion at March 31, 2016 to ₹ 254.51 billion at March 31, 2017. The ratio of net NPAs to net customer assets increased from 2.67% at March 31, 2016 to 4.89% at March 31, 2017.

At March 31, 2017, gross non-performing loans in the retail portfolio were 1.51% of gross retail loans compared to 1.86% at March 31, 2016 and net non-performing loans in the retail portfolio were 0.52% of net retail loans compared to 0.61% at March 31, 2016.

The provision coverage ratio at March 31, 2017 including cumulative technical/prudential write-offs was 53.6%. Excluding cumulative technical/prudential write-offs, the provision coverage ratio was 40.2%.

The following table sets forth, at March 31, 2016 and March 31, 2017, the composition of gross non-performing assets by industry sector.

₹ in billion, except percentages

|  |              |        | ₹ in billion, except | percentages |
|--|--------------|--------|----------------------|-------------|
| _  | March 31, 20 | 16     | March 31, 20         | 17          |
|  | Amount       | %      | Amount               | %           |
| Retail finance <sup>1</sup>                                      | ₹ 38.25      | 14.3%  | ₹ 36.67              | 8.6%        |
| Iron/steel and products  | 65.04        | 24.3   | 80.39                | 18.9        |
| Power  | 17.51        | 6.6    | 63.64                | 15.0        |
| Cement   | -            | - 1    | 53.78                | 12.6        |
| Mining   | -            | - 1    | 39.32                | 9.2         |
| Services – non-finance   | 29.30        | 11.0   | 36.15                | 8.5         |
| Construction   | 22.22        | 8.3    | 31.29                | 7.4         |
| Road, ports, telecom, urban development and other infrastructure | 26.01        | 9.7    | 23.04                | 5.4         |
| Shipping   | 19.60        | 7.3    | 14.34                | 3.4         |
| Wholesale/retail trade   | 5.90         | 2.2    | 7.03                 | 1.7         |
| Food and beverages   | 4.55         | 1.7    | 6.36                 | 1.5         |
| Manufacturing products (excluding metal)                         | 3.58         | 1.3    | 5.29                 | 1.2         |
| Electronics and engineering                                      | 3.01         | 1.1    | 3.18                 | 0.7         |
| Crude petroleum/refining and petrochemicals                      | 0.02         | 0.0    | 0.49                 | 0.1         |
| Metal & products (excluding iron & steel)                        | 1.10         | 0.4    | 0.04                 | 0.0         |
| Services – finance   | 0.52         | 0.2    | -                    | -           |
| Other industries <sup>2</sup>                                    | 30.60        | 11.6   | 24.51                | 5.8         |
| Total  | ₹ 267.21     | 100.0% | ₹ 425.52             | 100.0%      |

- Includes home loans, automobile loans, commercial business loans, dealer financing and small ticket loans to small businesses, personal loans, credit cards, rural loans and loans against securities.
- 2. Other industries primarily include textile, chemical and fertilisers, gems and jewellery, drugs and pharmaceuticals, FMCG, automobiles and developer financing.
- 3. All amounts have been rounded off to the nearest ₹ 10.0 million.

The Bank had disclosed its fund based exposure and outstanding non-fund based facilities internally rated below investment grade (excluding borrowers classified as non-performing or restructured) at March 31, 2016 to the iron and steel, mining, power, rigs and cement sectors and promoter entities internally rated below investment grade where the underlying was partly linked to these sectors, amounting to ₹ 440.65 billion. The aggregate fund based exposure and outstanding non-fund based facilities to companies that were internally rated below investment grade in the above sectors and promoter entities decreased from ₹ 440.65 billion at March 31, 2016 to ₹ 190.39 billion at March 31, 2017. The decrease was on account of slippage of loans of ₹ 200.53 billion to non-performing category, a net reduction in exposure of ₹ 47.38 billion and upgrade of ratings of loans of ₹ 8.71 billion, offset, in part, by a downgrade of ratings of loans of ₹ 6.36 billion. Further, in fiscal 2017, there was a devolvement of non-fund facilities amounting to ₹ 17.99 billion related to accounts classified as non-performing in prior periods. In fiscal 2017, about 80% of the gross additions to NPAs in the wholesale and SME portfolio were on account of slippages relating to companies internally rated below investment grade in key sectors as discussed above, slippages from the restructured portfolio and devolvement of non-fund facilities of accounts classified as non-performing in prior periods. The fund based exposure and non-fund based outstanding to below investment grade companies in the above sectors, amounting to ₹ 190.39 billion at March 31, 2017 excludes net exposure of ₹ 4.49 billion to a central public sector owned undertaking engaged in gas-based power generation. The exposure to companies internally rated below investment grade in key sectors and promoter entities of ₹ 190.39 billion includes non-fund based outstanding to companies where the fund based outstanding was classified as NPA in fiscal 2017. Apart from this, the non-fund based outstanding to borrowers classified as NPA was ₹ 19.32 billion at March 31, 2017.

The gross outstanding loans to borrowers whose facilities have been restructured decreased from ₹ 93.13 billion at March 31, 2016 to ₹ 45.48 billion at March 31, 2017 primarily due to slippages of ₹ 45.20 billion from restructured loans to non-performing category. The net outstanding loans to borrowers whose facilities have been restructured decreased



from ₹ 85.73 billion at March 31, 2016 to ₹ 42.65 billion at March 31, 2017. The aggregate non-fund based outstanding to borrowers whose loans were restructured was ₹ 16.87 billion at March 31, 2017.

In fiscal 2016, RBI issued guidelines on strategic debt restructuring (SDR) under which conversion of debt into equity and acquisition of majority ownership of the borrower by banks is allowed. On conversion of debt into equity, banks are allowed to continue with the current asset classification for an 18-month period (stand-still benefit). At March 31, 2017, the Bank had outstanding performing loans of ₹ 52.40 billion where SDR had been implemented, of which about ₹ 42.94 billion were already classified as restructured or related to companies that were internally rated below investment grade in key sectors. In addition, SDR had been invoked and was pending implementation for standard loans of ₹ 12.08 billion at March 31, 2017, of which ₹ 6.60 billion were already classified as restructured.

Apart from the SDR scheme, RBI has issued guidelines which permit banks to upgrade the credit facilities extended to borrowers, whose ownership is undergoing change outside SDR, to the 'standard' category subject to fulfilling certain conditions. The RBI guidelines also allow the stand-still benefit in-line with SDR scheme. The Bank had initiated the process of change of ownership outside SDR for a borrower with gross outstanding of about ₹ 51.05 billion at March 31, 2017.

In fiscal 2016, RBI had issued guidelines permitting banks to refinance long-term project loans to infrastructure and other core industries at periodic intervals (5/25 scheme) without such refinancing being considered as restructuring. Accordingly, the outstanding portfolio of such loans for which refinancing under the 5/25 scheme has been implemented was ₹ 48.88 billion at March 31, 2017 out of which ₹ 26.75 billion was classified as performing loans. Of the loans of ₹ 26.75 billion, about ₹ 17.26 billion were loans to companies which were internally rated below investment grade in the key sectors mentioned above.

During fiscal 2017, RBI has introduced the scheme for sustainable structuring of stressed assets (S4A) and issued guidelines which seek to strengthen banks' ability to undertake resolution of large borrower accounts that are facing financial difficulties on account of delays in completing large projects. The scheme aims at enabling lenders to initiate deep financial restructuring, subject to fulfillment of certain conditions, for sustainable revival of projects. The scheme envisages bifurcation of the current dues of a borrower into sustainable debt and other than sustainable debt as per an independent study of the viability of the borrower's operations. The scheme also envisages that the asset classification of the borrower as on a 'reference date' (date in which the lenders jointly decide to invoke the scheme) will continue for a period of 180 days (stand-still period). During fiscal 2017, the Bank implemented the S4A scheme in two standard borrower accounts with an aggregate balance outstanding of about ₹ 2.93 billion, comprising ₹ 1.56 billion of sustainable debt and ₹ 1.37 billion of unsustainable debt.

#### **Segment information**

RBI in its guidelines on "segmental reporting" has stipulated specified business segments and their definitions, for the purposes of public disclosures on business information for banks in India.

The standalone segmental report for fiscal 2017, based on the segments identified and defined by RBI, has been presented as follows:

- Retail Banking includes exposures of the Bank, which satisfy the four qualifying criteria of 'regulatory retail portfolio'
  as stipulated by RBI guidelines on the Basel III framework.
- Wholesale Banking includes all advances to trusts, partnership firms, companies and statutory bodies, by the Bank which are not included in the Retail Banking segment, as per RBI guidelines for the Bank.
- Treasury includes the entire investment portfolio of the Bank.
- Other Banking includes leasing operations and other items not attributable to any particular business segment
  of the Bank.

#### Framework for transfer pricing

All liabilities are transfer priced to a central treasury unit, which pools all funds and lends to the business units at appropriate rates based on the relevant maturity of assets being funded after adjusting for regulatory reserve requirement and directed lending requirements.

#### Retail banking segment

The profit before tax of the segment increased from ₹ 38.98 billion in fiscal 2016 to ₹ 53.85 billion in fiscal 2017, primarily due to an increase in net interest income and non-interest income, offset, in part, by an increase in non-interest expenses and provisions.

Net interest income increased by 23.2% from ₹ 91.91 billion in fiscal 2016 to ₹ 113.27 billion in fiscal 2017 primarily due to growth in the loan portfolio and an increase in average CASA deposits.

Non-interest income increased by 17.4% from ₹ 49.02 billion in fiscal 2016 to ₹ 57.53 billion in fiscal 2017, primarily due to an increase in loan processing fees, third party product distribution fees, fees on credit cards and transaction banking fees.

Non-interest expenses increased by 14.6% from ₹ 97.97 billion in fiscal 2016 to ₹ 112.26 billion in fiscal 2017, primarily due to increase in employee cost, direct marketing expenses and full year impact of new branches opened in fiscal 2016.

Provisions (net of write-back) increased by 17.6% from ₹ 3.99 billion in fiscal 2016 to ₹ 4.69 billion in fiscal 2017 reflecting an increase in the retail loan portfolio.

#### Wholesale banking segment

The wholesale banking segment incurred loss (before tax) of ₹ 74.34 billion in FY2017 (loss in FY2016: ₹ 12.45 billion), primarily due to reduction in net interest income and increase in provisions.

Net interest income decreased by 21.4% from ₹83.61 billion in fiscal 2016 to ₹65.71 billion in fiscal 2017, primarily due to higher additions to NPAs and loans under SDR scheme during fiscal 2016 and fiscal 2017. The Bank accounts for interest income on cash basis on NPAs and cases where SDR has been invoked. Provisions increased by 32.2% from ₹ 108.15 billion in FY2016 to ₹ 142.94 billion in FY2017, primarily due to higher additions to NPAs, cases where SDR has been invoked/implemented and specific provision on certain standard loans.

#### Treasury segment

The profit before tax of the segment increased from ₹ 90.97 billion in FY2016 to ₹ 126.71 billion in FY2017, primarily due to gain on sale of shares of ICICI Prudential Life Insurance Company Limited and gain on government securities and other fixed income securities.

#### Other banking segment

Profit before tax of other banking segment increased from ₹ 4.46 billion in FY2016 to ₹ 6.57 billion in FY2017 primarily due to increase in net interest income and decrease in non-interest expense and provisions.

#### **CONSOLIDATED FINANCIALS AS PER INDIAN GAAP**

The consolidated profit after tax increased marginally from ₹ 101.80 billion in fiscal 2016 to ₹ 101.88 billion in fiscal 2017 primarily due to an increase in the profit of ICICI Lombard General Insurance Company Limited, ICICI Securities Primary Dealership Limited, ICICI Prudential Asset Management Company Limited, ICICI Securities Limited and ICICI Bank, offset, in part, by losses of ICICI Bank UK PLC and ICICI Bank Canada.

At March 31, 2017, the consolidated Tier-1 capital adequacy ratio was 14.39% as against the current requirement of 8.30% and total consolidated capital adequacy ratio was 17.26% as against the current requirement of 10.30%.

The profit after tax of ICICI Prudential Life Insurance Company Limited increased from ₹ 16.50 billion in fiscal 2016 to ₹ 16.82 billion in fiscal 2017 primarily due to an increase in net premium earned and investment income and a decrease in claims and benefits paid, offset, in part, by an increase in transfer to linked funds and provision for policyholder liabilities.

The profit after tax of ICICI Lombard General Insurance Company Limited increased from ₹ 5.07 billion in fiscal 2016 to ₹ 7.02 billion in fiscal 2017 primarily due to an increase in net earned premium and investment income, offset, in part, by an increase in claims and benefits paid.



The profit after tax of ICICI Prudential Asset Management Company increased from ₹ 3.26 billion in fiscal 2016 to ₹ 4.80 billion in fiscal 2017 primarily due to an increase in fee income, offset, in part, by an increase in administrative expenses and staff cost.

The consolidated profit after tax of ICICI Securities Limited and its subsidiaries increased from ₹ 2.39 billion in fiscal 2016 to ₹ 3.39 billion in fiscal 2017 primarily due to an increase in fee income, offset, in part, by an increase in staff cost and other administrative expenses.

The profit after tax of ICICI Securities Primary Dealership increased from ₹ 1.95 billion in fiscal 2016 to ₹ 4.12 billion in fiscal 2017 primarily due to an increase in trading gains and net interest income.

The profit after tax of ICICI Home Finance Company increased from ₹ 1.80 billion in fiscal 2016 to ₹ 1.83 billion in fiscal 2017 primarily due to a decrease in provisions and staff cost, offset, in part, by a decrease in fee income.

ICICI Bank Canada had a loss of CAD 33.0 million (₹ 1.69 billion) in fiscal 2017 compared to a profit of CAD 22.4 million (₹ 1.12 billion) in fiscal 2016 to primarily due to higher provisions on existing impaired loans, primarily India-linked loans.

ICICI Bank UK PLC had a loss of US\$ 16.1 million (₹ 1.08 billion) in fiscal 2017 compared to a profit of US\$ 0.5 million (₹ 0.04 billion) in fiscal 2016 primarily due to higher provisions on impaired loans.

ICICI Venture Fund Management Company Limited had a profit after tax of ₹ 0.09 billion in fiscal 2017 compared to a loss of ₹ 0.21 billion in fiscal 2016 primarily due to an increase in management fees.

The consolidated assets of the Bank and its subsidiaries and other consolidating entities increased from ₹ 9,187.56 billion at March 31, 2016 to ₹ 9,860.43 billion at March 31, 2017 primarily due to an increase in the assets of ICICI Bank, ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited, offset, in part, by a decrease in total assets of ICICI Bank UK, ICICI Bank Canada and ICICI Securities Primary Dealership Limited. Consolidated advances increased from ₹ 4,937.29 billion at March 31, 2016 to ₹ 5,153.17 billion at March 31, 2017.

The following table sets forth, for the periods and at the dates indicated, the profit/(loss) and total assets of our principal subsidiaries.

₹ in billion Profit after tax **Total assets** Company Αt Δt Fiscal 2016 Fiscal 2017 March 31, 2016 March 31, 2017 ICICI Prudential Life Insurance Company Limited ₹ 16.50 ₹ 16.82 ₹ 1,048.62 ₹ 1,247.43 ICICI Lombard General Insurance Company Limited 5.07 7.02 156.76 233.51 ICICI Bank Canada 1.12 (1.69)334.27 308.26 ICICI Bank UK PLC 0.04 (1.08)305.60 226.38 ICICI Securities Primary Dealership Limited 1.95 4.12 161.66 131.37 ICICI Securities Limited (consolidated) 2.39 3.39 13.98 20.47 ICICI Home Finance Company Limited 1.80 1.83 92.79 92.82 4.80 ICICI Prudential Asset Management Company Limited 3.26 8.15 9.97 0.09 ICICI Venture Funds Management Company Limited (0.21)4.31 3.88

- 1. See also "Financials- Statement pursuant to Section 129 of the Companies Act, 2013".
- All amounts have been rounded off to the nearest ₹ 10.0 million.

#### Migration to Indian Accounting Standards (Ind AS)

Banks in India currently prepare their financial statements as per the guidelines issued by RBI, the Accounting Standards notified under section 133 of the Companies Act, 2013 and generally accepted accounting principles in India (Indian GAAP). In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (Ind AS), converged with International Financial Reporting Standards (IFRS), for scheduled commercial banks, insurance companies and non-banking financial companies (NBFCs). The roadmap requires banks to migrate to Ind AS

for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter. This roadmap is applicable for the holding, subsidiary, joint venture and associate companies of banks also.

The Bank has accordingly started the process of migrating to Ind AS based financial statements. The key impact areas for the Bank include accounting of financial instruments, employee stock options, consolidation accounting, deferred tax and implementation of technology systems. Of these, the accounting of financial assets differs significantly from Indian GAAP in many areas, which include classification, fair valuation, expected credit losses, effective interest rate accounting and derecognition. The Bank's Ind AS implementation project also focuses on technical evaluation of GAAP differences, selection of accounting policies and choices, evaluation of system changes and data requirements, business impact analysis and skill development in the Bank through regular trainings and workshops. The subsidiary companies of the Bank are also running similar Ind AS implementation projects in co-ordination with the parent Bank.

For implementation of Ind AS, the Bank has formed a Steering Committee which has members from various functions. The Committee meets regularly to supervise the progress of the project. An update on the implementation status is also submitted to the Audit Committee at quarterly intervals.



(₹ in billion, except per share data and percentages)

## **KEY FINANCIAL INDICATORS: LAST 10 YEARS**

|   | 2008     | 2009     | 2010     | 2011                                | 2012     | 2013     | 2014   | 2015                       | 2016     | 2017     |
|---|----------|----------|----------|-------------------------------------|----------|----------|--|----------------------------|----------|----------|
| Total deposits                            | 2,444.31 | 2,183.48 | 2,020.17 | 2,256.02                            | 2,555.00 | 2,926.14 | 2,444.31 2,183.48 2,020.17 2,256.02 2,555.00 2,926.14 3,319.14 3,615.63 4,214.26 | 3,615.63                   | 4,214.26 | 4,900.39 |
| Total advances                            | 2,256.16 | 2,183.11 | 1,812.06 | 2,163.66                            | 2,537.28 | 2,902.49 | 2,256.16 2,183.11 1,812.06 2,163.66 2,537.28 2,902.49 3,387.03 3,875.22 4,352.64 | 3,875.22                   | 4,352.64 | 4,642.32 |
| Equity capital & reserves                 | 464.71   | 495.33   | 516.18   | 550.91                              | 604.05   | 90'.299  | 732.13   | 804.29                     | 897.36   | 999.51   |
| Total assets                              | 3,997.95 | 3,793.01 | 3,634.00 | 3,793.01 3,634.00 4,062.34 4,890.69 | 4,890.69 | 5,367.95 |  | 5,946.42 6,461.29 7,206.95 |          | 7,717.91 |
| Total capital adequacy ratio              | 14.0%1   | 15.5%1   | 19.4%1   | 19.5%1                              | 18.5%1   | 18.7%1   | 17.7%²   | 17.0%²                     | 16.6%²   | 17.4%²   |
| Net interest income                       | 73.04    | 83.67    | 81.14    | 90.17                               | 107.34   | 138.66   | 164.75   | 190.40                     | 212.24   | 217.37   |
| Net interest margin                       | 2.22%    | 2.43%    | 2.49%    | 2.64%                               | 2.73%    | 3.11%    | 3.33%  | 3.48%                      | 3.49%    | 3.25%    |
| Profit after tax                          | 41.58    | 37.58    | 40.25    | 51.51                               | 64.65    | 83.25    | 98.10  | 111.75                     | 97.26    | 98.01    |
| Earnings per share (Basic) <sup>3</sup>   | 7.88     | 6.75     | 7.23     | 9.05                                | 11.22    | 14.44    | 17.00  | 19.32                      | 16.75    | 16.84    |
| Earnings per share (Diluted) <sup>3</sup> | 7.83     | 6.74     | 7.20     | 9.01                                | 11.19    | 14.39    | 16.93  | 19.13                      | 16.65    | 16.77    |
| Return on average equity                  | 11.1%    | 7.7%     | 7.9%     | %9.6                                | 11.1%    | 12.9%    | 13.7%  | 14.3%                      | 11.3%    | 10.3%    |
| Dividend per share <sup>3</sup>           | 2.20     | 2.20     | 2.40     | 2.80                                | 3.30     | 4.00     | 4.60   | 5.00                       | 5.00     | 2.50     |

Total capital adequacy ratio has been calculated as per Basel II framework.

<sup>2.</sup> Total capital adequacy ratio has been calculated as per Basel III framework.

During the year ended March 31, 2015, the shareholders of the Bank approved the sub-division of one equity share of ₹ 10 into five equity shares having a face value of ₹ 2 each. Per share information reflects the effect of sub-division for each of the periods presented.

## INDEPENDENT AUDITORS' REPORT

To The Members of ICICI Bank Limited

#### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of ICICI Bank Limited (the 'Bank'), which
comprise the Balance Sheet as at 31 March 2017, the Profit and Loss Account and the Cash Flow Statement for the
year then ended, a summary of the significant accounting policies and other explanatory information in which are
incorporated the returns of the Singapore, Bahrain, Hong Kong, Dubai, Qatar, China, South Africa, New York and Sri
Lanka branches of the Bank, audited by the branch auditors.

#### Management's Responsibility for the Standalone Financial Statements

2. The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

- 3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
- 4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
- 5. We conducted our audit of the Bank including its branches in accordance with the Standards on Auditing (the 'Standards') specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
- 6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements.
- 7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the relevant requirements of the Act, in the manner so required for banking companies and give a true and fair view



## INDEPENDENT AUDITORS' REPORT

in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2017, and its profit and its cash flows for the year then ended.

#### **Other Matters**

9. We did not audit the financial statements of Singapore, Bahrain, Hong Kong, Dubai, Qatar, China, South Africa, New York and Sri Lanka branches of the Bank, whose financial statements reflect total assets of ₹ 1,407,430 million as at 31 March 2017, total revenues of ₹ 65,406 million for the year ended 31 March 2017 and net cash outflows amounting to ₹ 58,032 million for the year ended 31 March 2017. These financial statements have been audited by other auditors, duly qualified to act as auditors in the country of incorporation of the said branches, whose reports have been furnished to us by Management of the Bank and our opinion, in so far as it relates to such branches is based solely on the reports of the other auditors. Our opinion is not modified in respect of this matter.

#### **Report on Other Legal and Regulatory Requirements**

- 10. The Balance Sheet and Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Act read with the Rule 7 of the Companies (Accounts) Rules, 2014.
- 11. As required by sub section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:
  - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
  - (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
  - (c) since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit we have visited 100 branches. As stated above, returns from nine foreign branches were received duly audited by other auditors and were found adequate for the purposes of our audit.
- 12. Further, as required by Section 143 (3) of the Act, we further report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the foreign branches not visited by us;
  - (c) the reports on the accounts of the foreign branch offices audited by the respective branch auditors of the Bank under Section 143 (8) of the Act have been sent to us and have been properly dealt with by us in preparing this report;
  - (d) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the foreign branches not visited by us;
  - (e) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
  - (f) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (g) with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A';

## INDEPENDENT AUDITORS' REPORT

- (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) the Bank has disclosed the impact of pending litigations on its financial position in its financial statements Refer Note 41 to the financial statements;
  - (ii) the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 41 to the financial statements;
  - (iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank; and
  - (iv) the disclosure required on holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 as envisaged in notification G.S.R. 308(E) dated 30 March 2017 issued by the Ministry of Corporate Affairs is not applicable to the Bank. Refer Note 56 to the financial statements.

For BSR&Co.LLP

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

Venkataramanan Vishwanath

Mumbai

Partner

3 May 2017 Membership No.: 113156



## **ANNEXURE A** to the Independent Auditors' Report of even date on the Standalone Financial Statements of ICICI Bank Limited

## Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

 We have audited the internal financial controls over financial reporting of ICICI Bank Limited (the 'Bank') as at 31 March 2017 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

2. The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

#### **Auditor's Responsibility**

- 3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing (the 'Standards'), issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
- 4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- 5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

6. A bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

## **ANNEXURE A** to the Independent Auditors' Report of even date on the Standalone Financial Statements of ICICI Bank Limited

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

#### **Other Matters**

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to overseas branches, is based on the corresponding reports of the branch auditors. Our opinion is not modified in respect of this matter.

For B S R & Co. LLP

Partner

**Chartered Accountants** 

Firm's Registration No.: 101248W/W-100022

Venkataramanan Vishwanath

Mumbai

Membership No.: 113156

3 May 2017



# Financial Statements of ICICI Bank Limited **BALANCE SHEET**

at March 31, 2017

|  | _        |                  | ₹ in '000s       |
|--|----------|------------------|------------------|
|  | Schedule | At<br>31.03.2017 | At<br>31.03.2016 |
| CAPITAL AND LIABILITIES                                |          |                  |                  |
| Capital  | 1        | 11,651,071       | 11,631,656       |
| Employees stock options outstanding                    |          | 62,562           | 67,019           |
| Reserves and surplus                                   | 2        | 987,797,070      | 885,657,157      |
| Deposits   | 3        | 4,900,390,648    | 4,214,257,086    |
| Borrowings   | 4        | 1,475,561,521    | 1,748,073,779    |
| Other liabilities and provisions                       | 5        | 342,451,588      | 347,264,350      |
| Total Capital and Liabilities                          |          | 7,717,914,460    | 7,206,951,047    |
| ASSETS   |          |                  |                  |
| Cash and balances with Reserve Bank of India           | 6        | 317,024,051      | 271,060,888      |
| Balances with banks and money at call and short notice | 7        | 440,106,563      | 327,626,531      |
| Investments  | 8        | 1,615,065,454    | 1,604,117,966    |
| Advances   | 9        | 4,642,320,842    | 4,352,639,419    |
| Fixed assets   | 10       | 78,052,072       | 75,769,200       |
| Other assets   | 11       | 625,345,478      | 575,737,043      |
| Total Assets   |          | 7,717,914,460    | 7,206,951,047    |
| Contingent liabilities                                 | 12       | 10,309,937,127   | 9,007,987,789    |
| Bills for collection                                   |          | 226,231,852      | 216,547,286      |
| Significant accounting policies and notes to accounts  | 17 & 18  |                  |                  |

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date. For and on behalf of the Board of Directors

For B S R & Co. LLP Chartered Accountants ICAI Firm Registration No.: 101248W/W-100022 M. K. SharmaHomi KhusrokhanChanda KochharChairmanDirectorManaging Director & CEO

**Venkataramanan Vishwanath** Partner

Membership No.: 113156

N. S. Kannan Vishakha Mulye Vijay Chandok Anup Bagchi
Executive Director Executive Director Executive Director

Place : Mumbai Senior General Manager
Date : May 3, 2017 (Legal) & Company Secretary

Rakesh Jha Ajay Mittal
Chief Financial Officer Chief Accountant

# Financial Statements of ICICI Bank Limited PROFIT AND LOSS ACCOUNT

for the year ended March 31, 2017

|      |  |          |                          | ₹ in '000s            |
|------|--|----------|--------------------------|-----------------------|
|      |  | Schedule | Year ended<br>31.03.2017 | Year ended 31.03.2016 |
| Ī.   | INCOME   |          |                          |                       |
|      | Interest earned  | 13       | 541,562,793              | 527,394,348           |
| -    | Other income   | 14       | 195,044,831              | 153,230,516           |
|      | Total Income   |          | 736,607,624              | 680,624,864           |
| II.  | EXPENDITURE  |          |                          |                       |
|      | Interest expended  | 15       | 324,189,585              | 315,153,949           |
|      | Operating expenses   | 16       | 147,550,576              | 126,835,582           |
|      | Provisions and contingencies (refer note 18.41)  |          | 166,856,557              | 141,372,460           |
|      | Total Expenditure  |          | 638,596,718              | 583,361,991           |
| III. | PROFIT/(LOSS)  |          |                          |                       |
|      | Net profit for the year  |          | 98,010,906               | 97,262,873            |
|      | Profit brought forward   |          | 171,321,884              | 172,614,164           |
|      | Total Profit/(Loss)  |          | 269,332,790              | 269,877,037           |
| IV.  | APPROPRIATIONS/TRANSFERS   |          |                          |                       |
|      | Transfer to Statutory Reserve  |          | 24,503,000               | 24,316,000            |
|      | Transfer to Reserve Fund   |          | 9,824                    | 9,340                 |
|      | Transfer to Capital Reserve  |          | 52,933,000               | 23,822,375            |
|      | Transfer to/(from) Investment Reserve Account  |          | _                        |                       |
|      | Transfer to Revenue and other reserves   |          | -                        | 5,000,000             |
|      | Transfer to Special Reserve  |          | 4,500,000                | 13,500,000            |
|      | Dividend (including corporate dividend tax) for the previous year paid during the year |          | (62,410)                 | 38,513                |
|      | Proposed equity share dividend (refer note 18.45)                                      |          | -                        | 29,075,153            |
|      | Proposed preference share dividend (refer note 18.45)                                  |          | -                        | 35                    |
|      | Corporate dividend tax   |          | _                        | 2,793,737             |
|      | Balance carried over to balance sheet  |          | 187,449,376              | 171,321,884           |
|      | Total  |          | 269,332,790              | 269,877,037           |
|      | Significant accounting policies and notes to accounts                                  | 17 & 18  |                          |                       |
|      | Earnings per share (refer note 18.1)   |          |                          |                       |
|      | Basic (₹)  |          | 16.84                    | 16.75                 |
|      | Diluted (₹)  |          | 16.77                    | 16.65                 |
|      | Face value per share (₹)   |          | 2.00                     | 2.00                  |

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report of even date. For and on behalf of the Board of Directors

For B S R & Co. LLP Chartered Accountants ICAI Firm Registration No.: 101248W/W-100022 M. K. Sharma Chairman Homi Khusrokhan Director Chanda Kochhar Managing Director & CEO

Venkataramanan Vishwanath Partner

Membership No.: 113156

N. S. Kannan Executive Director Vishakha Mulye Executive Director Vijay Chandok Executive Director **Anup Bagchi** Executive Director

P. Sanker Senior General Manager (Legal) & Company Secretary Rakesh Jha Ajay Mittal
Chief Financial Officer Chief Accountant

Place : Mumbai Date : May 3, 2017



## Financial Statements of ICICI Bank Limited CASH FLOW STATEMENT

for the year ended March 31, 2017

|  |       |               | ₹ in '000s    |
|--|-------|---------------|---------------|
|  |       | Year ended    | Year ended    |
|  |       | 31.03.2017    | 31.03.2016    |
| Cash flow from/(used in) operating activities                              |       |               |               |
| Profit before taxes  |       | 112,786,097   | 121,957,196   |
| Adjustments for:   |       | 112/100/007   | 121/007/100   |
| Depreciation and amortisation  |       | 8.818.212     | 7,541,591     |
| Net (appreciation)/depreciation on investments <sup>1</sup>                |       | (65,120,985)  | (33,500,856)  |
| Provision in respect of non-performing and other assets                    |       | 147,343,302   | 83,276,673    |
| General provision for standard assets                                      |       | (3,392,346)   | 2,970,064     |
| Provision for contingencies & others                                       |       | 2,042,186     | 28,724,485    |
| Income from subsidiaries, joint ventures and consolidated entities         |       | (14,190,348)  | (15,375,521)  |
| (Profit)/loss on sale of fixed assets                                      |       | (21,151)      | (280,717)     |
| Employees stock options grants   |       | (=1,1=1,      | 806           |
|  | (i)   | 188,264,967   | 195,313,721   |
| Adjustments for:   |       | , ,           |               |
| (Increase)/decrease in investments   |       | 325,906       | 67,185,855    |
| (Increase)/decrease in advances  |       | (475,008,889) | (568,482,751) |
| Increase/(decrease) in deposits  |       | 686,133,562   | 598,629,787   |
| (Increase)/decrease in other assets  |       | (17,190,477)  | (10,782,335)  |
| Increase/(decrease) in other liabilities and provisions                    |       | 56,675,413    | (1,791,686)   |
|  | (ii)  | 250,935,515   | 84,758,870    |
| Refund/(payment) of direct taxes   | (iii) | (46,972,358)  | (55,787,902)  |
| Net cash flow from/(used in) operating activities (i)+(ii)+(iii)           | (A)   | 392,228,124   | 224,284,689   |
| Cash flow from/(used in) investing activities                              |       |               |               |
| Redemption/sale from/(investments in) subsidiaries and/or joint ventures   |       |               |               |
| (including application money)  |       | 58,779,642    | 41,459,527    |
| Income from subsidiaries, joint ventures and consolidated entities         |       | 14,190,348    | 15,375,521    |
| Purchase of fixed assets   |       | (7,832,191)   | (7,004,911)   |
| Proceeds from sale of fixed assets   |       | 116,323       | 651,004       |
| (Purchase)/sale of held to maturity securities                             |       | 5,200,126     | (89,980,988)  |
| Net cash flow from/(used in) investing activities                          | (B)   | 70,454,248    | (39,499,847)  |
| Cash flow from/(used in) financing activities                              |       |               |               |
| Proceeds from issue of share capital (including ESOPs)                     |       | 1,772,579     | 2,824,200     |
| Proceeds from long-term borrowings   |       | 312,175,179   | 332,678,447   |
| Repayment of long-term borrowings  |       | (411,326,836) | (261,945,823) |
| Net proceeds/(repayment) of short-term borrowings                          |       | (174,602,302) | (47,669,402)  |
| Dividend and dividend tax paid   |       | (31,806,516)  | (31,738,089)  |
| Net cash flow from/(used in) financing activities                          | (C)   | (303,787,896) | (5,850,668)   |
| Effect of exchange fluctuation on translation reserve                      | (D)   | (451,281)     | (3,292,908)   |
| Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C) + (D) |       | 158,443,195   | 175,641,266   |
| Cash and cash equivalents at beginning of the year                         |       | 598,687,419   | 423,046,153   |
| Cash and cash equivalents at end of the year                               |       | 757,130,614   | 598,687,419   |

<sup>1.</sup> Includes gain for the year ended March 31, 2017 on sale of a part of equity investment in ICICI Prudential Life Insurance Company Limited, a subsidiary, in the initial public offer (IPO) (gain for the year ended March 31, 2016 on sale of a part of equity investments in its subsidiaries, ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited).

2. Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

As per our Report of even date.

For and on behalf of the Board of Directors

For **B S R & Co. LLP** Chartered Accountants ICAI Firm Registration No.: 101248W/W-100022 M. K. SharmaHomi KhusrokhanChanda KochharChairmanDirectorManaging Director & CEO

N. S. Kannan Executive Director Vishakha Mulye Vijay Chandok Anup Bagchi
Executive Director Executive Director Executive Director

Partner Membership No.: 113156

Venkataramanan Vishwanath

P. Sanker Rakesh Jha Ajay Mittal
Senior General Manager Chief Financial Officer Chief Accountant
(Legal) & Company Secretary

Place : Mumbai Date : May 3, 2017

forming part of the balance sheet

|   |            | ₹ in '000s |
|---|------------|------------|
|   | At         | At         |
|   | 31.03.2017 | 31.03.2016 |
| SCHEDULE 1 - CAPITAL  |            |            |
| Authorised capital  |            |            |
| 6,375,000,000 equity shares of ₹ 2 each (March 31, 2016: 6,375,000,000 equity shares of ₹ 2 each)   | 12,750,000 | 12,750,000 |
| 15,000,000 shares of ₹ 100 each (March 31, 2016: 15,000,000 shares of ₹ 100 each)¹  | 1,500,000  | 1,500,000  |
| 350 preference shares of ₹ 10 million each (March 31, 2016: 350 preference shares of ₹ 10 million each) <sup>2</sup>                      | 3,500,000  | 3,500,000  |
| Equity share capital  | 5,555,555  | 5,655,655  |
| Issued, subscribed and paid-up capital  |            |            |
| 5,814,768,430 equity shares of ₹ 2 each (March 31, 2016: 5,797,244,645 equity shares)   | 11,629,537 | 11,594,489 |
| Add: 9,707,705 equity shares of ₹ 2 each (March 31, 2016: 17,523,785 equity shares) issued pursuant to exercise of employee stock options | 19,415     | 35,048     |
|   | 11,648,952 | 11,629,537 |
| Add: 266,089 equity shares of ₹ 10 each forfeited (March 31, 2016: 266,089 equity shares)   | 2,119      | 2,119      |
| Total Capital   | 11,651,071 | 11,631,656 |

<sup>1.</sup> These shares will be of such class and with such rights, privileges, conditions or restrictions as may be determined by the Bank in accordance with the Articles of Association of the Bank and subject to the legislative provisions in force for the time being in that behalf.

<sup>2.</sup> Pursuant to RBI circular dated March 30, 2010, the issued and paid-up preference shares are grouped under Schedule 4 - 'Borrowings'.



|           |   |                  | ₹ in '000s       |
|-----------|---|------------------|------------------|
|           |   | At<br>31.03.2017 | At<br>31.03.2016 |
| SCI       | HEDULE 2 - RESERVES AND SURPLUS         |                  |                  |
| Ī.        | Statutory reserve                       |                  |                  |
|           | Opening balance                         | 187,521,519      | 163,205,519      |
|           | Additions during the year               | 24,503,000       | 24,316,000       |
|           | Deductions during the year              | -                | _                |
|           | Closing balance                         | 212,024,519      | 187,521,519      |
| II.       | Special reserve                         |                  |                  |
|           | Opening balance                         | 79,290,000       | 65,790,000       |
|           | Additions during the year               | 4,500,000        | 13,500,000       |
|           | Deductions during the year              | _                | _                |
|           | Closing balance                         | 83,790,000       | 79,290,000       |
| III.      | Securities premium                      |                  | · · ·            |
|           | Opening balance                         | 321,212,411      | 318,415,084      |
|           | Additions during the year <sup>1</sup>  | 1,757,622        | 2,797,327        |
|           | Deductions during the year              | ·                |                  |
|           | Closing balance                         | 322,970,033      | 321,212,411      |
| īV        | Investment reserve account              |                  | ,,               |
|           | Opening balance                         | _                | _                |
|           | Additions during the year               | _                | _                |
|           | Deductions during the year              | _                | _                |
|           | Closing balance                         | _                |                  |
| V.        | Capital reserve                         | _                |                  |
| <u>v.</u> | Opening balance                         | 49,674,125       | 25,851,750       |
|           | Additions during the year <sup>2</sup>  |                  |                  |
|           | Deductions during the year              | 52,933,000       | 23,822,375       |
|           | Closing balance                         | 102,607,125      | 49,674,125       |
| VI.       |   | 102,007,123      | 49,074,125       |
| VI.       |   | 40,002,020       | 20.275.040       |
|           | Opening balance                         | 16,982,939       | 20,275,848       |
|           | Additions during the year               | (454.204)        | 6,118,977        |
|           | Deductions during the year <sup>3</sup> | (451,281)        | (9,411,886)      |
|           | Closing balance                         | 16,531,658       | 16,982,939       |
| VII.      | Revaluation reserve (refer note 18.34)  |                  |                  |
|           | Opening balance                         | 28,174,747       |                  |
|           | Additions during the year <sup>4</sup>  | 2,760,256        | 28,174,747       |
|           | Deductions during the year <sup>5</sup> | (513,583)        |                  |
|           | Closing balance                         | 30,421,420       | 28,174,747       |
| VIII      | I. Reserve fund                         |                  |                  |
|           | Opening balance                         | 46,034           | 36,694           |
|           | Additions during the year <sup>6</sup>  | 9,824            | 9,340            |
|           | Deductions during the year              | -                |                  |
|           | Closing balance                         | 55,858           | 46,034           |
| IX.       | Revenue and other reserves              |                  |                  |
|           | Opening balance                         | 31,433,498       | 26,433,498       |
|           | Additions during the year               | 513,583          | 5,000,000        |
|           | Deductions during the year              | _                | _                |
|           | Closing balance                         | 31,947,081       | 31,433,498       |
| Χ.        | Balance in profit and loss account      | 187,449,376      | 171,321,884      |
| Tota      | al Reserves and Surplus                 | 987,797,070      | 885,657,157      |

<sup>1.</sup> Includes ₹ 1,753.2 million (March 31, 2016: ₹ 2,789.2 million) on exercise of employee stock options.

- 2. Includes appropriations made for profit on sale of investments in held-to-maturity category, net of taxes and transfer to Statutory Reserve and profit on sale of land and buildings, net of taxes and transfer to Statutory Reserve.
- 3. Includes exchange profit on repatriation of retained earnings from overseas branches for the year ended March 31, 2016.
- 4. Represents gain on revaluation of premises carried out by the Bank.
- 5. Represents amount transferred from Revaluation Reserve to General Reserve on account of incremental depreciation charge on revaluation amounting to ₹ 494.9 million and revaluation surplus on assets sold amounting to ₹ 18.7 million.
- 6. Includes appropriations made to Reserve Fund in accordance with regulations applicable to Sri Lanka branch.

|  |               | ₹ in '000s    |
|--|---------------|---------------|
|  | At            | At            |
|  | 31.03.2017    | 31.03.2016    |
| SCHEDULE 3 - DEPOSITS                  |               |               |
| A. I. Demand deposits                  |               |               |
| i) From banks                          | 52,925,544    | 39,981,240    |
| ii) From others                        | 696,908,936   | 548,717,944   |
| II. Savings bank deposits              | 1,718,384,859 | 1,342,301,249 |
| III. Term deposits                     |               |               |
| i) From banks                          | 97,676,104    | 95,975,771    |
| ii) From others                        | 2,334,495,205 | 2,187,280,882 |
| Total Deposits                         | 4,900,390,648 | 4,214,257,086 |
|  |               |               |
| B. I. Deposits of branches in India    | 4,831,184,802 | 4,104,261,083 |
| II. Deposits of branches outside India | 69,205,846    | 109,996,003   |
| Total Deposits                         | 4,900,390,648 | 4,214,257,086 |



|       |         |   |                  | ₹ in '000s       |
|-------|---------|---|------------------|------------------|
|       |         |   | At<br>31.03.2017 | At<br>31.03.2016 |
| SCHI  | EDULI   | E 4 - BORROWINGS  |                  |                  |
| I. E  | Borrov  | vings in India  |                  |                  |
| i)    | Re      | serve Bank of India   | -                | 40,070,000       |
| ii    | ) Otl   | ner banks   | 6,485,000        | 34,783,875       |
| ii    | ii) Otl | ner institutions and agencies   |                  |                  |
|       | a)      | Government of India   | -                | _                |
|       | b)      | Financial institutions  | 103,500,002      | 163,509,806      |
| iv    | ,       | rrowings in the form of bonds and debentures<br>cluding subordinated debt)  | 188,734,247      | 83,420,502       |
| V     | ') Ap   | plication money-bonds   | -                | -                |
| V     | ıi) Ca  | pital instruments   |                  |                  |
|       | a)      | Innovative Perpetual Debt Instruments (IPDI)<br>(qualifying as additional Tier 1 capital)   | 39,430,000       | 13,010,000       |
|       | b)      | Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital)   | 84,982,344       | 98,152,555       |
|       | c)      | Redeemable Non-Cumulative Preference Shares (RNCPS) (350 RNCPS of ₹ 10.0 million each issued to preference share holders of erstwhile ICICI Limited on amalgamation, redeemable at par on April 20, 2018) | 3,500,000        | 3,500,000        |
|       | d)      | Unsecured redeemable debentures/bonds   |                  |                  |
|       |         | (subordinated debt included in Tier 2 capital)  | 159,625,635      | 187,603,348      |
|       |         | vings In India  | 586,257,228      | 624,050,086      |
| II. E | Borrov  | vings outside India   |                  |                  |
| i)    | Ca      | pital instruments   |                  |                  |
|       | a)      | Innovative Perpetual Debt Instruments (IPDI)<br>(qualifying as additional Tier 1 capital)   | _                | 22,517,983       |
|       | b)      | Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital)   | 58,365,000       | 59,629,500       |
| ii    | ) Bo    | nds and notes   | 420,662,435      | 458,729,975      |
| ii    | ii) Otl | ner borrowings <sup>1</sup>   | 410,276,858      | 583,146,235      |
| Total | Borrov  | vings Outside India   | 889,304,293      | 1,124,023,693    |
| Total | Borrov  | vings   | 1,475,561,521    | 1,748,073,779    |

<sup>1.</sup> Includes borrowings guaranteed by Government of India amounting to Nil (March 31, 2016: ₹ 5,132.2 million).

<sup>2.</sup> Secured borrowings in I and II above amount to Nil (March 31, 2016: Nil) except borrowings of ₹ 9.5 million (March 31, 2016: ₹ 40,131.2 million) under Collateralised Borrowing and Lending Obligation, market repurchase transactions with banks and financial institutions and transactions under Liquidity Adjustment Facility and Marginal Standing Facility.

|   |             | ₹ in '000s  |
|---|-------------|-------------|
|   | At          | At          |
|   | 31.03.2017  | 31.03.2016  |
| SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS               |             |             |
| I. Bills payable  | 70,763,677  | 47,057,517  |
| II. Inter-office adjustments (net)                          | 1,759,072   | 1,295,074   |
| III. Interest accrued                                       | 31,641,555  | 32,177,245  |
| IV. Sundry creditors  | 72,389,126  | 51,995,329  |
| V. General provision for standard assets (refer note 18.20) | 23,126,189  | 26,583,449  |
| VI. Others (including provisions) <sup>1,2,3</sup>          | 142,771,969 | 188,155,736 |
| Total Other Liabilities and Provisions                      | 342,451,588 | 347,264,350 |

- Includes collective contingency and related reserve amounting to Nil (March 31, 2016: ₹ 36,000.0 million).
   Includes provision for standard loans amounting to ₹ 21,023.8 million (March 31, 2016: ₹ 7,061.4 million).
- 3. For the year ended March 31, 2016, includes proposed dividend amounting ₹ 29,075.2 million and corporate dividend tax amounting to ₹ 2,793.7 million. For proposed dividend for the year ended March 31, 2017, refer note 18.45 - Proposed dividend and issue of bonus shares.

|      |   |                  | ₹ in '000s       |
|------|---|------------------|------------------|
|      |   | At<br>31.03.2017 | At<br>31.03.2016 |
| SCH  | HEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA           |                  |                  |
| I.   | Cash in hand (including foreign currency notes)                   | 71,939,219       | 65,797,469       |
| II.  | Balances with Reserve Bank of India in current accounts           | 245,084,832      | 205,263,419      |
| Tota | I Cash and Balances with Reserve Bank of India                    | 317,024,051      | 271,060,888      |
|      |   |                  | ₹ in '000s       |
|      |   | At<br>31.03.2017 | At<br>31.03.2016 |
| SCF  | HEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE |                  |                  |
| l.   | In India  |                  |                  |
|      | i) Balances with banks  |                  |                  |
|      | a) In current accounts  | 3,697,412        | 2,344,575        |
|      | b) In other deposit accounts                                      | 103,856          | 101,370          |
|      | ii) Money at call and short notice                                |                  |                  |
|      | a) With banks   | 285,000,000      | 66,771,325       |
|      | b) With other institutions  | 3,130,204        | 1,650,000        |
| Tota | ıl .  | 291,931,472      | 70,867,270       |
| II.  | Outside India   |                  |                  |
|      | i) In current accounts  | 82,887,328       | 96,881,089       |
|      | ii) In other deposit accounts                                     | 17,763,767       | 69,743,692       |
|      | iii) Money at call and short notice                               | 47,523,996       | 90,134,480       |
| Tota | ıl en                         | 148,175,091      | 256,759,261      |
| Tota | l Balances with Banks and Money at Call and Short Notice          | 440,106,563      | 327,626,531      |



|            |   |                  | ₹ in '000s       |
|------------|---|------------------|------------------|
|            |   | At 31.03.2017    | At<br>31.03.2016 |
| <u>sci</u> | HEDULE 8 - INVESTMENTS  | 31.03.2017       | 31.00.2010       |
| I          | Investments in India [net of provisions]  |                  |                  |
| -          | i) Government securities  | 1,104,083,563    | 1,106,492,693    |
|            | ii) Other approved securities   |                  |                  |
|            | iii) Shares (includes equity and preference shares)   | 27,419,207       | 19,873,644       |
|            | iv) Debentures and bonds  | 100,750,028      | 92,741,589       |
|            | v) Subsidiaries and/or joint ventures   | 62,405,039       | 64,218,449       |
|            | vi) Others (commercial paper, mutual fund units, pass through certificat security receipts and certificate of deposits) | tes, 247,041,706 | 239,280,471      |
| Tota       | al Investments in India   | 1,541,699,543    | 1,522,606,846    |
| II.        | Investments outside India [net of provisions]   |                  |                  |
|            | i) Government securities  | 21,051,830       | 21,715,158       |
|            | ii) Subsidiaries and/or joint ventures abroad (includes equity and preference shares)                                   | 40,817,388       | 46,063,582       |
|            | iii) Others (equity shares, bonds and certificate of deposits)  | 11,496,693       | 13,732,380       |
| Tota       | al Investments Outside India  | 73,365,911       | 81,511,120       |
| Tota       | al Investments  | 1,615,065,454    | 1,604,117,966    |
| Α.         | Investments in India  |                  |                  |
|            | Gross value of investments  | 1,576,298,484    | 1,554,622,302    |
|            | Less: Aggregate of provision/depreciation/(appreciation)  | 34,598,941       | 32,015,456       |
|            | Net investments   | 1,541,699,543    | 1,522,606,846    |
| B.         | Investments outside India   |                  |                  |
|            | Gross value of investments  | 74,196,748       | 82,517,459       |
|            | Less: Aggregate of provision/depreciation/(appreciation)  | 830,837          | 1,006,339        |
|            | Net investments   | 73,365,911       | 81,511,120       |
| Tota       | al Investments  | 1,615,065,454    | 1,604,117,966    |

<sup>1.</sup> Refer note 18.11 - Investments and note 18.12 - Non-SLR Investments.

|               |        |  |                  | ₹ in '000s       |
|---------------|--------|--|------------------|------------------|
|               |        |  | At<br>31.03.2017 | At<br>31.03.2016 |
| SCHE          | EDUL   | E 9 - ADVANCES [net of provisions]                               |                  |                  |
| <b>A.</b> i)  | ) Bi   | lls purchased and discounted <sup>1</sup>                        | 205,535,584      | 125,883,999      |
| ii            | i) Ca  | ash credits, overdrafts and loans repayable on demand            | 1,025,441,344    | 845,132,942      |
| ii            | ii) Te | erm loans  | 3,411,343,914    | 3,381,622,478    |
| Total         | Adva   | nces   | 4,642,320,842    | 4,352,639,419    |
| <b>B</b> . i) | ) Se   | ecured by tangible assets (includes advances against book debts) | 3,590,021,442    | 3,508,024,917    |
| ii            | i) Co  | overed by bank/government guarantees                             | 85,095,391       | 91,968,107       |
| ii            | ii) U  | nsecured   | 967,204,009      | 752,646,395      |
| Total         | Adva   | nces   | 4,642,320,842    | 4,352,639,419    |
| <u>С</u> . і. | . A    | dvances in India   |                  |                  |
|               | i)     | Priority sector  | 1,065,527,064    | 924,348,694      |
|               | ii)    | Public sector  | 129,991,400      | 44,329,100       |
|               | iii)   | Banks  | 3,448,842        | 283,403          |
|               | iv     | ) Others   | 2,693,419,652    | 2,445,558,803    |
| Total         | Adva   | nces in India  | 3,892,386,958    | 3,414,520,000    |
| II            | l. A   | dvances outside India  |                  |                  |
|               | i)     | Due from banks   | 3,727,321        | 4,860,662        |
|               | ii)    | Due from others  |                  |                  |
|               |        | a) Bills purchased and discounted                                | 60,382,775       | 37,850,081       |
|               |        | b) Syndicated and term loans                                     | 505,610,525      | 737,769,046      |
|               |        | c) Others  | 180,213,263      | 157,639,630      |
| Total         | Adva   | nces outside India   | 749,933,884      | 938,119,419      |
| Total         | Adva   | nces   | 4,642,320,842    | 4,352,639,419    |

<sup>1.</sup> Net of bills re-discounted amounting to Nil (March 31, 2016: ₹ 14,250.0 million).



|      |  |              | ₹ in '000s   |
|------|--|--------------|--------------|
|      |  | At           | At           |
|      |  | 31.03.2017   | 31.03.2016   |
| SCF  | IEDULE 10 - FIXED ASSETS   |              |              |
| I.   | Premises   |              |              |
|      | Gross block  |              |              |
|      | At cost at March 31 of preceding year  | 69,336,049   | 40,522,620   |
|      | Additions during the year <sup>1</sup>   | 3,795,192    | 29,414,022   |
|      | Deductions during the year   | (429,921)    | (600,593)    |
|      | Closing balance  | 72,701,320   | 69,336,049   |
|      | Less: Depreciation to date <sup>2</sup>  | (12,189,563) | (10,859,345) |
|      | Net block <sup>3</sup>   | 60,511,757   | 58,476,704   |
| II.  | Other fixed assets (including furniture and fixtures)                                |              |              |
|      | Gross block  |              |              |
|      | At cost at March 31 of preceding year  | 50,133,048   | 46,222,026   |
|      | Additions during the year  | 6,167,987    | 6,217,940    |
|      | Deductions during the year   | (2,778,100)  | (2,306,918)  |
|      | Closing balance  | 53,522,935   | 50,133,048   |
|      | Less: Depreciation to date <sup>4</sup>  | (38,397,243) | (35,255,187) |
|      | Net block  | 15,125,692   | 14,877,861   |
| III. | Assets given on lease  |              |              |
|      | Gross block  |              |              |
|      | At cost at March 31 of preceding year  | 17,299,544   | 17,299,544   |
|      | Additions during the year  | _            | _            |
|      | Deductions during the year   | (394,916)    | _            |
|      | Closing balance  | 16,904,628   | 17,299,544   |
|      | Less: Depreciation to date, accumulated lease adjustment and provisions <sup>5</sup> | (14,490,005) | (14,884,909) |
|      | Net block  | 2,414,623    | 2,414,635    |
| Tota | I Fixed Assets   | 78,052,072   | 75,769,200   |

<sup>1.</sup> At March 31, 2017, includes ₹ 2,760.3 million on account of revaluation carried out by the Bank (March 31, 2016: ₹ 28,174.7 million).

<sup>2.</sup> Includes depreciation charge amounting to ₹ 1,721.9 million for the year ended March 31, 2017 (year ended March 31, 2016: ₹ 1,291.2 million), including depreciation charge of ₹ 494.9 million for the year ended March 31, 2017 (year ended March 31, 2016: Nil) on account of revaluation.

<sup>3.</sup> Includes assets of ₹ 72.0 million (March 31, 2016: ₹ 13.6 million) which are held for sale.

<sup>4.</sup> Includes depreciation charge amounting to ₹ 5,854.6 million for the year ended March 31, 2017 (year ended March 31, 2016: ₹ 5,501.7 million).

<sup>5.</sup> The depreciation charge/lease adjustment is an insignificant amount for the year ended March 31, 2017 (year ended March 31, 2016: ₹ 192.2 million).

|   |                  | ₹ in '000s       |
|---|------------------|------------------|
|   | At<br>31.03.2017 | At<br>31.03.2016 |
| SCHEDULE 11 - OTHER ASSETS  |                  |                  |
| I. Inter-office adjustments (net)   | -                | -                |
| II. Interest accrued  | 57,769,472       | 60,510,784       |
| III. Tax paid in advance/tax deducted at source (net)                     | 55,371,313       | 30,200,188       |
| IV. Stationery and stamps   | 1,180            | 1,710            |
| V. Non-banking assets acquired in satisfaction of claims <sup>1,2,3</sup> | 25,327,852       | 17,822,999       |
| VI. Advances for capital assets   | 1,734,228        | 1,224,389        |
| VII. Deposits   | 11,246,046       | 11,494,126       |
| VIII. Deferred tax assets (net) (refer note 18.43)                        | 54,722,268       | 47,700,357       |
| IX. Deposits in Rural Infrastructure and Development Fund                 | 241,126,021      | 280,661,817      |
| X. Others   | 178,047,098      | 126,120,673      |
| Total Other Assets  | 625,345,478      | 575,737,043      |

- 1. Includes certain non-banking assets acquired in satisfaction of claims which are in the process of being transferred in the Bank's name.
- 2. During the year ended March 31, 2017, the Bank acquired assets amounting to ₹ 16,252.2 million (year ended March 31, 2016: ₹ 17,218.5 million) in satisfaction of claims under debt-asset swap transactions with certain borrowers. Assets amounting to ₹ 500.3 million were sold during the year ended March 31, 2017 (year ended March 31, 2016: Nil).
- 3. Represents balance net of provision held amounting to ₹7,401.2 million at March 31, 2017 (March 31, 2016: Nil).

|   |                  | ₹ in '000s       |
|---|------------------|------------------|
|   | At<br>31.03.2017 | At<br>31.03.2016 |
| SCHEDULE 12 - CONTINGENT LIABILITIES  |                  |                  |
| I. Claims against the Bank not acknowledged as debts                              | 46,433,936       | 35,360,765       |
| II. Liability for partly paid investments   | 12,455           | 12,455           |
| III. Liability on account of outstanding forward exchange contracts <sup>1</sup>  | 4,272,338,374    | 3,567,729,012    |
| IV. Guarantees given on behalf of constituents                                    |                  |                  |
| a) In India   | 726,798,240      | 749,922,608      |
| b) Outside India  | 203,192,612      | 255,030,143      |
| V. Acceptances, endorsements and other obligations                                | 478,371,361      | 472,780,107      |
| VI. Currency swaps <sup>1</sup>   | 410,829,581      | 460,007,024      |
| VII. Interest rate swaps, currency options and interest rate futures <sup>1</sup> | 4,131,188,719    | 3,414,397,317    |
| VIII.Other items for which the Bank is contingently liable                        | 40,771,849       | 52,748,358       |
| Total Contingent Liabilities  | 10,309,937,127   | 9,007,987,789    |

- 1. Represents notional amount.
- 2. Refer note 18.36 Description of contingent liabilities.
- 3. Refer note 18.16 Exchange traded interest rate derivatives and currency derivatives and note 18.17 Forward rate agreement (FRA)/Interest rate swaps (IRS)/Cross currency swaps (CCS).



forming part of the Profit and Loss Account

|      |  |                       | ₹ in '000s            |
|------|--|-----------------------|-----------------------|
|      |  | Year ended 31.03.2017 | Year ended 31.03.2016 |
| SC   | HEDULE 13 - INTEREST EARNED  |                       |                       |
| I.   | Interest/discount on advances/bills  | 396,033,926           | 389,431,536           |
| II.  | Income on investments  | 113,770,721           | 106,253,486           |
| III. | Interest on balances with Reserve Bank of India and other inter-bank funds | 4,954,607             | 1,582,379             |
| IV.  | Others <sup>1,2</sup>  | 26,803,539            | 30,126,947            |
| Tot  | al Interest Earned   | 541,562,793           | 527,394,348           |

- 1. Includes interest on income tax refunds amounting to ₹ 4,507.1 million (March 31, 2016: ₹ 3,119.3 million).
- 2. Includes interest and amortisation of premium on non-trading interest rate swaps and foreign currency swaps.

|   | _                        | ₹ in '000s            |
|---|--------------------------|-----------------------|
|   | Year ended<br>31.03.2017 | Year ended 31.03.2016 |
| SCHEDULE 14 - OTHER INCOME  |                          |                       |
| I. Commission, exchange and brokerage   | 80,348,880               | 74,616,599            |
| II. Profit/(loss) on sale of investments (net) <sup>1</sup>   | 88,139,431               | 42,582,615            |
| III. Profit/(loss) on revaluation of investments (net)  | (1,907,142)              | (4,628,535)           |
| IV. Profit/(loss) on sale of land, buildings and other assets (net) <sup>2</sup>                            | 21,151                   | 280,717               |
| V. Profit/(loss) on exchange/derivative transactions (net) <sup>3</sup>                                     | 13,552,152               | 22,715,610            |
| VI. Income earned by way of dividends, etc. from subsidiary companies and/or joint ventures abroad/in India | 14,190,348               | 15,352,148            |
| VII. Miscellaneous income (including lease income)  | 700,011                  | 2,311,362             |
| Total Other Income  | 195,044,831              | 153,230,516           |

- 1. Refer note 18.11 Investments.
- 2. Includes profit/(loss) on sale of assets given on lease for the year ended March 31, 2016.
- 3. Includes exchange profit/(loss) on repatriation of retained earnings/capital from overseas branches/subsidiaries for the year ended March 31, 2016.

|      |  |                          | ₹ in '000s            |
|------|--|--------------------------|-----------------------|
|      |  | Year ended<br>31.03.2017 | Year ended 31.03.2016 |
| SC   | HEDULE 15 - INTEREST EXPENDED  |                          |                       |
| I.   | Interest on deposits   | 228,716,676              | 215,488,232           |
| II.  | Interest on Reserve Bank of India/inter-bank borrowings              | 9,967,203                | 11,093,814            |
| III. | Others (including interest on borrowings of erstwhile ICICI Limited) | 85,505,706               | 88,571,903            |
| Tota | I Interest Expended  | 324,189,585              | 315,153,949           |

forming part of the Profit and Loss Account (Contd.)

|  |                          | ₹ in '000s            |
|--|--------------------------|-----------------------|
|  | Year ended<br>31.03.2017 | Year ended 31.03.2016 |
| SCHEDULE 16 - OPERATING EXPENSES                                 |                          |                       |
| I. Payments to and provisions for employees                      | 57,337,052               | 50,023,472            |
| II. Rent, taxes and lighting <sup>1</sup>                        | 11,137,184               | 9,750,002             |
| III. Printing and stationery                                     | 1,760,972                | 1,491,557             |
| IV. Advertisement and publicity                                  | 2,880,587                | 2,109,728             |
| V. Depreciation on Bank's property                               | 7,576,498                | 6,792,869             |
| VI. Depreciation (including lease equalisation) on leased assets | 12                       | 192,206               |
| VII. Directors' fees, allowances and expenses                    | 23,720                   | 9,998                 |
| VIII. Auditors' fees and expenses                                | 78,260                   | 73,315                |
| IX. Law charges  | 691,079                  | 436,767               |
| X. Postages, courier, telephones, etc.                           | 3,430,089                | 3,026,474             |
| XI. Repairs and maintenance                                      | 11,460,088               | 10,030,088            |
| XII. Insurance   | 4,628,895                | 3,922,060             |
| XIII. Direct marketing agency expenses                           | 11,078,152               | 9,340,329             |
| XIV.Other expenditure <sup>2</sup>                               | 35,467,988               | 29,636,717            |
| Total Operating Expenses   | 147,550,576              | 126,835,582           |

<sup>1.</sup> Includes lease expense of ₹ 8,174.7 million (March 31, 2016: ₹ 7,176.2 million).

<sup>2.</sup> Net of recoveries from group companies towards shared services.



forming part of the Accounts

#### **SCHEDULE 17**

#### SIGNIFICANT ACCOUNTING POLICIES

#### Overview

ICICI Bank Limited (ICICI Bank or the Bank), incorporated in Vadodara, India is a publicly held banking company engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. ICICI Bank is a banking company governed by the Banking Regulation Act, 1949. The Bank also has overseas branches in Bahrain, China, Dubai, Hong Kong, Qatar, Singapore, South Africa, Sri Lanka, and United States of America and Offshore Banking units.

#### **Basis of preparation**

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of ICICI Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the historical cost convention and the accrual method of accounting, except in the case of interest and other income on non-performing assets (NPAs) and assets under strategic debt restructuring (SDR) scheme, scheme for sustainable structuring of stressed assets (S4A) and prudential norms on change in ownership of borrowing entities (change in management outside SDR) of RBI where it is recognised upon realisation.

The preparation of financial statements requires the management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

#### **Significant Accounting Policies**

#### 1. Revenue recognition

- a) Interest income is recognised in the profit and loss account as it accrues except in the case of non-performing assets (NPAs) where it is recognised upon realisation, as per the income recognition and asset classification norms of RBI. For assets, where SDR or change in management outside SDR schemes of RBI have been invoked, the interest income is recognised upon realisation during the period from the date of invocation till the end of stand-still period. Further, the interest income on assets is recognised upon realisation where S4A scheme has been invoked but not implemented.
- b) Income from finance leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding on the lease over the primary lease period.
- c) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.
- d) Dividend income is accounted on accrual basis when the right to receive the dividend is established.
- e) Loan processing fee is accounted for upfront when it becomes due.
- f) Project appraisal/structuring fee is accounted for on the completion of the agreed service.
- g) Arranger fee is accounted for as income when a significant portion of the arrangement/syndication is completed.
- h) Commission received on guarantees issued is amortised on a straight-line basis over the period of the guarantee.
- i) The annual/renewal fee on credit cards is amortised on a straight line basis over one year.
- j) Fees paid/received for priority sector lending certificates (PSLC) is amortised on straight-line basis over the period of the certificate.

forming part of the Accounts (Contd.)

- k) Fees/other income related to borrowers, where SDR or change in management outside SDR schemes of RBI have been invoked, are recognised upon realisation during the period from the date of invocation till the end of stand-still period. Further, fees/other income are recognised upon realisation where S4A scheme has been invoked but not implemented.
- l) All other fees are accounted for as and when they become due.
- m) Net income arising from sell-down/securitisation of loan assets prior to February 1, 2006 has been recognised upfront as interest income. With effect from February 1, 2006, net income arising from securitisation of loan assets is amortised over the life of securities issued or to be issued by the special purpose vehicle/special purpose entity to which the assets are sold. Net income arising from sale of loan assets through direct assignment with recourse obligation is amortised over the life of underlying assets sold and net income from sale of loan assets through direct assignment, without any recourse obligation, is recognised at the time of sale. Net loss arising on account of the sell-down/securitisation and direct assignment of loan assets is recognised at the time of sale.
- n) The Bank deals in bullion business on a consignment basis. The difference between price recovered from customers and cost of bullion is accounted for at the time of sales to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on accrual basis.

#### 2. Investments

Investments are accounted for in accordance with the extant RBI guidelines on investment classification and valuation as given below.

- 1. All investments are classified into 'Held to Maturity', 'Available for Sale' and 'Held for Trading'. Reclassifications, if any, in any category are accounted for as per RBI guidelines. Under each classification, the investments are further categorised as (a) government securities, (b) other approved securities, (c) shares, (d) bonds and debentures, (e) subsidiaries and joint ventures and (f) others.
- 2. 'Held to Maturity' securities are carried at their acquisition cost or at amortised cost, if acquired at a premium over the face value. Any premium over the face value of fixed rate and floating rate securities acquired is amortised over the remaining period to maturity on a constant yield basis and straight line basis respectively.
- 3. 'Available for Sale' and 'Held for Trading' securities are valued periodically as per RBI guidelines. Any premium over the face value of fixed rate and floating rate investments in government securities, classified as 'Available for Sale', is amortised over the remaining period to maturity on constant yield basis and straight line basis respectively. Quoted investments are valued based on the closing quotes on the recognised stock exchanges or prices declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association (FIMMDA), periodically.

The market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio (SLR) securities included in the 'Available for Sale' and 'Held for Trading' categories is as per the rates published by FIMMDA. The valuation of other unquoted fixed income securities, including Pass Through Certificates, wherever linked to the Yield-to-Maturity (YTM) rates, is computed with a mark-up (reflecting associated credit risk) over the YTM rates for government securities published by FIMMDA.

Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available, or at ₹ 1, as per RBI guidelines.

Securities are valued scrip-wise. Depreciation/appreciation on securities, other than those acquired by way of conversion of outstanding loans, is aggregated for each category. Net appreciation in each category, if any, being unrealised, is ignored, while net depreciation is provided for. The depreciation on securities acquired by way of conversion of outstanding loans is fully provided for. Non-performing investments are identified based on the RBI guidelines.

Depreciation on equity shares acquired and held by the Bank under SDR, S4A and change in management outside SDR schemes is provided over a period of four calendar quarters from the date of conversion of debt into equity in accordance with the RBI guidelines.



forming part of the Accounts (Contd.)

- 4. Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost.
- 5. The units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.
- Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the profit and loss account. Cost of investments is computed based on the First-In-First-Out (FIFO) method.
- 7. Equity investments in subsidiaries/joint ventures are categorised as 'Held to Maturity' in accordance with RBI guidelines. The Bank assesses these investments for any permanent diminution in value and appropriate provisions are made.
- 8. Profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the profit and loss account.
- 9. Market repurchase, reverse repurchase and transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as borrowing and lending transactions in accordance with the extant RBI guidelines.
- 10. Broken period interest (the amount of interest from the previous interest payment date till the date of purchase/sale of instruments) on debt instruments is treated as a revenue item.
- 11. At the end of each reporting period, security receipts issued by the asset reconstruction companies are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction companies are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting period end. The security receipts which are outstanding and not redeemed as at the end of the resolution period are treated as loss assets and are fully provided for.
- 12. The Bank follows trade date method of accounting for purchase and sale of investments, except for government of India and state government securities where settlement date method of accounting is followed in accordance with RBI guidelines.
- 13. The Bank undertakes short sale transactions in dated central government securities in accordance with RBI guidelines. The short positions are categorised under HFT category and are marked to market. The mark-to-market loss is charged to profit and loss account and gain, if any, is ignored as per RBI guidelines.

#### 3. Provision/write-offs on loans and other credit facilities

The Bank classifies its loans and investments, including at overseas branches and overdues arising from crystallised derivative contracts, into performing and NPAs in accordance with RBI guidelines. Loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI.

In the case of corporate loans and advances, provisions are made for sub-standard and doubtful assets at rates prescribed by RBI. Loss assets and the unsecured portion of doubtful assets are provided/written-off as per the extant RBI guidelines. For loans and advances booked in overseas branches, which are standard as per the extant RBI guidelines but are classified as NPAs based on host country guidelines, provisions are made as per the host country regulations. For loans and advances booked in overseas branches, which are NPAs as per the extant RBI guidelines and as per host country guidelines, provisions are made at the higher of the provisions required under RBI regulations and host country regulations. Provisions on homogeneous retail loans and advances, subject to minimum provisioning requirements of RBI, are assessed on the basis of the ageing of the loans in the non-performing category. In respect of loans classified as fraud, the entire amount, without considering the value of

forming part of the Accounts (Contd.)

security, is provided for over a period of four quarters starting from the quarter in which fraud has been detected. In accounts where there has been delay in reporting the fraud to the RBI, the entire amount is provided immediately. In respect of borrowers classified as non-cooperative borrowers, willful defaulters and NPAs covered under distressed assets framework of RBI, the Bank makes accelerated provisions as per extant RBI guidelines.

The Bank holds specific provisions against non-performing loans and advances and against certain performing loans and advances in accordance with RBI directions. The Bank also holds provisions on loans under SDR, S4A and change in management outside SDR schemes of RBI. The assessment of incremental specific provisions is made after taking into consideration the existing specific provision held. The specific provisions on retail loans and advances held by the Bank are higher than the minimum regulatory requirements.

- a) Provision due to diminution in the fair value of restructured/rescheduled loans and advances is made in accordance with the applicable RBI guidelines.
  - In respect of non-performing loans and advances accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e. a period of one year after the date when first payment of interest or of principal, whichever is later, falls due, subject to satisfactory performance of the account during the period. A standard restructured loan is upgraded to the standard category when satisfactory payment performance is evidenced during the specified period and after the loan reverts to the normal level of standard asset provisions/risk weights.
- b) Amounts recovered against debts written-off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the profit and loss account.
- c) The Bank maintains general provision on performing loans and advances in accordance and with the RBI guidelines, including provisions on loans to borrowers having unhedged foreign currency exposure and provision on exposures to step-down subsidiaries of Indian companies. For performing loans and advances in overseas branches, the general provision is made at higher of host country regulations requirement and RBI requirement.
- d) In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposures including indirect country risk (other than for home country exposure). The countries are categorised into seven risk categories namely insignificant, low, moderately low, moderate, moderately high, high and very high, and provisioning is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 25%. For exposures with contractual maturity of less than 180 days, provision is required to be held at 25% of the rates applicable to exposures exceeding 180 days. The indirect exposure is reckoned at 50% of the exposure. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is required on such country exposure.
- e) The Bank makes floating provision as per a Board approved policy, which is in addition to the specific and general provisions made by the Bank. The floating provision is utilised, with the approval of Board and RBI, in case of contingencies which do not arise in the normal course of business and are exceptional and non-recurring in nature and for making specific provision for impaired loans as per the requirement of extant RBI guidelines or any regulatory guidance/instructions. The floating provision is netted-off from advances.

#### 4. Transfer and servicing of assets

The Bank transfers commercial and consumer loans through securitisation transactions. The transferred loans are de-recognised and gains/losses are accounted for, only if the Bank surrenders the rights to benefits specified in the underlying securitised loan contract. Recourse and servicing obligations are accounted for net of provisions.

In accordance with the RBI guidelines for securitisation of standard assets, with effect from February 1, 2006, the Bank accounts for any loss arising from securitisation immediately at the time of sale and the profit/premium arising from securitisation is amortised over the life of the securities issued or to be issued by the special purpose vehicle to which the assets are sold. With effect from May 7, 2012, the RBI guidelines require the profit/premium arising from securitisation to be amortised over the life of the transaction based on the method prescribed in the guidelines.



forming part of the Accounts (Contd.)

In accordance with RBI guidelines, in case of non-performing/special mention account-2 loans sold to securitisation company (SC)/reconstruction company (RC), the Bank reverses the excess provision in profit and loss account in the year in which amounts are received. Any shortfall of sale value over the net book value on sale of such assets is recognised by the Bank in the year in which the loan is sold.

#### 5. Property, Plant and Equipment

Property, Plant and Equipment (PPE), other than premises, are carried at cost less accumulated depreciation and impairment, if any. Premises are carried at revalued amount, being fair value at the date of revaluation less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Depreciation is charged over the estimated useful life of PPE on a straight-line basis. The useful lives of the groups of PPE are given below.

| Asset  | Useful life                                 |
|--|---|
| Premises owned by the Bank   | 60 years                                    |
| Leased assets and improvements to leasehold premises                     | 60 years or lease period whichever is lower |
| ATMs <sup>1</sup>  | 8 years                                     |
| Plant and machinery <sup>1</sup> (including office equipment)            | 10 years                                    |
| Electric installations and equipments                                    | 10 years                                    |
| Computers  | 3 years                                     |
| Servers and network equipment <sup>1</sup>                               | 4 years                                     |
| Furniture and fixtures <sup>1</sup>                                      | 6 years, 8 months                           |
| Motor vehicles <sup>1</sup>  | 5 years                                     |
| Others (including software and system development expenses) <sup>1</sup> | 4 years                                     |

- 1. The useful life of assets is based on historical experience of the Bank, which is different from the useful life as prescribed in Schedule II to the Companies Act, 2013.
- a) Assets purchased/sold during the year are depreciated on a pro-rata basis for the actual number of days the asset has been capitalised.
- b) Items individually costing upto ₹ 5,000/- are depreciated fully over a period of 12 months from the date of purchase.
- c) Assets at residences of Bank's employees are depreciated over the estimated useful life of 5 years.
- d) In case of revalued/impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised asset values. In case of premises, which are carried at revalued amounts, the depreciation on the excess of revalued amount over historical cost is transferred from Revaluation Reserve to General Reserve annually.
- e) The profit on sale of premises is appropriated to capital reserve, net of transfer to Statutory Reserve and taxes, in accordance with RBI guidelines.

#### Non-banking assets

Non-banking assets (NBAs) acquired in satisfaction of claims are carried at lower of net book value and net realisable value.

#### 6. Transactions involving foreign exchange

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Income and expenditure items of integral foreign operations (representative offices) are translated at daily closing rates, and income and expenditure items of non-integral foreign operations (foreign branches and offshore banking units) are translated at quarterly average closing rates.

Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing exchange rates notified by Foreign Exchange Dealers' Association of India (FEDAI) relevant to the balance sheet date and the resulting gains/losses are included in the profit and loss account.

forming part of the Accounts (Contd.)

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at relevant closing exchange rates notified by FEDAI at the balance sheet date and the resulting gains/losses from exchange differences are accumulated in the foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operations. Prior to April 1, 2016, on the disposal/partial disposal of a non-integral foreign operation, the cumulative/proportionate amount of the exchange differences which had been accumulated in the foreign currency translation reserve and which related to that operation were recognised as income or expenses in the same period in which the gain or loss on disposal was recognised. From April 1, 2016, pursuant to RBI guideline dated April 18, 2017, the Bank does not recognise the cumulative/proportionate amount of such exchange differences as income or expenses, which relate to repatriation of accumulated retained earnings from overseas operations.

The premium or discount arising on inception of forward exchange contracts that are entered into to establish the amount of reporting currency required or available at the settlement date of a transaction is amortised over the life of the contract. All other outstanding forward exchange contracts are revalued based on the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of interim maturities. The contracts of longer maturities where exchange rates are not notified by FEDAI are revalued based on the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognised in the profit and loss account.

Contingent liabilities on account of guarantees, endorsements and other obligations denominated in foreign currencies are disclosed at the closing exchange rates notified by FEDAI relevant to the balance sheet date.

#### 7. Accounting for derivative contracts

The Bank enters into derivative contracts such as interest rate and currency options, interest rate and currency futures, interest rate and currency swaps, credit default swaps and cross currency interest rate swaps.

The swap contracts entered to hedge on-balance sheet assets and liabilities are structured such that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of underlying assets and liabilities and accounted pursuant to the principles of hedge accounting. Hedge swaps are accounted for on an accrual basis and are not marked to market unless their underlying transaction is marked to market.

Foreign currency and rupee derivative contracts entered into for trading purposes are marked to market and the resulting gain or loss is accounted for in the profit and loss account. Pursuant to RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed through profit and loss account.

#### 8. Employee Stock Option Scheme (ESOS)

The Employees Stock Option Scheme (the Scheme) provides for grant of options on the Bank's equity shares to wholetime directors and employees of the Bank and its subsidiaries. The Scheme provides that employees are granted an option to subscribe to equity shares of the Bank that vest in a graded manner. The options may be exercised within a specified period. The Bank follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date and amortised over the vesting period. The fair market price is the latest closing price, immediately prior to the grant date, which is generally the date of the meeting of the Board Governance, Remuneration & Nomination Committee in which the options are granted, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

#### 9. Employee Benefits

#### Gratuity

The Bank pays gratuity, a defined benefit plan, to employees who retire or resign after a minimum prescribed period of continuous service and in case of employees at overseas locations as per the rules in force in the respective countries. The Bank makes contribution to a trust which administers the funds on its own account or through insurance companies.



forming part of the Accounts (Contd.)

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

Actuarial valuation of the gratuity liability is determined by an actuary appointed by the Bank. Actuarial valuation of gratuity liability is determined based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

#### Superannuation Fund and National Pension Scheme

The Bank contributes 15.00% of the total annual basic salary of certain employees to superannuation funds, a defined contribution plan, managed and administered by insurance companies. Further, the Bank contributes 10.00% of the total basic salary of certain employees to National Pension Scheme (NPS), a defined contribution plan, which is managed and administered by pension fund management companies. The Bank also gives an option to its employees allowing them to receive the amount in lieu of such contributions along with their monthly salary during their employment.

The amounts so contributed/paid by the Bank to the superannuation fund and NPS or to employees during the year are recognised in the profit and loss account.

#### Pension

The Bank provides for pension, a defined benefit plan covering eligible employees of erstwhile Bank of Madura, erstwhile Sangli Bank and erstwhile Bank of Rajasthan. The Bank makes contribution to a trust which administers the funds on its own account or through insurance companies. The plan provides for pension payment including dearness relief on a monthly basis to these employees on their retirement based on the respective employee's years of service with the Bank and applicable salary.

Actuarial valuation of the pension liability is determined by an actuary appointed by the Bank. Actuarial valuation of pension liability is calculated based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

Employees covered by the pension plan are not eligible for employer's contribution under the provident fund plan.

#### **Provident Fund**

The Bank is statutorily required to maintain a provident fund, a defined benefit plan, as a part of retirement benefits to its employees. Each employee contributes a certain percentage of his or her basic salary and the Bank contributes an equal amount for eligible employees. The Bank makes contribution as required by The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 to Employees' Pension Scheme administered by the Regional Provident Fund Commissioner. The Bank makes balance contributions to a fund administered by trustees. The funds are invested according to the rules prescribed by the Government of India.

Actuarial valuation for the interest rate guarantee on the provident fund balances is determined by an actuary appointed by the Bank.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

The overseas branches of the Bank and its eligible employees contribute a certain percentage of their salary towards respective government schemes as per local regulatory guidelines. The contribution made by the overseas branches is recognised in profit and loss account at the time of contribution.

#### Compensated absences

The Bank provides for compensated absence based on actuarial valuation conducted by an independent actuary.

#### 10. Income Taxes

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income

forming part of the Accounts (Contd.)

Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively. Deferred tax adjustments comprise changes in the deferred tax assets or liabilities during the year.

Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account.

Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgement as to whether their realisation is considered as reasonably certain. However, in case of unabsorbed depreciation or carried forward loss, deferred tax assets will be recognised only if there is virtual certainty of realisation of such assets.

#### 11. Impairment of Assets

The immovable fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is treated as impaired when its carrying amount exceeds its recoverable amount. The impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the impaired assets exceeds their recoverable value.

#### 12. Provisions, contingent liabilities and contingent assets

The Bank estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available up to the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimates of amounts required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statements. The Bank does not account for or disclose contingent assets, if any.

The Bank estimates the probability of redemption of customer loyalty reward points using an actuarial method by employing an independent actuary and accordingly makes provision for these reward points. Actuarial valuation is determined based on certain assumptions regarding mortality rate, discount rate, cancellation rate and redemption rate.

#### 13. Earnings per share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

#### 14. Lease transactions

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss account over the lease term on straight line basis.

#### 15. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.



### Financial Statements of ICICI Bank Limited

### **SCHEDULES**

forming part of the Accounts (Contd.)

#### **SCHEDULE 18**

#### **NOTES FORMING PART OF THE ACCOUNTS**

The following disclosures have been made taking into account the requirements of Accounting Standards (ASs) and Reserve Bank of India (RBI) guidelines in this regards.

#### 1. Earnings per share

Basic and diluted earnings per equity share are computed in accordance with AS 20 – Earnings per share. Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year.

The following table sets forth, for the periods indicated, the computation of earnings per share.

|  | ₹ in million, ex             | cept per share data          |
|--|------------------------------|------------------------------|
| Particulars  | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Basic  |                              |                              |
| Weighted average number of equity shares outstanding | 5,818,851,357                | 5,807,339,489                |
| Net profit   | 98,010.9                     | 97,262.9                     |
| Basic earnings per share (₹)                         | 16.84                        | 16.75                        |
| Diluted  |                              |                              |
| Weighted average number of equity shares outstanding | 5,842,890,835                | 5,840,224,893                |
| Net profit   | 98,010.9                     | 97,262.9                     |
| Diluted earnings per share (₹)                       | 16.77                        | 16.65                        |
| Nominal value per share (₹)                          | 2.00                         | 2.00                         |

The dilutive impact is due to options granted to employees by the Bank.

#### 2. Business/information ratios

The following table sets forth, for the periods indicated, the business/information ratios.

| Sr.<br>No. | Particulars                                       | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|------------|---|------------------------------|------------------------------|
| (i)        | Interest income to working funds <sup>1</sup>     | 7.43%                        | 8.06%                        |
| (ii)       | Non-interest income to working funds <sup>1</sup> | 2.68%                        | 2.34%                        |
| (iii)      | Operating profit to working funds <sup>1,2</sup>  | 3.64%                        | 3.65%                        |
| (iv)       | Return on assets <sup>3</sup>                     | 1.35%                        | 1.49%                        |
| (v)        | Net profit per employee⁴ (₹ in million)           | 1.2                          | 1.4                          |
| (vi)       | Business (average deposits plus average advances) |                              |                              |
|            | per employee <sup>4,5</sup> (₹ in million)        | 98.9                         | 94.3                         |

<sup>1.</sup> For the purpose of computing the ratio, working funds represent the monthly average of total assets computed for reporting dates of Form X submitted to RBI under Section 27 of the Banking Regulation Act, 1949.

<sup>2.</sup> Operating profit is profit for the year before provisions and contingencies.

<sup>3.</sup> For the purpose of computing the ratio, assets represent the monthly average of total assets computed for reporting dates of Form X submitted to RBI under Section 27 of the Banking Regulation Act, 1949.

<sup>4.</sup> Computed based on average number of employees which include sales executives, employees on fixed term contracts and interns.

<sup>5.</sup> The average deposits and the average advances represent the simple average of the figures reported in Form A to RBI under Section 42(2) of the Reserve Bank of India Act, 1934.

forming part of the Accounts (Contd.)

#### 3. Capital adequacy ratio

The Bank is subject to the Basel III capital adequacy guidelines stipulated by RBI with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till March 31, 2019. As per the guidelines, the Tier-1 capital is made up of Common Equity Tier-1 (CET1) and Additional Tier-1.

At March 31, 2017, Basel III guidelines require the Bank to maintain a minimum Capital to Risk-Weighted Assets Ratio (CRAR) of 10.30% with minimum CET1 CRAR of 6.80% and minimum Tier-1 CRAR of 8.30%. The minimum total CRAR, Tier-1 CRAR and CET1 CRAR requirement include capital conservation buffer of 1.25% and additional capital requirement of 0.05% on account of the Bank being designated as Domestic Systemically Important Bank.

The following table sets forth, for the period indicated, computation of capital adequacy as per Basel III framework.

|  | ₹ in million,        | except percentages   |
|--|----------------------|----------------------|
| Particulars  | At<br>March 31, 2017 | At<br>March 31, 2016 |
| CET1 CRAR (%)  | 13.74%               | 13.00%               |
| Tier-1 CRAR (%)  | 14.36%               | 13.09%               |
| Tier-2 CRAR (%)  | 3.03%                | 3.55%                |
| Total CRAR (%)   | 17.39%               | 16.64%               |
| Amount of equity capital raised  | -                    | _                    |
| Amount of Additional Tier-1 capital raised; of which   |                      |                      |
| Perpetual Non-Cumulative Preference Shares   | -                    | -                    |
| Perpetual Debt Instruments   | 34,250.0             | -                    |
| Amount of Tier-2 capital raised; of which  |                      |                      |
| Debt capital instrument  | _                    | _                    |
| Preference Share Capital Instruments   | _                    | _                    |
| [Perpetual Cumulative Preference Shares (PCPS)/Redeemable<br>Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative<br>Preference Shares (RCPS)] |                      |                      |

#### 4. Liquidity coverage ratio

The Basel Committee for Banking Supervision (BCBS) had introduced the liquidity coverage ratio (LCR) in order to ensure that a bank has an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows estimated for the next 30 calendar days. As per the RBI guidelines, the minimum LCR required to be maintained by banks shall be implemented in a phased manner from January 1, 2015 as given below.

| Starting from January 1 | 2015  | 2016  | 2017  | 2018  | 2019   |
|-------------------------|-------|-------|-------|-------|--------|
| Minimum LCR             | 60.0% | 70.0% | 80.0% | 90.0% | 100.0% |



₹ in million

# Financial Statements of ICICI Bank Limited **SCHEDULES**

forming part of the Accounts (Contd.)

The Bank has been computing its LCR on a daily basis since January 2017 in line with the extant RBI guidelines. The following table sets forth, the quarterly average of unweighted and weighted values of the LCR of the Bank. The simple average has been computed based on daily values for the three months ended March 31, 2017 and on month-end values for the three months ended December 31, 2016, September 30, 2016, June 30, 2016 and March 31, 2016.

| S.<br>No.    | Particulars  | Three months ended<br>March 31, 2017 | hs ended<br>, 2017                         | Three months ended<br>March 31, 2016 | ths ended<br>1, 2016 | Three months ended<br>December 31, 2016 | hs ended<br>31, 2016 | Three months ended<br>September 30, 2016 | hs ended<br>30, 2016 | Three months ended<br>June 30, 2016       | ns ended<br>2016                          |
|--------------|--|--------------------------------------|--|--------------------------------------|----------------------|---|----------------------|--|----------------------|---|---|
|              |  | Total                                | Total                                      | Total                                | Total                | Total                                   | Total                | Total                                    | Total                | Total                                     | Total                                     |
|              |  | 100                                  | P. 44-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1- | Page   1                             | P 442:0::            | D 442                                   | Post   1             | P 10101                                  | P 10101              | P 4 4 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | P 4 2 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 |
|              |  | nilweigined                          | pallifiam                                  | neililiewiin                         | meigilled            | pallificamin                            | pallifiam            | pallifiamiin                             | pallifiam            | nilweigilled                              | menginem                                  |
|              |  | value                                | value                                      | value                                | value                | value                                   | value                | value                                    | value                | value                                     | value                                     |
|              |  | (average)                            | (average)                                  | (average)                            | (average)            | (average)                               | (average)            | (average)                                | (average)            | (average)                                 | (average)                                 |
| Hig          | High quality liquid assets   |                                      |  |                                      |                      |   |                      |  |                      |   |   |
| <del>-</del> | Total high quality liquid assets   | N.A.                                 | 971,361.1                                  | N.A.                                 | 657,810.1            | N.A.                                    | 1,009,517.2          | N.A.                                     | 860,057.2            | N.A.                                      | 765,646.7                                 |
| يّ ا         | Cash outflows  |                                      |  |                                      |                      |   |                      |  |                      |   |   |
| 2            | Retail deposits and deposits from small business                               | 2,863,944.4                          | 259,883.3                                  | 2,440,406.7                          | 221,848.3            | 2,871,164.6                             | 259,903.9            | 2,657,172.8                              | 242,276.4            | 2,574,509.5                               | 234,696.0                                 |
|              | customers, of which:   |                                      |  |                                      |                      |   |                      |  |                      |   |   |
|              | (i) Stable deposits  | 530,223.1                            | 26,511.2                                   | 443,846.9                            | 22,192.3             | 544,251.2                               | 27,212.6             | 468,816.3                                | 23,440.8             | 455,099.0                                 | 22,755.0                                  |
|              | (ii) Less stable deposits  | 2,333,721.3                          | 233,372.1                                  | 1,996,559.8                          | 199,656.0            | 2,326,913.4                             | 232,691.3            | 2,188,356.5                              | 218,835.6            | 2,119,410.5                               | 211,941.0                                 |
| က်           | Unsecured wholesale funding, of which:   | 1,191,100.3                          | 674,631.1                                  | 1,100,323.2                          | 631,804.6            | 1,157,077.2                             | 669,660.2            | 1,076,171.7                              | 610,896.4            | 1,091,923.2                               | 618,887.2                                 |
|              | (i) Operational deposits (all counterparties)                                  | 274,266.8                            | 68,566.7                                   | 185,211.0                            | 46,302.7             | 253,406.4                               | 63,351.6             | 210,262.4                                | 52,565.4             | 213,593.3                                 | 53,398.3                                  |
|              | (ii) Non-operational deposits (all counterparties)                             | 835,289.0                            | 524,519.9                                  | 838,903.5                            | 509,293.2            | 800,790.0                               | 503,427.8            | 834,899.6                                | 527,321.1            | 826,021.5                                 | 513,180.5                                 |
|              | (iii) Unsecured debt   | 81,544.5                             | 81,544.5                                   | 76,208.7                             | 76,208.7             | 102,880.8                               | 102,880.8            | 31,009.7                                 | 31,009.7             | 52,308.4                                  | 52,308.4                                  |
| 4.           | Secured wholesale funding  | N.A.                                 | 20.2                                       | N.A.                                 | I                    | N.A.                                    | 1                    | N.A.                                     | 1                    | N.A.                                      | I   |
| 5.           | Additional requirements, of which:   | 550,684.2                            | 148,926.3                                  | 434,570.4                            | 58,390.8             | 541,432.5                               | 159,841.1            | 526,971.1                                | 151,832.3            | 470,639.4                                 | 91,579.2                                  |
|              | (i) Outflows related to derivative exposures and other collateral requirements | 84,355.5                             | 84,355.5                                   | 9,038.0                              | 9,038.0              | 101,281.6                               | 101,281.6            | 97,553.7                                 | 97,553.7             | 37,905.4                                  | 37,905.4                                  |
|              | (ii) Outflows related to loss of funding on debt                               |                                      |  |                                      |                      |   |                      |  |                      |   |   |
|              | products   | 354.7                                | 354.7                                      | 373.7                                | 373.7                | 301.9                                   | 301.9                | 338.8                                    | 338.8                | 338.9                                     | 338.9                                     |
|              | (iii) Credit and liquidity facilities  | 465,974.0                            | 64,216.1                                   | 425,158.7                            | 48,979.1             | 439,849.0                               | 58,257.6             | 429,078.6                                | 53,939.8             | 432,395.1                                 | 53,334.9                                  |
| 9.           | Other contractual funding obligations  | 106,326.0                            | 106,326.0                                  | 70,145.8                             | 70,145.8             | 100,419.1                               | 100,419.1            | 87,713.5                                 | 87,713.5             | 68,354.4                                  | 68,354.4                                  |
| 7.           | Other contingent funding obligations   | 1,824,755.6                          | 68,745.4                                   | 1,918,495.8                          | 79,602.7             | 1,856,561.1                             | 69,509.2             | 1,910,391.5                              | 71,318.9             | 1,907,937.7                               | 70,982.7                                  |
| ∞.           | Total cash outflows  | N.A.                                 | 1,258,532.3                                | N.A.                                 | 1,061,792.2          | N.A.                                    | 1,259,333.5          | N.A.                                     | 1,164,037.5          | N.A.                                      | 1,084,499.5                               |
| 6            | Secured lending (e.g. reverse repos)   | 158,596.8                            | 1  | 1                                    | ı                    | 70,930.3                                | 1                    | 1  | 1                    | 33,518.2                                  | 1   |
| 10.          | Inflows from fully performing exposures  | 296,648.1                            | 227,647.6                                  | 381,330.5                            | 319,975.3            | 324,405.1                               | 252,006.7            | 312,867.5                                | 246,875.2            | 324,921.3                                 | 266,789.0                                 |
| 1.           | Other cash inflows   | 58,661.5                             | 36,351.6                                   | 43,097.3                             | 23,851.8             | 46,093.2                                | 26,319.9             | 43,102.8                                 | 23,637.4             | 38,276.3                                  | 21,097.6                                  |
| 12.          | Total cash inflows   | 513,906.4                            | 263,999.2                                  | 424,427.8                            | 343,827.1            | 441,428.6                               | 278,326.6            | 355,970.3                                | 270,512.6            | 396,715.8                                 | 287,886.6                                 |
| 13           | Total HQLA   | N.A.                                 | 971,361.1                                  | N.A.                                 | 657,810.1            | N.A.                                    | 1,009,517.2          | N.A.                                     | 860,057.2            | N.A.                                      | 765,646.7                                 |
| 14.          | Total net cash outflows (8)-(12)   | N.A.                                 | 994,533.1                                  | N.A.                                 | 717,965.1            | N.A.                                    | 981,006.9            | N.A.                                     | 893,524.9            | N.A.                                      | 796,612.9                                 |
| 15.          | Liquidity coverage ratio (%)   | N.A.                                 | %19.76                                     | N.A.                                 | 91.62%               | N.A.                                    | 102.91%              | N.A.                                     | 96.25%               | N.A.                                      | 96.11%                                    |
|              | L  |                                      |  |                                      |                      |   |                      |  |                      |   |   |

liquidity. For the overseas branches of the Bank, a decentralised approach is followed for day-to-day liquidity management, while a Management Committee (ALCO). For the domestic operations of the Bank, ALMG-India is responsible for the overall management of centralised approach is followed for long term funding in co-ordination with Head-Office. Liquidity in the overseas branches is maintained Liquidity of the Bank is managed by the Asset Liability Management Group (ALMG) under the central oversight of the Asset Liability taking into consideration both host country and the RBI regulations.

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The Bank during the three months ended March 31, 2017 maintained average HQLA (after haircut) of ₹ 971,361.1 million (March 31, 2016: ₹ 657,810.1 million) against the average liquidity requirement of ₹ 795,626.5 million (March 31, 2016: ₹ 502,575.6 million) at minimum LCR requirement of 80.0% (March 31, 2016: 70.0%). HQLA primarily includes government securities in excess of minimum statutory liquidity ratio (SLR) and to the extent allowed under marginal standing facility (MSF) and facility to avail liquidity for LCR (FALLCR) of ₹ 806,903.7 million (March 31, 2016: ₹ 498,952.5 million). RBI has permitted banks to reckon government securities held by them up to 9.0% (March 31, 2016: 8.0%) of their net demand and time liability (NDTL) under FALLCR as level 1 HQLA for the purpose of computing LCR from July, 2016. Additionally, cash balance in excess of cash reserve requirement with RBI and balances with central banks of countries where the Bank's branches are located amounted to ₹ 100,448.7 million (March 31, 2016: ₹ 104,655.2 million). Further, average level 2 assets primarily consisting of AA- and above rated corporate bonds and commercial papers amounted to ₹ 36,348.1 million (March 31, 2016: ₹ 33,334.1 million).

At March 31, 2017, top liability products/instruments and their percentage contribution to the total liabilities of the Bank were term deposits 31.51% (March 31, 2016: 31.68%), savings account deposits 22.27% (March 31, 2016: 18.63%), bond borrowings 12.33% (March 31, 2016: 12.81%) and current account deposits 9.72% (March 31, 2016: 8.17%). Top 20 depositors constituted 7.04% (March 31, 2016: 7.35%) of total deposits of the Bank at March 31, 2017. Further, the total borrowings mobilised from significant counterparties (from whom the funds borrowed were more than 1.00% of the Bank's total liabilities) were 10.26% (March 31, 2016: 11.81%) of the total liabilities of the Bank at March 31, 2017.

The weighted cash outflows are primarily driven by unsecured wholesale funding which includes operational deposits, non-operational deposits and unsecured debt. During the three months ended March 31, 2017, unsecured wholesale funding contributed 53.60% (March 31, 2016: 59.50%) of the total weighted cash outflows. The non-operational deposits include term deposits with premature withdrawal facility. Retail deposits including deposits from small business customers and other contingent funding obligations contributed 20.65% (March 31, 2016: 20.89%) and 5.46% (March 31, 2016: 7.50%) of the total weighted cash outflows respectively. The other contingent funding obligations primarily include bank guarantees (BGs) and letters of credit (LCs) issued on behalf of the Bank's clients.

In view of the margin rules for non-centrally cleared derivative transactions issued by the Basel Committee on Banking Supervision and RBI, currently in a draft stage, certain derivative transactions would be subject to margin reset and consequent collateral exchange would be as governed by Credit Support Annex (CSA). The margin rules are applicable for both the domestic and overseas operations of the Bank. The Bank has entered into CSAs which would require maintenance of collateral due to valuation changes on transactions under CSA framework. The Bank considers the increased liquidity requirement on account of valuation changes in the transactions settled through Qualified Central Counterparties (QCCP) in India including the Clearing Corporation of India (CCIL) and other exchange houses for transactions covered under CSAs. The potential outflows on account of such transactions have been considered based on the look-back approach prescribed in the RBI guidelines.

The average LCR of the Bank for the three months ended March 31, 2017 was 97.67% (March 31, 2016: 91.62%). During the three months ended March 31, 2017, other than Indian Rupee, USD was the only significant foreign currency which constituted more than 5.00% of the balance sheet size of the Bank. The average LCR of the Bank for USD currency, computed based on month end LCR values, was 44.51% for the three months ended March 31, 2017 (March 31, 2016: 87.90%).

#### 5. Information about business and geographical segments

#### Business Segments

Pursuant to the guidelines issued by RBI on AS 17 - Segment Reporting - Enhancement of Disclosures dated April 18, 2007, effective from year ended March 31, 2008, the following business segments have been reported.

• Retail Banking includes exposures which satisfy the four criteria of orientation, product, granularity and low value of individual exposures for retail exposures laid down in BCBS document "International Convergence of Capital Measurement and Capital Standards: A Revised Framework". This segment also includes income from credit cards, debit cards, third party product distribution and the associated costs.



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- Wholesale Banking includes all advances to trusts, partnership firms, companies and statutory bodies, which
  are not included under Retail Banking.
- Treasury includes the entire investment and derivative portfolio of the Bank.
- Other Banking includes leasing operations and other items not attributable to any particular business segment.

Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

All liabilities are transfer priced to a central treasury unit, which pools all funds and lends to the business units at appropriate rates based on the relevant maturity of assets being funded after adjusting for regulatory reserve requirements.

The transfer pricing mechanism of the Bank is periodically reviewed. The segment results are determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

The following tables set forth, for the periods indicated, the business segment results on this basis.

|            |   |                   |                      |               |                              | ₹ in million |
|------------|---|-------------------|----------------------|---------------|------------------------------|--------------|
|            |   |                   | For the yea          | r ended March | 31, 2017                     |              |
| Sr.<br>No. | Particulars   | Retail<br>Banking | Wholesale<br>Banking | Treasury      | Other<br>Banking<br>Business | Total        |
| 1.         | Revenue   | 453,911.8         | 306,405.7            | 545,629.9     | 18,640.9                     | 1,324,588.3  |
| 2.         | Less: Inter-segment revenue                         |                   |                      |               |                              | 587,980.7    |
| 3.         | Total revenue (1)–(2)                               |                   |                      |               |                              | 736,607.6    |
| 4.         | Segment results                                     | 53,853.0          | (74,341.1)           | 126,707.0     | 6,567.3                      | 112,786.2    |
| 5.         | Unallocated expenses                                |                   |                      |               |                              | -            |
| 6.         | Operating profit (4)-(5)                            |                   |                      |               |                              | 112,786.2    |
| 7.         | Income tax expenses (including deferred tax credit) |                   |                      |               |                              | 14,775.2     |
| 8.         | Net profit (6)-(7)                                  |                   |                      |               |                              | 98,011.0     |
| 9.         | Segment assets                                      | 2,136,950.4       | 2,612,652.8          | 2,748,218.4   | 109,999.3                    | 7,607,820.9  |
| 10.        | Unallocated assets <sup>1</sup>                     |                   |                      |               |                              | 110,093.6    |
| 11.        | Total assets(9)+(10)                                |                   |                      |               |                              | 7,717,914.5  |
| 12.        | Segment liabilities                                 | 3,678,085.9       | 1,495,191.4          | 2,510,968.22  | 33,669.0                     | 7,717,914.5  |
| 13.        | Unallocated liabilities                             |                   |                      |               |                              | _            |
| 14.        | Total liabilities (12)+(13)                         |                   |                      |               |                              | 7,717,914.5  |
| 15.        | Capital expenditure                                 | 6,547.3           | 616.2                | 19.4          | 20.0                         | 7,202.9      |
| 16.        | Depreciation  | 6,396.2           | 1,108.6              | 15.6          | 56.1                         | 7,576.5      |

<sup>1.</sup> Includes tax paid in advance/tax deducted at source (net) and deferred tax assets (net).

<sup>2.</sup> Includes share capital and reserves and surplus

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|            |  |                   | For the year         | ar ended March           | 1 31, 2016                   |             |
|------------|--|-------------------|----------------------|--------------------------|------------------------------|-------------|
| Sr.<br>No. | Particulars                                      | Retail<br>Banking | Wholesale<br>Banking | Treasury                 | Other<br>Banking<br>Business | Total       |
| 1.         | Revenue  | 391,878.0         | 328,923.5            | 487,496.2                | 18,178.6                     | 1,226,476.3 |
| 2.         | Less: Inter-segment revenue                      |                   |                      |                          |                              | 545,851.4   |
| 3.         | Total revenue (1)–(2)                            |                   |                      |                          |                              | 680,624.9   |
| 4.         | Segment results                                  | 38,977.4          | (12,454.3)           | 90,974.1                 | 4,460.0                      | 121,957.2   |
| 5.         | Unallocated expenses                             |                   |                      |                          |                              | _           |
| 6.         | Operating profit (4)-(5)                         |                   |                      |                          |                              | 121,957.2   |
| 7.         | Income tax expenses (net of deferred tax credit) |                   |                      |                          |                              | 24,694.3    |
| 8.         | Net profit (6)-(7)                               |                   |                      |                          |                              | 97,262.9    |
| 9.         | Segment assets                                   | 1,724,805.5       | 2,663,659.1          | 2,580,529.7              | 160,056.2                    | 7,129,050.5 |
| 10.        | Unallocated assets <sup>1</sup>                  |                   |                      |                          |                              | 77,900.5    |
| 11.        | Total assets (9)+(10)                            |                   |                      |                          |                              | 7,206,951.0 |
| 12.        | Segment liabilities                              | 3,133,932.7       | 1,197,853.2          | 2,764,161.4 <sup>2</sup> | 111,003.7                    | 7,206,951.0 |
| 13.        | Unallocated liabilities                          |                   |                      |                          |                              | _           |
| 14.        | Total liabilities (12)+(13)                      |                   |                      |                          |                              | 7,206,951.0 |
| 15.        | Capital expenditure                              | 6,474.5           | 937.0                | 11.2                     | 34.5                         | 7,457.2     |
| 16.        | Depreciation                                     | 5,718.9           | 1,016.3              | 14.9                     | 235.0                        | 6,985.1     |

<sup>1.</sup> Includes tax paid in advance/tax deducted at source (net) and deferred tax assets (net).

#### Geographical segments

The Bank reports its operations under the following geographical segments.

- Domestic operations comprise branches in India.
- Foreign operations comprise branches outside India and offshore banking unit in India.

The following table sets forth, for the periods indicated, geographical segment revenues.

|                     |                              | ₹ in million                 |
|---------------------|------------------------------|------------------------------|
| Particulars         | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Domestic operations | 682,895.7                    | 620,424.0                    |
| Foreign operations  | 53,711.9                     | 60,200.9                     |
| Total               | 736,607.6                    | 680,624.9                    |

The following table sets forth, for the periods indicated, geographical segment assets.

|                     |                      | ₹ in million         |
|---------------------|----------------------|----------------------|
| Particulars         | At<br>March 31, 2017 | At<br>March 31, 2016 |
| Damastia annuticas  |                      | <u> </u>             |
| Domestic operations | 6,661,570.6          | 5,940,663.4          |
| Foreign operations  | 946,250.3            | 1,188,387.1          |
| Total               | 7,607,820.9          | 7,129,050.5          |

Segment assets do not include tax paid in advance/tax deducted at source (net) and deferred tax assets (net).

<sup>2.</sup> Includes share capital and reserves and surplus.



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The following table sets forth, for the periods indicated, capital expenditure and depreciation thereon for the geographical segments.

₹ in million

|                     | Capital expenditur           | e incurred during            | Depreciation p               | Depreciation provided during |  |  |
|---------------------|------------------------------|------------------------------|------------------------------|------------------------------|--|--|
| Particulars         | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |  |  |
| Domestic operations | 7,150.3                      | 7,331.5                      | 7,507.4                      | 6,916.9                      |  |  |
| Foreign operations  | 52.6                         | 125.7                        | 69.1                         | 68.2                         |  |  |
| Total               | 7,202.9                      | 7,457.2                      | 7,576.5                      | 6,985.1                      |  |  |

#### 6. Maturity pattern

The following table sets forth, the maturity pattern of assets and liabilities of the Bank at March 31, 2017.

|                                  |                               |                                       |                       |                           |  | ₹ in million                              |
|----------------------------------|-------------------------------|---------------------------------------|-----------------------|---------------------------|--|---|
| Maturity buckets                 | Loans & Advances <sup>1</sup> | Investment<br>securities <sup>1</sup> | Deposits <sup>1</sup> | Borrowings <sup>1,2</sup> | Total foreign<br>currency<br>assets <sup>3</sup> | Total foreign<br>currency<br>liabilities³ |
| Day 1                            | 8,757.4                       | 175,720.4                             | 72,285.3              | -                         | 14,070.1   | 1,379.8                                   |
| 2 to 7 days                      | 41,128.1                      | 87,210.4                              | 375,542.3             | 13,124.4                  | 172,411.2  | 25,643.2                                  |
| 8 to 14 days                     | 33,216.1                      | 50,137.2                              | 106,138.4             | 9,924.6                   | 17,866.8   | 17,007.1                                  |
| 15 to 30 days <sup>4</sup>       | 86,614.9                      | 78,397.8                              | 77,275.1              | 80,377.4                  | 37,280.8   | 90,888.0                                  |
| 31 days to 2 months <sup>4</sup> | 129,995.7                     | 53,584.0                              | 120,950.4             | 19,904.6                  | 46,376.4   | 27,826.0                                  |
| 2 to 3 months <sup>4</sup>       | 185,675.5                     | 39,010.8                              | 187,419.8             | 50,256.1                  | 48,937.3   | 45,818.3                                  |
| 3 to 6 months                    | 322,603.3                     | 92,171.7                              | 359,444.8             | 67,702.8                  | 76,970.3   | 58,216.4                                  |
| 6 months to 1 year               | 517,143.6                     | 105,792.2                             | 326,211.4             | 231,641.7                 | 110,974.7  | 218,095.5                                 |
| 1 to 3 years                     | 1,284,125.8                   | 208,006.9                             | 497,017.3             | 468,435.2                 | 234,380.5  | 393,384.5                                 |
| 3 to 5 years                     | 924,537.2                     | 285,991.2                             | 1,393,293.3           | 215,539.9                 | 171,209.0  | 126,716.6                                 |
| Above 5 years                    | 1,108,523.3                   | 439,042.9                             | 1,384,812.7           | 318,654.9                 | 212,846.9  | 102,490.1                                 |
| Total                            | 4,642,320.8                   | 1,615,065.5                           | 4,900,390.6           | 1,475,561.5               | 1,143,324.0                                      | 1,107,465.5                               |

- 1. Includes foreign currency balances.
- 2. Includes borrowings in the nature of subordinated debts and preference shares.
- 3. Excludes off-balance sheet assets and liabilities.
- 4. The disclosure format has been revised based on RBI guideline dated March 23, 2016.

The following table sets forth the maturity pattern of assets and liabilities of the Bank at March 31, 2016.

| Total               | 4,352,639.4           | 1,604,117.9             | 4,214,257.1               | 1,748,073.8               | 1,454,179.4            | 1,536,227.3              |
|---------------------|-----------------------|-------------------------|---------------------------|---------------------------|------------------------|--------------------------|
| Above 5 years       | 934,059.4             | 399,544.6               | 1,174,076.9               | 204,094.6                 | 248,472.2              | 85,671.8                 |
| 3 to 5 years        | 716,918.6             | 278,198.4               | 1,185,524.7               | 404,176.1                 | 175,208.6              | 285,712.5                |
| 1 to 3 years        | 1,456,284.9           | 154,822.1               | 453,906.8                 | 422,158.0                 | 288,600.3              | 357,848.9                |
| 6 months to 1 year  | 544,822.2             | 142,619.8               | 536,836.4                 | 401,445.3                 | 170,622.1              | 548,262.6                |
| 3 to 6 months       | 293,775.4             | 83,065.1                | 262,497.9                 | 132,031.8                 | 84,434.7               | 61,002.1                 |
| 29 days to 3 months | 262,943.9             | 66,139.0                | 297,478.2                 | 103,160.0                 | 116,419.5              | 112,508.2                |
| 15 to 28 days       | 66,217.9              | 92,784.1                | 64,017.7                  | 22,148.0                  | 56,646.8               | 41,235.2                 |
| 8 to 14 days        | 30,867.1              | 54,447.0                | 80,240.7                  | 8,450.3                   | 24,188.8               | 17,157.8                 |
| 2 to 7 days         | 35,120.3              | 91,635.5                | 115,371.8                 | 48,634.1                  | 149,589.0              | 20,530.7                 |
| Day 1               | 11,629.7              | 240,862.3               | 44,306.0                  | 1,775.6                   | 139,997.4              | 6,297.5                  |
|                     | Advances <sup>1</sup> | securities <sup>1</sup> | Верезна                   | Borrowings                | assets <sup>3</sup>    | liabilities <sup>3</sup> |
| Maturity buckets    | Loans & Investment    | Deposits <sup>1</sup>   | Borrowings <sup>1,2</sup> | Total foreign<br>currency | Total foreign currency |                          |
|                     |                       |                         |                           |                           |                        | ₹ in million             |

<sup>1.</sup> Includes foreign currency balances.

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- 2. Includes borrowings in the nature of subordinated debts and preference shares.
- 3. Excludes off-balance sheet assets and liabilities.

The estimates and assumptions used by the Bank for classification of assets and liabilities under the different maturity buckets is based on the returns submitted to RBI for the relevant periods.

#### 7. Preference shares

Certain government securities amounting to ₹ 3,219.7 million at March 31, 2017 (March 31, 2016: ₹ 3,189.8 million) have been earmarked against redemption of preference shares issued by the Bank, which fall due for redemption on April 20, 2018, as per the original terms of the issue.

#### 8. Employee Stock Option Scheme (ESOS)

In terms of the ESOS, as amended, the maximum number of options granted to any eligible employee in a financial year shall not exceed 0.05% of the issued equity shares of the Bank at the time of grant of the options and aggregate of all such options granted to the eligible employees shall not exceed 10% of the aggregate number of the issued equity shares of the Bank on the date(s) of the grant of options in line with SEBI Regulations. Under the stock option scheme, eligible employees are entitled to apply for equity shares. In April 2016, exercise period was modified from 10 years from the date of grant or five years from the date of vesting, whichever is later, to 10 years from the date of vesting of options. The exercise price of the Bank's options, except mentioned below, is the last closing price on the stock exchange, which recorded highest trading volume preceding the date of grant of options. Hence, there was no compensation cost based on intrinsic value of options.

Options granted after March, 2014 vest in a graded manner over a three-year period with 30%, 30% and 40% of the grant vesting in each year, commencing from the end of 12 months from the date of grant other than certain options granted in April 2014 which will vest to the extent of 50% on April 30, 2017 and the balance on April 30, 2018 and granted in September 2015 which will vest to the extent of 50% on April 30, 2018 and 50% on April 30, 2019. However, for the options granted in September 2015, if the participant's employment terminates due to retirement (including pursuant to any early/voluntary retirement scheme), the whole of the unvested options would lapse.

Options granted prior to March, 2014, vest in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting in each year, commencing from the end of 12 months from the date of grant. Options granted in April, 2009 vest in a graded manner over a five-year period with 20%, 20%, 30% and 30% of grant vesting each year, commencing from the end of 24 months from the date of grant. Options granted in September, 2011 vest in a graded manner over a five-years period with 15%, 20%, 20% and 45% of grant vesting each year, commencing from the end of 24 months from the date of the grant.

In February 2011, the Bank granted 15,175,000 options to eligible employees and whole-time Directors of the Bank and certain of its subsidiaries at an exercise price of ₹ 193.40. This exercise price was the average closing price on the stock exchange during the six months ended October 28, 2010. Of these options granted, 50% vested on April 30, 2014 and the balance 50% vested on April 30, 2015. Based on intrinsic value of options, no compensation cost was recognised during the year ended March 31, 2017 (March 31, 2016: ₹ 0.8 million).

If the Bank had used the fair value of options based on binomial tree model, compensation cost in the year ended March 31, 2017 would have been higher by ₹ 5,107.5 million (March 31, 2016: ₹ 3,726.5 million) including additional cost of ₹ 1,393.1 million (March 31, 2016: Nil) due to change in exercise period and proforma profit after tax would have been ₹ 92,903.4 million (March 31, 2016: ₹ 93,536.4 million). Additional cost of ₹ 1,393.1 million at the date of modification reflects the difference between fair value of option calculated as per revised exercise period and fair value of option calculated as per original exercise period. On a proforma basis, the Bank's basic and diluted earnings per share would have been ₹ 15.97 and ₹ 15.90 respectively. The key assumptions used to estimate the fair value of options granted during the year ended March 31, 2017 are given below.

| Risk-free interest rate | 7.43% to 7.77%     |
|-------------------------|--------------------|
| Expected life           | 3.89 to 5.89 years |
| Expected volatility     | 32.03% to 33.31%   |
| Expected dividend yield | 2.04% to 2.15%     |



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The weighted average fair value of options granted during the year ended March 31, 2017 is ₹ 84.39 (March 31, 2016: ₹ 100.50).

Risk free interest rates over the expected term of the option are based on the government securities yield in effect at the time of the grant. The expected term of an option is estimated based on the vesting term as well as expected exercise behavior of the employees who receive the option. Expected term of option is estimated based on the historical stock option exercise pattern of the Bank. Expected volatility during the estimated expected term of the option is based on historical volatility determined based on observed market prices of the Bank's publicly traded equity shares. Expected dividends during the estimated expected term of the option are based on recent dividend activity.

The following table sets forth, for the periods indicated, the summary of the status of the Bank's stock option plan.

₹ except number of options

| Stock options outstan                            |                           |                |              | · ·            |
|--|---------------------------|----------------|--------------|----------------|
|  | Year ended March 31, 2017 |                | Year ended M | arch 31, 2016  |
| Particulars                                      | Number                    | Weighted       | Number       | Weighted       |
|  | of                        | average        | of           | average        |
|  | options                   | exercise price | options      | exercise price |
| Outstanding at the beginning of the year         | 191,624,565               | 236.36         | 148,433,700  | 205.02         |
| Add: Granted during the year                     | 33,378,300                | 244.30         | 64,904,500   | 289.28         |
| Less: Lapsed during the year, net of re-issuance | 9,189,995                 | 266.53         | 4,189,850    | 260.67         |
| Less: Exercised during the year                  | 9,707,705                 | 182.60         | 17,523,785   | 161.16         |
| Outstanding at the end of the year               | 206,105,165               | 238.83         | 191,624,565  | 236.36         |
| Options exercisable                              | 109,556,465               | 214.56         | 89,788,515   | 198.08         |

The following table sets forth, the summary of stock options outstanding at March 31, 2017.

| Range of exercise price (₹ per share) | Number of shares arising out of options | Weighted average exercise price (₹ per share) | Weighted average remaining contractual life (Number of years) |  |
|---------------------------------------|---|---|---|--|
| 60-99                                 | 2,140,950                               | 86.99   | 5.93  |  |
| 100-199                               | 53,491,375                              | 180.97  | 5.64  |  |
| 200-299                               | 120,115,440                             | 249.76  | 9.93  |  |
| 300-399                               | 30,357,400                              | 308.26  | 10.15   |  |

The following table sets forth, the summary of stock options outstanding at March 31, 2016.

| Range of exercise price (₹ per share) | Number of shares arising out of options | Weighted average exercise price (₹ per share) | Weighted average remaining contractual life (Number of years) |
|---------------------------------------|---|---|---|
| 60-99                                 | 2,556,700                               | 86.96   | 3.03  |
| 100-199                               | 60,755,715                              | 180.24  | 3.65  |
| 200-299                               | 96,037,150                              | 251.67  | 7.85  |
| 300-399                               | 32,275,000                              | 308.26  | 9.08  |

The options were exercised regularly throughout the period and weighted average share price as per National Stock Exchange price volume data during the year ended March 31, 2017 was ₹ 257.82 (March 31, 2016: ₹ 273.37).

#### 9. Subordinated debt

During the year ended March 31, 2017, the Bank has raised subordinated debt bonds qualifying for Additional Tier-1 capital. The following table sets forth, the details of these bonds.

|                               |                |                  |                        | ₹ in million |
|-------------------------------|----------------|------------------|------------------------|--------------|
| Particulars                   | Date of Issue  | Coupon Rate (%)  | Tenure                 | Amount       |
| Subordinate Additional Tier-1 | March 17, 2017 | 9.20% (annually) | Perpetual <sup>1</sup> | 34,250.0     |

<sup>1.</sup> Call option exercisable on March 17, 2022 and on every interest payment date thereafter (exercisable with RBI approval).

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During the year ended March 31, 2017, the Bank has not raised subordinated debt qualifying for Tier-2 capital (March 31, 2016: Nil).

#### 10. Repurchase transactions

The following tables set forth for the periods indicated, the details of securities sold and purchased under repo and reverse repo transactions respectively including transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF).

|            |   |   |  |   | ₹ in million                                   |
|------------|---|---|--|---|--|
| Sr.<br>No. | Particulars                                   | Minimum<br>outstanding<br>balance<br>during the | Maximum<br>outstanding<br>balance<br>during the<br>Year ended Ma | Daily average<br>outstanding<br>balance<br>during the | Outstanding<br>balance at<br>March<br>31, 2017 |
|            |   | _   |  |   |  |
| Sec        | urities sold under Repo, LAF and MSF          |   |  |   |  |
| i)         | Government Securities                         | 9.5   | 176,914.4  | 37,829.8  | 9.5  |
| ii)        | Corporate Debt Securities                     | _   | 335.4  | 7.3   | _  |
| Sec        | curities purchased under Reverse Repo and LAF |   |  |   |  |
| i)         | Government Securities                         | _   | 341,500.0  | 63,402.7  | 288,000.0                                      |
| ii)        | Corporate Debt Securities                     | _   | -  | _   | _  |

- 1. Amounts reported are based on face value of securities under Repo and Reverse repo.
- 2. Amounts reported are based on lending/borrowing amount under LAF and MSF.

|   |   |             |               |               | ₹ in million |
|---|---|-------------|---------------|---------------|--------------|
|   |   | Minimum     | Maximum       | Daily average | Outstanding  |
| C                                       |   | outstanding | outstanding   | outstanding   | balance at   |
| Sr.                                     | Particulars                                   | balance     | balance       | balance       | March        |
| No.                                     | •   | during the  | during the    | during the    | 31, 2016     |
|   |   |             | Year ended Ma | arch 31, 2016 |              |
| Securities sold under Repo, LAF and MSF |   |             |               |               |              |
| i)                                      | Government Securities                         | 10.2        | 133,067.0     | 51,943.4      | 40,129.4     |
| ii)                                     | Corporate Debt Securities                     | _           | 2,000.0       | 13.7          | _            |
| Se                                      | curities purchased under Reverse Repo and LAF |             |               |               |              |
| i)                                      | Government Securities                         | -           | 61,600.0      | 8,761.4       | 32,500.0     |
| ii)                                     | Corporate Debt Securities                     |             | 750.0         | 186.5         |              |
| ii)                                     | Corporate Debt Securities                     |             | 750.0         | 186.5         | _            |

- 1. Amounts reported are based on face value of securities under Repo and Reverse repo.
- 2. Amounts reported are based on lending/borrowing amount under LAF and MSF.

#### 11. Investments

The following table sets forth, for the periods indicated, the details of investments and the movement of provision held towards depreciation on investments of the Bank.

|            |                                |                      | ₹ in million         |
|------------|--------------------------------|----------------------|----------------------|
| Sr.<br>No. | Particulars                    | At<br>March 31, 2017 | At<br>March 31, 2016 |
| 1.         | Value of Investments           |                      |                      |
|            | i) Gross value of investments  |                      |                      |
|            | a) In India                    | 1,576,298.5          | 1,554,622.3          |
|            | b) Outside India               | 74,196.7             | 82,517.5             |
|            | ii) Provision for depreciation |                      |                      |
|            | c) In India                    | (34,598.9)           | (32,015.5)           |



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|            |      |   | _                    | ₹ in million         |
|------------|------|---|----------------------|----------------------|
| Sr.<br>No. | Par  | ticulars  | At<br>March 31, 2017 | At<br>March 31, 2016 |
|            |      | d) Outside India  | (830.9)              | (1,006.3)            |
|            | iii) | Net value of investments  |                      |                      |
|            |      | e) In India   | 1,541,699.6          | 1,522,606.8          |
|            |      | f) Outside India  | 73,365.8             | 81,511.2             |
| 2.         | Мо   | vement of provisions held towards depreciation on investments     |                      |                      |
|            | i)   | Opening balance   | 33,021.8             | 25,931.8             |
|            | ii)  | Add: Provisions made during the year                              | 9,357.6              | 10,852.9             |
|            | iii) | Less: Write-off/(write-back) of excess provisions during the year | (6,949.6)            | (3,762.9)            |
|            | iv)  | Closing balance   | 35,429.8             | 33,021.8             |

During the year ended March 31, 2017, the Bank sold approximately 12.63% of its shareholding in ICICI Prudential Life Insurance Company Limited in the initial public offer (IPO) for a total consideration of ₹ 60,567.9 million. The unconsolidated financial results include a gain (before tax and after IPO related expenses) of ₹ 56,820.3 million on this sale.

During the year ended March 31, 2016, the Bank sold 6% of its shareholding in ICICI Prudential Life Insurance Company Limited and 9% of its shareholding in ICICI Lombard General Insurance Company Limited for a total consideration of ₹ 19,500.0 million and 15,502.5 million respectively. The unconsolidated financial results include a gain (before tax) of ₹ 18,598.3 million and ₹ 15,085.4 million respectively on this sale.

The following table sets forth, for the periods indicated, break-up of other investments in Schedule 8.

|     |                           |                      | ₹ in million      |
|-----|---------------------------|----------------------|-------------------|
| Inv | vestments                 | At March<br>31, 2017 | At March 31, 2016 |
| I.  | In India                  |                      |                   |
|     | Pass through certificates | 134,724.3            | 94,041.5          |
|     | Commercial paper          | 71,295.2             | 49,212.6          |
|     | Certificate of deposits   | 4,710.7              | 86,094.0          |
|     | Security receipts         | 32,862.2             | 6,242.0           |
|     | Venture funds             | 3,015.5              | 3,436.6           |
|     | Others                    | 433.8                | 253.8             |
| Tot | tal                       | 247,041.7            | 239,280.5         |
| П.  | Outside India             |                      |                   |
|     | Certificate of deposits   | 3,306.0              | 1,325.0           |
|     | Shares                    | 210.0                | 146.6             |
|     | Bonds                     | 7,010.7              | 11,501.1          |
|     | Venture funds             | 970.0                | 759.7             |
| Tot | tal                       | 11,496.7             | 13,732.4          |
| Gr  | and total                 | 258,538.4            | 253,012.9         |

#### 12. Investment in securities, other than government and other approved securities (Non-SLR investments)

i) Issuer composition of investments in securities, other than government and other approved securities

The following table sets forth, the issuer composition of investments of the Bank in securities, other than government and other approved securities at March 31, 2017.

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|            |                                     |            |                                   |   |   | ₹ in million   |
|------------|-------------------------------------|------------|-----------------------------------|---|---|--|
| Sr.<br>No. | Issuer                              | Amount     | Extent of<br>private<br>placement | Extent of 'below investment grade' securities | Extent of<br>'unrated'<br>securities <sup>2,3</sup> | Extent of<br>'unlisted'<br>securities <sup>2,3</sup> |
|            |                                     |            | (a)                               | (b)   | (c)   | (d)  |
| 1.         | PSUs                                | 11,386.0   | 8,235.5                           | -   | _   | 2,765.1  |
| 2.         | Fls                                 | 94,063.6   | 60,168.5                          | -   | -   | _  |
| 3.         | Banks                               | 25,561.2   | 17,650.0                          | -   | -   | -  |
| 4.         | Private corporates                  | 101,389.2  | 95,563.1                          | 3,422.1                                       | 3,610.8   | 5,817.6  |
| 5.         | Subsidiaries/ Joint ventures        | 103,222.4  | _                                 | -   | -   | -  |
| 6.         | Others <sup>3,4</sup>               | 189,179.3  | 176,877.5                         | 48,804.9                                      | -   | -  |
| 7.         | Provision held towards depreciation | (34,871.6) | N.A.                              | N.A.  | N.A.  | N.A.   |
|            | Total                               | 489,930.1  | 358,494.6                         | 52,227.0                                      | 3,610.8   | 8,582.7  |

- 1. Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.
- Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates, security
  receipts, commercial papers, certificates of deposit, non-convertible debentures (NCDs) with original or initial maturity up to
  one year issued by corporate (including NBFC), unlisted convertible debentures and securities acquired by way of conversion
  of debt.
- 3. Excludes investments in non-Indian government securities by overseas branches amounting to ₹ 21,051.8 million.
- 4. Excludes investments in non-SLR government of India securities amounting to ₹ 18,686.3 million.

The following table sets forth, the issuer composition of investments of the Bank in securities, other than government and other approved securities at March 31, 2016.

|            |                                     |            |  |   |   | ₹ in million                                       |
|------------|-------------------------------------|------------|--|---|---|--|
| Sr.<br>No. | Issuer                              | Amount     | Extent of<br>private<br>placement <sup>2</sup> | Extent of 'below investment grade' securities | Extent of<br>'unrated'<br>securities <sup>2,3</sup> | Extent of<br>'unlisted'<br>securities <sup>3</sup> |
|            |                                     |            | (a)  | (b)   | (c)   | (d)  |
| 1.         | PSUs                                | 15,452.7   | 9,633.9  | -   | _   | 5,737.6  |
| 2.         | Fls                                 | 64,389.9   | 53,486.5                                       | -   | _   | _  |
| 3.         | Banks                               | 110,250.9  | 84,289.7                                       | -   | _   | _  |
| 4.         | Private corporates                  | 84,928.7   | 77,782.6                                       | 4,517.9                                       | 4,171.6   | 2,471.6  |
| 5.         | Subsidiaries/ Joint ventures        | 110,282.0  | -  | -   | _   | 2,652.4  |
| 6.         | Others <sup>4,5</sup>               | 122,449.4  | 121,693.2                                      | 19,610.9                                      | _   | _  |
| 7.         | Provision held towards depreciation | (31,843.6) | N.A.   | N.A.  | N.A.  | N.A.   |
|            | Total                               | 475,910.0  | 346,885.9                                      | 24,128.8                                      | 4,171.6   | 10,861.6   |

- 1. Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.
- 2. Excludes investments, amounting to ₹ 2,652.4 million in preference shares of subsidiary ICICI Bank Canada.
- 3. Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates, security receipts, commercial papers, certificates of deposit, non-convertible debentures (NCDs) with original or initial maturity up to one year issued by corporate (including NBFCs), unlisted convertible debentures and securities acquired by way of conversion of debt.
- 4. Excludes investments in non-Indian government securities by overseas branches amounting to ₹ 21,715.2 million.
- 5. Excludes investments in non-SLR government of India securities amounting to ₹ 2,435.7 million.



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#### ii) Non-performing investments in securities, other than government and other approved securities

The following table sets forth, for the periods indicated, the movement in gross non-performing investments in securities, other than government and other approved securities.

|                           |                              | ₹ in million                 |
|---------------------------|------------------------------|------------------------------|
| Particulars               | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Opening balance           | 16,800.5                     | 11,444.2                     |
| Additions during the year | 3,375.6                      | 8,075.2                      |
| Reduction during the year | (5,917.3)                    | (2,718.9)                    |
| Closing balance           | 14,258.8                     | 16,800.5                     |
| Total provision held      | 10,738.6                     | 10,404.2                     |

#### 13. Sales and transfers of securities to/from Held to Maturity (HTM) category

During the year ended March 31, 2017, the value of sales and transfers of securities to/from HTM category (excluding one-time transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year, sale to RBI under pre-announced Open Market Operation auctions and repurchase of Government securities by Government of India) had exceeded 5% of the book value of the investments held in HTM category at the beginning of the year. The market value of investments held in the HTM category was ₹ 961,540.1 million at March 31, 2017 (March 31, 2016: ₹ 999,326.8 million) which includes investments in subsidiaries/joint ventures carried at cost.

#### 14. CBLO transactions

Collateralised Borrowing and Lending Obligation (CBLO) is a discounted money market instrument, established by CCIL and approved by RBI, which involves secured borrowings and lending transactions. At March 31, 2017, the Bank had no outstanding borrowings (March 31, 2016: Nil) and no outstanding lending (March 31, 2016: Nil) in the form of CBLO. The amortised book value of securities given as collateral by the Bank to CCIL for availing the CBLO facility was ₹ 53,134.3 million at March 31, 2017 (March 31, 2016: ₹ 68,296.0 million).

#### 15. Derivatives

The Bank is a major participant in the financial derivatives market. The Bank deals in derivatives for balance sheet management, proprietary trading and market making purposes whereby the Bank offers derivative products to its customers, enabling them to hedge their risks.

Dealing in derivatives is carried out by identified groups in the treasury of the Bank based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Treasury Control and Service Group (TCSG) conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting and ensures compliance with various internal and regulatory guidelines.

The market making and the proprietary trading activities in derivatives are governed by the Investment policy and Derivative policy of the Bank, which lays down the position limits, stop loss limits as well as other risk limits. The Risk Management Group (RMG) lays down the methodology for computation and monitoring of risk. The Risk Committee of the Board (RCB) reviews the Bank's risk management policy in relation to various risks including credit and recovery policy, investment policy, derivative policy, Asset Liability Management (ALM) policy and operational risk management policy. The RCB comprises independent directors and the Managing Director & CEO.

The Bank measures and monitors risk of its derivatives portfolio using such risk metrics as Value at Risk (VAR), stop loss limits and relevant greeks for options. Risk reporting on derivatives forms an integral part of the management information system.

The use of derivatives for hedging purposes is governed by the hedge policy approved by ALCO. Subject to prevailing

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RBI guidelines, the Bank deals in derivatives for hedging fixed rate, floating rate or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter.

Hedge derivative transactions are accounted for pursuant to the principles of hedge accounting based on guidelines issued by RBI. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the profit and loss account. The premium on option contracts is accounted for as per Foreign Exchange Dealers Association of India (FEDAI) guidelines.

Over the counter (OTC) derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with the respective counter parties. The exposure on account of derivative transactions is computed as per RBI guidelines.

The following table sets forth, for the period indicated, the details of derivative positions.

|     |     |   |                                     |  |                                     | ₹ in million                             |  |  |
|-----|-----|---|-------------------------------------|--|-------------------------------------|--|--|--|
| Sr. |     |   | At March                            | At March 31, 2017                        |                                     | At March 31, 2016                        |  |  |
| No. | Par | ticulars  | Currency<br>derivative <sup>1</sup> | Interest rate<br>derivative <sup>2</sup> | Currency<br>derivative <sup>1</sup> | Interest rate<br>derivative <sup>2</sup> |  |  |
| 1.  | De  | rivatives (Notional principal amount)   |                                     |  |                                     |  |  |  |
|     | a)  | For hedging   | 6,863.8                             | 433,745.0                                | 13,895.2                            | 565,237.3                                |  |  |
|     | b)  | For trading   | 963,762.9                           | 3,137,646.6                              | 946,749.3                           | 2,348,522.6                              |  |  |
| 2.  | Ma  | rked to market positions³   |                                     |  |                                     |  |  |  |
|     | a)  | Asset (+)   | 26,572.6                            | 12,052.2                                 | 35,782.6                            | 16,697.9                                 |  |  |
|     | b)  | Liability (-)   | (18,953.5)                          | (13,850.9)                               | (33,844.0)                          | (17,159.2)                               |  |  |
| 3.  | Cre | edit exposure <sup>4</sup>  | 76,532.0                            | 51,762.0                                 | 86,084.6                            | 62,874.1                                 |  |  |
| 4.  |     | rely impact of one percentage change in interest<br>e (100*PV01) <sup>5</sup> |                                     |  |                                     |  |  |  |
|     | a)  | On hedging derivatives <sup>6</sup>   | 31.4                                | 12,293.4                                 | 96.9                                | 16,621.7                                 |  |  |
|     | b)  | On trading derivatives  | 1,092.1                             | 719.7                                    | 1,380.5                             | 1,076.2                                  |  |  |
| 5.  |     | nximum and minimum of 100*PV01 observed ring the period                       |                                     |  |                                     |  |  |  |
|     | a)  | On hedging <sup>6</sup>   |                                     |  |                                     |  |  |  |
|     |     | Maximum   | 97.2                                | 16,705.8                                 | 228.0                               | 16,960.1                                 |  |  |
|     |     | Minimum   | 30.6                                | 11,876.5                                 | 93.7                                | 12,732.7                                 |  |  |
|     | b)  | On trading  |                                     |  |                                     |  |  |  |
|     |     | Maximum   | 1,488.4                             | 1,680.7                                  | 1,730.8                             | 1,708.6                                  |  |  |
|     |     | Minimum   | 1,044.5                             | 648.3                                    | 962.4                               | 88.4                                     |  |  |

- 1. Exchange traded and OTC options, cross currency interest rate swaps and currency futures are included in currency derivatives.
- 2. OTC Interest rate options, Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
- 3. For trading portfolio including accrued interest.
- 4. Includes accrued interest and has been computed based on Current Exposure method.
- 5. Amounts given are absolute values on a net basis, excluding options.
- 6. The swap contracts entered into for hedging purpose would have an opposite and off-setting impact with the underlying on-balance sheet items.



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The following tables set forth, for the periods indicated, the details of forex contracts.

|     |   |             |             |             | ₹ in million |
|-----|---|-------------|-------------|-------------|--------------|
| Sr. | Particulars   | At March    | 31, 2017    | At March    | 31, 2016     |
| No. | rdi liculdi S   | Trading     | Non-trading | Trading     | Non-trading  |
| 1.  | Forex contracts (Notional principal amount)                                     | 4,028,098.3 | 244,240.1   | 3,048,537.0 | 519,192.1    |
| 2.  | Marked to market positions  |             |             |             |              |
|     | a) Asset (+)  | 29,561.4    | 550.8       | 16,659.3    | 3,563.5      |
|     | b) Liability (-)  | (26,600.7)  | (3,350.7)   | (14,362.8)  | (5,775.9)    |
| 3.  | Credit exposure <sup>1</sup>  | 133,187.7   | 5,539.7     | 102,000.4   | 11,278.1     |
| 4.  | Likely impact of one percentage change in interest rate (100*PV01) <sup>2</sup> | 37.0        | 8.8         | 28.2        | 88.2         |

- 1. Computed based on current exposure method.
- Amounts given are absolute values on a net basis.

The net overnight open position at March 31, 2017 was ₹ 2,926.7 million (March 31, 2016: ₹ 1,272.1 million).

The Bank has no exposure in credit derivative instruments (funded and non-funded) including credit default swaps (CDS) and principal protected structures at March 31, 2017 (March 31, 2016: Nil).

The Bank offers deposits to customers of its overseas branches with structured returns linked to interest, forex, credit or equity benchmarks. The Bank covers these exposures in the inter-bank market. At March 31, 2017, the net open notional position on this portfolio was Nil (March 31, 2016: Nil) with no mark-to-market gain/loss (March 31, 2016: net gain of ₹ 0.1 million).

The profit and loss impact on the above portfolio on account of mark-to-market and realised profit and loss during the year ended March 31, 2017 was a net loss of ₹ 0.1 million (March 31, 2016: net loss of ₹ 16.5 million). The non-Indian Rupee denominated derivatives are marked to market by the Bank based on counter-party valuation quotes or internal models using inputs from market sources such as Bloomberg/Reuters, counter-parties and Fixed Income Money Market and Derivative Association (FIMMDA). The Indian Rupee denominated credit derivatives are marked to market by the Bank based on CDS curve published by FIMMDA.

#### 16. Exchange traded interest rate derivatives and currency derivatives

#### **Exchange traded interest rate derivatives**

The following table sets forth, for the periods indicated, the details of exchange traded interest rate derivatives.

|            |   |                      | ₹ in million         |
|------------|---|----------------------|----------------------|
| Sr.<br>No. | Particulars   | At<br>March 31, 2017 | At<br>March 31, 2016 |
| 1.         | Notional principal amount of exchange traded interest rate derivatives undertaken during the year - 10 year Government Security Notional Bond | 11,324.8             | 61,510.0             |
| 2.         | Notional principal amount of exchange traded interest rate derivatives outstanding - 10 year Government Security Notional Bond                | 343.8                | 2,352.4              |
| 3.         | Notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective'                                 | N.A.                 | N.A.                 |
| 4.         | Mark-to-market value of exchange traded interest rate derivatives outstanding and not 'highly effective'                                      | N.A.                 | N.A.                 |

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#### **Exchange traded currency derivatives**

The following table sets forth, for the periods indicated, the details of exchange traded currency derivatives.

|            |  |                      | ₹ in million         |
|------------|--|----------------------|----------------------|
| Sr.<br>No. | Particulars  | At<br>March 31, 2017 | At<br>March 31, 2016 |
| 1.         | Notional principal amount of exchange traded currency derivatives undertaken during the year             | 1,891,822.9          | 1,798,640.4          |
| 2.         | Notional principal amount of exchange traded currency derivatives options outstanding                    | 45,370.2             | 41,554.3             |
| 3.         | Notional principal amount of exchange traded currency derivatives outstanding and not 'highly effective' | N.A.                 | N.A.                 |
| 4.         | Mark-to-market value of exchange traded currency derivatives outstanding and not 'highly effective'      | N.A.                 | N.A.                 |

#### 17. Forward rate agreement (FRA)/Interest rate swaps (IRS)/Cross currency swaps (CCS)

The Bank enters into FRA, IRS and CCS contracts for balance sheet management and market making purposes whereby the Bank offers derivative products to its customers to enable them to hedge their interest rate risk and currency risk within the prevalent regulatory guidelines.

A FRA is a financial contract between two parties to exchange interest payments for 'notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is London Inter-Bank Offered Rate (LIBOR) of various currencies.

An IRS is a financial contract between two parties exchanging or swapping a stream of interest payments for a 'notional principal' amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like Mumbai Inter-Bank Offered Rate (MIBOR), Indian Government Securities Benchmark Rate (INBMK), Mumbai Inter-Bank Forward Offer Rate (MIFOR) and LIBOR of various currencies.

A CCS is a financial contract between two parties exchanging interest payments and principal, wherein interest payments and principal in one currency would be exchanged for an equally valued interest payments and principal in another currency.

These contracts are subject to the risks of changes in market interest rates and currency rates as well as the settlement risk with the counterparties.

The following table sets forth, for the periods indicated, the details of the FRA/IRS.

|      |  |                | ₹ in million   |
|------|--|----------------|----------------|
| Sr.  | Particulars  | At             | At             |
| No.  | Tuttodiaio   | March 31, 2017 | March 31, 2016 |
| i)   | The notional principal of FRA/IRS  | 3,524,706.5    | 2,885,362.8    |
| ii)  | Losses which would be incurred if all counter parties failed to fulfil their obligations |                |                |
|      | under the agreement <sup>1</sup>   | 16,258.1       | 21,423.6       |
| iii) | Collateral required by the Bank upon entering into FRA/IRS                               | -              | _              |
| iv)  | Concentration of credit risk <sup>2</sup>  | 1,149.8        | 1,875.8        |
| v)   | The fair value of FRA/IRS <sup>3</sup>   | 1,527.0        | 17,371.6       |

<sup>1.</sup> For trading portfolio both mark-to-market and accrued interest have been considered and for hedging portfolio only accrued interest has been considered.

<sup>2.</sup> Credit risk concentration is measured as the highest net receivable under swap contracts from a particular counter party.

<sup>3.</sup> Fair value represents mark-to-market including accrued interest.



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The following table sets forth, for the periods indicated, the details of the CCS.

|            |   |                      | ₹ in million         |
|------------|---|----------------------|----------------------|
| Sr.<br>No. | Particulars   | At<br>March 31, 2017 | At<br>March 31, 2016 |
| i)         | The notional principal of CCS <sup>1</sup>  | 410,829.6            | 460,007.0            |
| ii)        | Losses which would be incurred if all counter parties failed to fulfil their obligations under the agreement <sup>2</sup> | 21,925.7             | 32,330.6             |
| iii)       | Collateral required by the Bank upon entering into CCS  | -                    | -                    |
| iv)        | Concentration of credit risk <sup>3</sup>   | 4,875.4              | 6,435.7              |
| v)         | Fair value of CCS <sup>4</sup>  | 9,040.2              | 4,028.1              |

- 1. CCS includes cross currency interest rate swaps and currency swaps.
- 2. For trading portfolio both mark-to-market and accrued interest have been considered and for hedging portfolio only accrued interest has been considered.
- 3. Credit risk concentration is measured as the highest net receivable under swap contracts from a particular counter party.
- 4. Fair value represents mark-to-market including accrued interest.

The following tables set forth, for the periods indicated, the nature and terms of FRA and IRS.

#### **Hedging**

|           |                                       |                    |              |                    | ₹ in million |
|-----------|---------------------------------------|--------------------|--------------|--------------------|--------------|
| Benchmark | Tuno                                  | At March 31        | , 2017       | At March 31        | , 2016       |
|           | Туре                                  | Notional principal | No. of deals | Notional principal | No. of deals |
| AUD LIBOR | Fixed receivable v/s floating payable | 7,436.6            | 3            | 7,647.0            | 3            |
| CHF LIBOR | Fixed receivable v/s floating payable | 6,482.7            | 2            | 6,919.6            | 2            |
| JPY LIBOR | Fixed receivable v/s floating payable | 8,698.8            | 2            | 2,949.0            | 1            |
| SGD SOR   | Fixed receivable v/s floating payable | 12,299.3           | 6            | 13,055.2           | 6            |
| USD LIBOR | Fixed receivable v/s floating payable | 398,827.5          | 72           | 534,666.5          | 111          |
| Total     |                                       | 433,745.0          | 85           | 565,237.3          | 123          |

#### **Trading**

|           |  |                    |                 | ₹                  | in million      |
|-----------|--|--------------------|-----------------|--------------------|-----------------|
|           |  | At March 31, 2017  |                 | At March 31, 2016  |                 |
| Benchmark | Туре                                     | Notional principal | No. of<br>deals | Notional principal | No. of<br>deals |
| CAD CDOR  | Floating receivable v/s fixed payable    | _                  | -               | 102.8              | 1               |
| CHF LIBOR | Fixed receivable v/s floating payable    | -                  | -               | 3,113.8            | 1               |
| EURIBOR   | Fixed receivable v/s floating payable    | 32,922.4           | 19              | 37,407.0           | 19              |
| EURIBOR   | Floating receivable v/s fixed payable    | 33,566.3           | 13              | 37,155.3           | 14              |
| EURIBOR   | Floating receivable v/s floating payable | 1,594.8            | 3               | 1,738.3            | 3               |
| GBP LIBOR | Fixed receivable v/s floating payable    | 2,946.0            | 8               | 3,725.0            | 9               |
| GBP LIBOR | Floating receivable v/s fixed payable    | 3,507.8            | 7               | 5,371.4            | 7               |
| INBMK     | Fixed receivable v/s floating payable    | 14,250.0           | 26              | 14,500.0           | 27              |
| INBMK     | Floating receivable v/s fixed payable    | 31,594.2           | 49              | 32,649.8           | 53              |
| JPY LIBOR | Fixed receivable v/s floating payable    | 3,066.5            | 14              | 5,935.6            | 13              |
| JPY LIBOR | Floating receivable v/s fixed payable    | 1,104.4            | 4               | 3,655.0            | 5               |
| JPY LIBOR | Floating receivable v/s floating payable | 581.3              | 1               | 1,771.0            | 2               |
| MIBOR     | Fixed receivable v/s floating payable    | 666,907.7          | 1,130           | 301,141.8          | 590             |
| MIBOR     | Floating receivable v/s fixed payable    | 641,374.2          | 1,130           | 297,605.1          | 594             |

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|                       |  |                    |                 | ₹                  | in million   |
|-----------------------|--|--------------------|-----------------|--------------------|--------------|
|                       |  | At March 31, 2017  |                 | At March 31, 2016  |              |
| Benchmark             | Туре                                     | Notional principal | No. of<br>deals | Notional principal | No. of deals |
| MIFOR                 | Fixed receivable v/s floating payable    | 251,265.0          | 495             | 249,585.0          | 498          |
| MIFOR                 | Floating receivable v/s fixed payable    | 264,975.0          | 544             | 235,635.0          | 512          |
| SGD SOR               | Fixed receivable v/s floating payable    | -                  | -               | 2,950.8            | 2            |
| USD LIBOR             | Fixed receivable v/s floating payable    | 568,287.2          | 689             | 542,236.5          | 699          |
| USD LIBOR             | Floating receivable v/s fixed payable    | 517,591.0          | 485             | 473,302.2          | 430          |
| USD LIBOR             | Floating receivable v/s floating payable | 45,935.4           | 51              | 55,704.0           | 58           |
| USD LIBOR v/s EURIBOR | Floating receivable v/s floating payable | 1,492.1            | 2               | 2,499.8            | 2            |
| Others                | Fixed receivable v/s fixed payable       | 8,000.2            | 93              | 12,340.3           | 199          |
| Total                 |  | 3,090,961.5        | 4,763           | 2,320,125.5        | 3,738        |

The following tables set forth, for the periods indicated, the nature and terms of CCS.

#### Hedging

|                        |                                       |                    |              |                    | ₹ in million |
|------------------------|---------------------------------------|--------------------|--------------|--------------------|--------------|
| Benchmark <sup>1</sup> | Tuno                                  | At March 31        | , 2017       | At March 31,       | 2016         |
|                        | Туре                                  | Notional principal | No. of deals | Notional principal | No. of deals |
| USD LIBOR              | Fixed receivable v/s floating payable | 6,863.8            | 3            | 13,895.2           | 6            |
| Total                  |                                       | 6,863.8            | 3            | 13,895.2           | 6            |

<sup>1.</sup> Benchmark indicates floating leg of the fixed v/s floating CCS.

#### Trading

|                         |  |                    |                 |                    | ₹ in million    |
|-------------------------|--|--------------------|-----------------|--------------------|-----------------|
|                         |  | At March 3         | 1, 2017         | At March 3         | 1, 2016         |
| Benchmark <sup>1</sup>  | Туре                                     | Notional principal | No.<br>of deals | Notional principal | No.<br>of deals |
| AUD BBSW V/s USD LIBOR  | Floating receivable v/s floating payable | 8,423.4            | 3               | 8,666.6            | 4               |
| CHF LIBOR V/s USD LIBOR | Floating receivable v/s floating payable | 6,762.3            | 2               | 2,753.7            | 9               |
| CHF LIBOR V/s USD LIBOR | Floating payable v/s floating receivable | 129.7              | 1               | 132.5              | 1               |
| EURIBOR                 | Fixed receivable v/s floating payable    | 2,156.7            | 19              | 3,184.6            | 23              |
| EURIBOR                 | Floating receivable v/s fixed payable    | 389.1              | 1               | 397.5              | 1               |
| EURIBOR V/s GBP LIBOR   | Floating payable v/s floating receivable | 2,424.8            | 2               | 2,857.1            | 1               |
| EURIBOR V/s GBP LIBOR   | Floating receivable v/s floating payable | -                  | -               | 885.8              | 1               |
| EURIBOR V/s USD LIBOR   | Floating receivable v/s floating payable | 7,160.0            | 10              | 11,180.0           | 14              |
| EURIBOR V/s USD LIBOR   | Floating payable v/s floating receivable | 5,502.5            | 11              | 6,440.1            | 10              |
| GBP LIBOR V/s USD LIBOR | Floating receivable v/s floating payable | 410.0              | 2               | _                  | _               |
| GBP LIBOR V/s USD LIBOR | Floating payable v/s floating receivable | 2,965.6            | 3               | 2,857.1            | 1               |
| HIBOR v/s USD LIBOR     | Floating receivable v/s floating payable | 12,951.4           | 2               | _                  | _               |
| JPY LIBOR               | Floating receivable v/s fixed payable    | 2,543.1            | 3               | 4,791.7            | 5               |
| JPY LIBOR               | Fixed receivable v/s floating payable    | 5,727.3            | 18              | 8,447.5            | 23              |
| JPY LIBOR V/s USD LIBOR | Floating receivable v/s floating payable | 17,041.5           | 16              | 15,016.4           | 17              |
| JPY LIBOR V/s USD LIBOR | Floating payable v/s floating receivable | 5,533.3            | 4               | 8,313.9            | 6               |
| Others                  | Fixed receivable v/s fixed payable       | 123,653.8          | 276             | 129,661.3          | 271             |
| SGD SOR V/s USD LIBOR   | Floating receivable v/s floating payable | 12,210.6           | 4               | 20,566.7           | 7               |
| SGD SOR V/s USD LIBOR   | Floating payable v/s floating receivable | -                  | -               | 4,919.1            | 1               |



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|                        |                                       |                    |                 |                       | ₹ in million    |
|------------------------|---------------------------------------|--------------------|-----------------|-----------------------|-----------------|
|                        |                                       | At March 3         | 1, 2017         | At March 3            | 1, 2016         |
| Benchmark <sup>1</sup> | Туре                                  | Notional principal | No.<br>of deals | Notional<br>principal | No.<br>of deals |
| USD LIBOR              | Fixed receivable v/s floating payable | 82,709.2           | 307             | 97,428.4              | 246             |
| USD LIBOR              | Floating receivable v/s fixed payable | 105,271.5          | 119             | 117,611.8             | 120             |
| Total                  |                                       | 403,965.8          | 803             | 446,111.8             | 761             |

<sup>1.</sup> Benchmark indicates floating leg of the fixed v/s floating CCS.

#### 18. Non-Performing Assets

The following table sets forth, for the periods indicated, the details of movement of gross non-performing assets (NPAs), net NPAs and provisions.

|            |   |                      | ₹ in million         |
|------------|---|----------------------|----------------------|
| Sr.<br>No. | Particulars   | At<br>March 31, 2017 | At<br>March 31, 2016 |
| 1.         | Net NPAs (funded) to net advances (%)                                   | 5.43%                | 2.98%                |
| 2.         | Movement of NPAs (Gross)  |                      |                      |
|            | a) Opening balance <sup>1</sup>   | 262,212.5            | 150,946.9            |
|            | b) Additions: Fresh NPAs during the year                                | 335,466.1            | 167,108.5            |
|            | Sub-total (1)   | 597,678.6            | 318,055.4            |
|            | c) Reductions during the year   |                      |                      |
|            | Upgradations  | (9,703.4)            | (11,239.8)           |
|            | Recoveries (excluding recoveries made from upgraded accounts)           | (44,462.2)           | (15,049.7)           |
|            | Technical/prudential write-offs   | (72,857.8)           | (20,275.8)           |
|            | Write-offs other than technical/prudential write-offs                   | (49,061.3)           | (9,277.6)            |
|            | Sub-total (2)   | (176,084.7)          | (55,842.9)           |
|            | d) Closing balance <sup>1</sup> (1)-(2)                                 | 421,593.9            | 262,212.5            |
| 3.         | Movement of Net NPAs  |                      |                      |
|            | a) Opening balance <sup>1</sup>   | 129,630.8            | 62,555.3             |
|            | b) Additions during the year  | 215,559.2            | 106,209.9            |
|            | c) Reductions during the year   | (93,021.9)           | (39,134.4)           |
|            | d) Closing balance <sup>1</sup>   | 252,168.1            | 129,630.8            |
| 4.         | Movement of provision for NPAs (excluding provision on standard assets) |                      |                      |
|            | a) Opening balance <sup>1</sup>   | 132,581.7            | 88,391.6             |
|            | b) Addition during the year <sup>2</sup>                                | 161,604.4            | 80,732.0             |
|            | Sub-total (1)   | 294,186.1            | 169,123.6            |
|            | c) Write-off/(write-back) of excess provisions                          |                      |                      |
|            | Write-back of excess provision on account of upgradations               | (2,912.8)            | (2,908.9)            |
|            | Write-back of excess provision on account of reduction in NPAs          | (7,904.6)            | (5,677.4)            |
|            | Provision utilised for write-offs                                       | (113,942.9)          | (27,955.6)           |
|            | Sub-total (2)   | (124,760.3)          | (36,541.9)           |
|            | d) Closing balance <sup>1</sup> (1)-(2)                                 | 169,425.8            | 132,581.7            |

<sup>1.</sup> Net of write-off.

<sup>2.</sup> For the year ended March 31, 2017 includes floating provision of ₹ 1.9 million (March 31, 2016: ₹ 1.9 million).

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The following table sets forth, for the periods indicated, the details of movement in technical/prudential write-off.

|   |                      | ₹ in million         |
|---|----------------------|----------------------|
| Particulars   | At<br>March 31, 2017 | At<br>March 31, 2016 |
| Opening balance   | 70,573.8             | 52,476.0             |
| Add: Technical/prudential write-offs during the year  | 72,857.8             | 20,275.8             |
| Sub-total (1)   | 143,431.6            | 72,751.8             |
| Less: Recoveries made from previously technical/prudential written-off accounts during the year | (2,209.5)            | (1,603.0)            |
| Less: Sacrifice made from previously technical/prudential written-off accounts during the year  | (19,564.0)           | (575.0)              |
| Sub-total (2)   | (21,773.5)           | (2,178.0)            |
| Closing balance (1)-(2)   | 121,658.1            | 70,573.8             |

In accordance with RBI guidelines, the loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. During the year ended March 31, 2017, the Bank classified certain loans as NPAs at overseas branches amounting to ₹ 6,587.8 million as per the requirement of these guidelines and made a provision of ₹ 3,993.7 million on these loans.

#### Divergence in asset classification and provisioning for NPAs

In terms of the RBI circular no. DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements.

The following table sets forth, for the period indicated, details of divergence in the asset classification and provisioning as per RBI's supervisory process for the year ended March 31, 2016.

|     |  | ₹ in million   |
|-----|--|----------------|
| Sr. | Particulars  | At             |
| No. | Falticulais  | March 31, 2016 |
| 1.  | Gross NPAs as reported by the Bank   | 262,212.5      |
| 2.  | Gross NPAs as assessed by RBI1   | 313,258.6      |
| 3.  | Divergence in gross NPAs (2)-(1)   | 51,046.1       |
| 4.  | Net NPAs as reported by the Bank   | 129,630.8      |
| 5.  | Net NPAs as assessed by RBI  | 169,968.9      |
| 6.  | Divergence in net NPAs (5)-(4)   | 40,338.1       |
| 7.  | Provisions for NPAs as reported by the Bank  | 132,581.7      |
| 8.  | Provisions for NPAs as assessed by RBI <sup>1</sup>  | 143,289.7      |
| 9.  | Divergence in provisioning (8)-(7)   | 10,708.0       |
| 10. | Reported net profit after tax for the year ended March 31, 2016                                      | 97,262.9       |
| 11. | Adjusted (notional) net profit after tax for the year ended March 31, 2016 after taking into account |                |
|     | the divergence in provisioning <sup>1</sup>  | 90,260.7       |

<sup>1.</sup> Excludes investment in shares of ₹ 1,071.9 million with an additional provision requirement of ₹ 168.0 million and an impact of ₹ 109.9 million on net profit after tax for the year ended March 31, 2016.

The impact of changes in classification and provisioning arising out of the RBI's supervisory process for the year ended March 31, 2016 has been fully given effect to in the audited financial statements for the year ended March 31, 2017.



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#### 19. Floating provision

During the year ended March 31, 2017, the Bank made floating provision of ₹ 15,150.0 million which was subsequently utilised during the same year by allocating it to specific non-performing assets.

The following table sets forth, for the periods indicated, the movement in floating provision held by the Bank.

|  |                      | ₹ in million         |
|--|----------------------|----------------------|
| Particulars                              | At<br>March 31, 2017 | At<br>March 31, 2016 |
| Opening balance <sup>1</sup>             | 1.9                  | 1.9                  |
| Add: Provision made during the year      | 15,150.0             | _                    |
| Less: Provision utilised during the year | (15,150.0)           | _                    |
| Closing balance <sup>1</sup>             | 1.9                  | 1.9                  |

<sup>1.</sup> Includes amount taken over from erstwhile Bank of Rajasthan upon amalgamation.

#### 20. General provision on standard assets

The general provision on standard assets (including incremental provision on unhedged foreign currency exposure (UFCE)) held by the Bank at March 31, 2017 was ₹ 23,126.2 million (March 31, 2016: ₹ 26,583.4 million). The general provision on standard assets amounting to ₹ 3,392.3 million was reversed during the year ended March 31, 2017 (March 31, 2016: provision made ₹ 2,970.1 million) as per applicable RBI guidelines.

RBI, through its circular dated January 15, 2014 had advised banks to create incremental provision on standard loans and advances to entities with UFCE. The Bank assesses the UFCEs of the borrowers through its credit appraisal and internal ratings process. The Bank also undertakes reviews of such exposures through thematic reviews by Risk Committee based on market developments evaluating the impact of exchange rate fluctuations on the Bank's portfolio, portfolio specific reviews by the Risk Management Group (RMG) and scenario-based stress testing approach as detailed in the Internal Capital Adequacy Assessment Process (ICAAP). In addition, a periodic review of the forex exposures of the borrowers having significant external commercial borrowings is conducted by RMG.

The Bank has not made any incremental provision against borrowers with UFCE during the year ended March 31, 2017 (March 31, 2016: ₹ 100.0 million). The Bank held incremental capital of ₹ 4,120.0 million at March 31, 2017 on advances to borrowers with UFCE (March 31, 2016: ₹ 5,580.0 million).

#### 21. Provision Coverage Ratio

The provision coverage ratio of the Bank at March 31, 2017 computed as per the extant RBI guidelines was 40.2% (March 31, 2016: 50.6%).

#### 22. Priority Sector Lending Certificate (PSLC)

The Bank purchased PSLCs (general category) amounting to ₹ 35,000.0 million during the year ended March 31, 2017 (March 31, 2016: Nil). The Bank did not sell any PSLC during the year ended March 31, 2017.

#### 23. Securitisation

A. The Bank sells loans through securitisation and direct assignment. The following tables set forth, for the periods indicated, the information on securitisation and direct assignment activity of the Bank as an originator till May 7, 2012.

| ₹   | in m <u>illion, except numbe</u> | r of loan securitised        |
|---|----------------------------------|------------------------------|
| Particulars   | Year ended<br>March 31, 2017     | Year ended<br>March 31, 2016 |
| Total number of loan assets securitised                   | -                                | _                            |
| Total book value of loan assets securitised               | -                                | _                            |
| Sale consideration received for the securitised assets    | -                                | _                            |
| Net gain/(loss) on account of securitisation <sup>1</sup> | 11.6                             | (39.5)                       |

<sup>1.</sup> Includes gain/(loss) on deal closures, gain amortised during the year and expenses relating to utilisation of credit enhancement.

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|   |                      | ₹ in million         |
|---|----------------------|----------------------|
| Particulars                                 | At<br>March 31, 2017 | At<br>March 31, 2016 |
| Outstanding credit enhancement (funded)     | 3,992.0              | 3,992.2              |
| Outstanding liquidity facility              | 0.3                  | 0.01                 |
| Net outstanding servicing asset/(liability) | (19.9)               | (25.5)               |
| Outstanding subordinate contributions       | 1,481.3              | 1,493.6              |

#### 1. Insignificant amount.

The outstanding credit enhancement in the form of guarantees amounted to Nil at March 31, 2017 (March 31, 2016: Nil) and outstanding liquidity facility in the form of guarantees amounted to ₹ 265.5 million at March 31, 2017 (March 31, 2016: ₹ 265.6 million).

The outstanding credit enhancement in the form of guarantees for third party originated securitisation transactions amounted to ₹ 3,456.9 million at March 31, 2017 (March 31, 2016: ₹ 4,089.3 million) and outstanding liquidity facility for third party originated securitisation transactions amounted to Nil at March 31, 2017 (March 31, 2016: Nil).

The following table sets forth, for the periods indicated, the details of provision for securitisation and direct assignment transactions.

|                            |                | ₹ in million   |
|----------------------------|----------------|----------------|
| Particulars                | At             | At             |
| raticulais                 | March 31, 2017 | March 31, 2016 |
| Opening balance            | 745.3          | 617.5          |
| Additions during the year  | 63.6           | 141.5          |
| Deductions during the year | (6.2)          | (13.7)         |
| Closing balance            | 802.7          | 745.3          |

- B. The information on securitisation and direct assignment activity of the Bank as an originator as per RBI guidelines 'Revisions to the Guidelines on Securitisation Transactions' dated May 7, 2012 is given below.
  - a. The Bank, as an originator, has not sold any loan through securitisation during the year ended March 31, 2017 (March 31, 2016: Nil).
  - b. The following table sets forth, for the periods indicated, the information on the loans sold through direct assignment.

|     |             |       |  |                | ₹ in million   |
|-----|-------------|-------|--|----------------|----------------|
| Sr. | Particulars |       |  | At             | At             |
| No. |             |       |  | March 31, 2017 | March 31, 2016 |
| 1.  | Nui         | mber  | of SPVs sponsored by the Bank for securitisation transactions                        | -              | _              |
| 2.  | Tota        | al am | nount of assets sold through direct assignment during the year                       | -              | -              |
| 3.  |             |       | nount of exposures retained by the Bank to comply with m Retention Requirement (MRR) |                |                |
|     | a)          | Off   | -balance sheet exposures   |                |                |
|     |             | •     | First loss   | _              | _              |
|     |             | •     | Others   | -              | _              |
|     | b)          | On    | -balance sheet exposures   |                |                |
|     |             | •     | First loss   | -              | _              |
|     |             | •     | Others   | 33.8           | 47.8           |
| 4.  | Am          | oun   | t of exposure to securitisation transactions other than MRR                          |                |                |
|     | a)          | Off   | -balance sheet exposures   |                |                |
|     |             | i)    | Exposure to own securitisation   |                |                |
|     |             |       | First loss   | -              | _              |
|     |             |       | Others   | -              | -              |



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|            |          |        |                                      |                      | ₹ in million         |
|------------|----------|--------|--------------------------------------|----------------------|----------------------|
| Sr.<br>No. | Particul | lars   |                                      | At<br>March 31, 2017 | At<br>March 31, 2016 |
|            | ii)      | Exp    | posure to third party securitisation |                      |                      |
|            |          | •      | First loss                           | -                    | _                    |
|            |          | •      | Others                               | 0.1                  | 151.0                |
|            | b) Or    | n-bala | nce sheet exposures                  |                      |                      |
|            | i)       | Exp    | oosure to own securitisation         |                      |                      |
|            |          | •      | First loss                           | -                    | _                    |
|            |          | •      | Others                               | -                    | _                    |
|            | ii)      | Exp    | posure to third party securitisation |                      |                      |
|            |          | •      | First loss                           | -                    | _                    |
|            |          | •      | Others                               | 52.5                 | 152.6                |

The overseas branches of the Bank, as originators, sold eight loans through direct assignment amounting to ₹ 11,143.5 million during the year ended March 31, 2017 (March 31, 2016: four loans amounting to ₹ 6,536.9 million).

#### 24. Financial assets transferred during the year to securitisation company (SC)/reconstruction company (RC)

The Bank has transferred certain assets to Asset Reconstruction Companies (ARCs) in terms of the guidelines issued by RBI circular no. DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014. For the purpose of the valuation of the underlying security receipts issued by the underlying trusts managed by ARCs, the SRs are valued at their respective net asset values as advised by the ARCs.

The following table sets forth, for the periods indicated, the details of the assets transferred.

|   | ₹ in million, except i       | number of accounts           |
|---|------------------------------|------------------------------|
| Particulars   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Number of accounts  | 35                           | 7                            |
| Aggregate value (net of provisions) of accounts sold to SC/RC                         | 37,095.2                     | 6,721.0                      |
| Aggregate consideration   | 32,268.1                     | 7,305.8                      |
| Additional consideration realised in respect of accounts transferred in earlier years | -                            | _                            |
| Aggregate gain/(loss) over net book value <sup>1,2</sup>                              | (4,827.1)                    | 584.8                        |

- 1. During the year ended March 31, 2017, the Bank recognised loss of ₹ 7,043.5 million on sale of NPAs to ARCs.
- 2. During the year ended March 31, 2017, the Bank made a gain of ₹ 2,216.4 million on sale of NPAs to ARCs, out of which ₹ 1,883.8 million is set aside towards the security receipts received on such sale.
- 3. During the year ended March 31, 2017, excludes security receipts received amounting to ₹ 359.2 million towards interest overdue not recognised as income.

The following tables set forth, for the periods indicated, the details of investments in security receipts (SRs).

|   |                      | ₹ in million         |
|---|----------------------|----------------------|
| Particulars   | At<br>March 31, 2017 | At<br>March 31, 2016 |
| Net book value of investments in SRs which are -                              |                      |                      |
| - Backed by NPAs sold by the Bank as underlying <sup>1</sup>                  | 24,194.4             | 4,066.1              |
| - Backed by NPAs sold by other banks/financial institutions (Fls)/non-banking |                      |                      |
| financial companies (NBFCs) as underlying                                     | 172.0                | 241.6                |
| Total   | 24,366.4             | 4,307.7              |

During the year ended March 31, 2017, investment in a security receipt was fully redeemed by the ARC and there was no gain/loss to the Bank (March 31, 2016: net loss of ₹ 470.2 million).

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|            | _   |   |  |   | ₹ in million |
|------------|---|---|--|---|--------------|
|            |   |   | At March 31  | , 2017  |              |
| Sr.<br>no. | Particulars   | SRs issued<br>within past<br>five years | SRs issued more<br>than five years ago<br>but within<br>past eight years | SRs issued<br>more than<br>eight years<br>ago | Total        |
| (i)        | Book value of SRs backed by NPAs sold by the  |   |  |   |              |
|            | Bank as underlying  | 26,893.1                                | -  | 12,467.9                                      | 39,361.0     |
|            | Provision held against above  | 2,698.7                                 | -  | 12,467.9                                      | 15,166.6     |
| (ii)       | Book value of SRs backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying | 99.7                                    | 72.3   | 417.0   | 589.0        |
|            | , ,   | 99.7                                    | 72.3   |   |              |
|            | Provision held against above  |   |  | 417.0   | 417.0        |
|            | Gross Book value  | 26,992.8                                | 72.3   | 12,884.9                                      | 39,950.0     |
|            | Total Provision held against above  | 2,698.7                                 | _  | 12,884.9                                      | 15,583.6     |
|            | Net Book value  | 24,294.1                                | 72.3   | -   | 24,366.4     |

|            |   |   |  |   | ₹ in million |
|------------|---|---|--|---|--------------|
|            |   |   | At March 31, 20  | )16   |              |
| Sr.<br>No. | Particulars   | SRs issued<br>within past<br>five years | SRs issued<br>more than five years<br>ago but within past<br>eight years | SRs issued<br>more than<br>eight years<br>ago | Total        |
| (i)        | Book value of SRs backed by NPAs sold by the  |   |  |   |              |
|            | Bank as underlying  | 4,881.3                                 | -  | 12,638.9                                      | 17,520.2     |
|            | Provision held against above  | 815.1                                   | -  | 12,638.9                                      | 13,454.0     |
| (ii)       | Book value of SRs backed by NPAs sold by other banks/financial institutions/non-banking financial | 131.1                                   | 110.4  | 417.0   | 658.5        |
|            | companies as underlying   | 131.1                                   | 110.4  |   |              |
|            | Provision held against above  |   |  | 417.0   | 417.0        |
|            | Gross Book value  | 5,012.4                                 | 110.4  | 13,055.9                                      | 18,178.7     |
|            | Total Provision held against above  | 815.1                                   | -  | 13,055.9                                      | 13,871.0     |
|            | Net Book value  | 4,197.3                                 | 110.4  | -   | 4,307.7      |

#### 25. Details of non-performing assets purchased/sold, excluding those sold to SC/RC

The Bank has not purchased any non-performing assets in terms of the guidelines issued by RBI circular no. DBOD. BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014 during the year ended March 31, 2017 (March 31, 2016: Nil). The Bank has sold certain non-performing assets in terms of the above RBI guidelines.

The following table sets forth, for the periods indicated, details of non-performing assets sold, excluding those sold to SC/RC.

|   | ₹ in million, except         | number of accounts           |
|---|------------------------------|------------------------------|
| Particulars   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Number of accounts  | 2                            | 3                            |
| Aggregate value (net of provisions) of accounts sold, excluding those sold to SC/ |                              | 40.0                         |
| RC  | 1,526.5                      | 12.8                         |
| Aggregate consideration   | 2,207.4                      | 174.4                        |
| Aggregate gain/(loss) over net book value   | 680.9                        | 161.6                        |

Additionally, during the year ended March 31, 2017, the Bank sold a non-performing loan to a corporate for a consideration of ₹ 39.3 million on which the Bank recognised a gain of ₹ 39.3 million (March 31, 2016: one loan for sale consideration of ₹ 290.0 million and gain of ₹ 290.0 million).



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₹ in million, except number of accounts

The following tables set forth, for the year ended March 31, 2017, details of Ioan assets subjected to restructuring.

| . S S - | Type of Restructuring   |            |          |                     |           |            |          |              |  |           |       |
|---------|---|------------|----------|---------------------|-----------|------------|----------|--------------|--|-----------|-------|
|         | ול אם כו ווכפנו מסניתייים   |            | Under    | Under CDR Mechanism | sm        |            | On       | der SME Debt | Under SME Debt Restructuring Mechanism | Mechanism |       |
|         |   | Standard   | -qns     | Doubtful            | Loss      | Total      | Standard | -qns         | Doubtful                               | Loss      | Total |
|         | Asset Classification Details  |            | Standard |                     |           |            |          | Standard     |  |           |       |
| -       |   | (a)        | (q)      | (c)                 | (p)       | (e)        | (a)      | (q)          | (c)                                    | (p)       | (e)   |
|         | Restructured accounts at April 1, 2016  |            |          |                     |           |            |          |              |  |           |       |
|         | No. of borrowers  | 32         | -        | 56                  | 7         | 9          | 1        | 1            | 1                                      | 1         | 1     |
| _       | Amount outstanding  | 56,661.3   | 1        | 61,917.0            | 2,035.8   | 120,614.1  | 1.6      | 1            | 1                                      | 1         | 1.6   |
|         | Provision thereon   | 4,678.0    | 1        | 35,524.8            | 2,035.8   | 42,238.6   | I        | 1            | -1                                     | I         | ı     |
| 2.      | Fresh restructuring during the year ended March 31, 2017  |            |          |                     |           |            |          |              |  |           |       |
| _       | No. of borrowers  | 1          | 1        | 1                   | 1         | 1          | 1        | ı            | 1                                      | ı         | 1     |
| _       | Amount outstanding  | 1          | 1        | I                   | 1         | 1          | 1        | 1            | 1                                      | ı         | ı     |
| _       | Provision thereon   | 1          | 1        | 1                   | 1         | 1          | 1        | 1            | 1                                      | 1         | 1     |
|         | Upgradations to restructured standard category during the vear ended March 31, 2017             |            |          |                     |           |            |          |              |  |           |       |
|         | No. of borrowers  | -          | 1        | (1)                 | 1         | 1          | ı        | 1            | 1                                      | ı         | 1     |
| _       | Amount outstanding  | 179.0      | 1        | (193.5)             | 1         | (14.5)     | 1        | ı            | 1                                      | ı         | ı     |
| _       | Provision thereon   | 91.4       | 1        | (193.5)             | 1         | (102.1)    | 1        | 1            | 1                                      | 1         | 1     |
| 4       | Increase/(decrease) in borrower level outstanding of existing                                   |            |          |                     |           |            |          |              |  |           |       |
|         | lestructured cases during the year ended march 51, 2017<br>No of horrowers                      | 1          | '        | 1                   |           | 1          |          | '            |  |           |       |
| . `     | Amount outstanding  | (1.630.2)  | 1        | (22.243.6)          | (105.7)   | (23.979.5) | (9 0)    | ı            | 1                                      | ı         | (9 0) |
| _       | Provision thereon   | (239.8)    | 1        | (10,970.0)          | (105.7)   | (11,315,5) | 200      | ı            | 1                                      | 1         | 1     |
| 5.      | Restructured standard advances at April 1, 2016, which cease                                    |            |          |                     |           |            |          |              |  |           |       |
|         | to attract higher provisioning and/or additional risk weight at                                 |            |          |                     |           |            |          |              |  |           |       |
|         | March 31, 2017 and hence need not be shown as restructured<br>standard advances at Anril 1 2017 |            |          |                     |           |            |          |              |  |           |       |
| _       | No. of borrowers  | 1          | N.A.     | N.A.                | N.A.      | 1          | 1        | N.A.         | N.A.                                   | N.A.      | 1     |
| _       | Amount outstanding  | 1          | N.A.     | N.A.                | N.A.      | 1          | 1        | N.A.         | N.A.                                   | N.A.      | 1     |
| _       | Provision thereon   | I          | N.A.     | N.A.                | N.A.      | 1          | ı        | N.A.         | N.A.                                   | N.A.      | 1     |
| .9      | Downgradations of restructured accounts during the year ended March 31, 2017                    |            |          |                     |           |            |          |              |  |           |       |
|         | No. of borrowers  | (14)       | 1        | 11                  | က         | 1          | I        | I            | ı                                      | I         | 1     |
|         | Amount outstanding  | (27,632.0) | 1        | 25,384.7            | 836.5     | (1,410.8)  | 1        | 1            | 1                                      | I         | 1     |
|         | Provision thereon   | (2,593.0)  | 1        | 14,772.6            | 836.5     | 13,016.1   | 1        | 1            | -                                      | -         | I     |
| 7.      | Write-offs/recovery/sale of restructured accounts during the vear ended March 31, 2017          |            |          |                     |           |            |          |              |  |           |       |
|         | No. of borrowers  | 1          | 1        | (16)                | (4)       | (20)       | 1        | 1            | 1                                      | 1         | ı     |
|         | Amount outstanding  | 1          | 1        | (24,971.6)          | (1,748.2) | (26,719.8) | 1        | 1            | 1                                      | 1         | 1     |
|         |   | 1          | 1        | (17,562.8)          | (1,748.2) | (19,311.0) | 1        | 1            | 1                                      | 1         | 1     |
| ∞i      | Restructured accounts at March 31, 2017   |            |          |                     |           |            |          |              |  |           |       |
|         | No. of borrowers  | 19         | 1        | 20                  | 9         | 45         | -        | I            | ı                                      | ı         | -     |
| - 1     | Amount outstanding  | 27,578.1   | 1        | 39,893.0            | 1,018.4   | 68,489.5   | 1.0      | I            | I                                      | I         | 1.0   |
|         | Provision thereon   | 1,936.6    | 1        | 21,571.1            | 1,018.4   | 24,526.1   | I        | I            | 1                                      | ı         | '     |

Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of Ioans into equity (including application money pending allotment) as part of restructuring scheme, etc. 7.

26. Information in respect of restructured assets

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₹ in million, except number of accounts

|          | T. Doodtood State of the state |            |                  | O415       |           |            |            | Takel            |            |           |            |
|----------|---|------------|------------------|------------|-----------|------------|------------|------------------|------------|-----------|------------|
|          | Type of restructuring   |            |                  | Orners-    |           |            |            | lotal            |            |           |            |
| S. S.    | Asset Classification Details  | Standard   | Sub-<br>Standard | Doubtful   | Loss      | Total      | Standard   | Sub-<br>Standard | Doubtful   | Loss      | Total      |
| NO.      |   | (a)        | (p)              | (c)        | (p)       | (e)        | (a)        | (q)              | (c)        | (p)       | (e)        |
| <u> </u> | Restructured accounts at April 1, 2016  |            |                  |            |           |            |            |                  |            |           |            |
|          | No. of borrowers  | 391        | 739              | 49         | 120       | 1,299      | 424        | 739              | 75         | 127       | 1,365      |
|          | Amount outstanding  | 36,467.5   | 611.4            | 33,331.9   | 6,644.0   | 77,054.8   | 93,130.4   | 611.4            | 95,248.9   | 8,679,8   | 197,670.5  |
|          | Provision thereon   | 2,724.7    | 102.3            | 14,942.1   | 6,644.0   | 24,413.1   | 7,402.7    | 102.3            | 50,466.9   | 8,679,8   | 66,651.7   |
| 2        | Fresh restructuring during the year ended March 31, 2017  |            |                  |            |           |            |            |                  |            |           |            |
|          | No. of borrowers  | 181        | 1                | 2          | 1         | 184        | 181        | 1                | 2          | 1         | 184        |
|          | Amount outstanding  | 1,913.2    | 784.6            | 22,465.1   | ı         | 25,162.9   | 1,913.2    | 784.6            | 22,465.1   | 1         | 25,162.9   |
|          | Provision thereon   | 5.5        | 117.7            | 6,467.3    | 1         | 6,590.5    | 5.5        | 117.7            | 6,467.3    | 1         | 6,590.5    |
| m'       | Upgradations to restructured standard category during the year ended March 31, 2017   |            |                  |            |           |            |            |                  |            |           |            |
|          | No. of borrowers  | 12         | (3)              | (E)        | (8)       | 1          | 13         | (3)              | (2)        | (8)       | 1          |
|          | Amount outstanding  | 9.9        | (0.3)            | (0.3)      | (6.4)     | (0.4)      | 185.6      | (0.3)            | (193.8)    | (6.4)     | (14.9)     |
|          | Provision thereon   | 0.7        | 1                | (0.1)      | (6.4)     | (2.8)      | 92.1       | 1                | (193.6)    | (6.4)     | (107.9)    |
| 4.       | Increase/(decrease) in borrower level outstanding of existing   |            |                  |            |           |            |            |                  |            |           |            |
|          | restructured cases during the year ended March 31, 2017   |            |                  |            |           |            |            |                  |            |           |            |
|          | No. of borrowers  | 1          | 1                | 1          | 1         | 1          | 1          | 1                | 1          | 1         | 1          |
|          | Amount outstanding  | (1,256.1)  | I                | (4,015.9)  | (33.0)    | (5,305.0)  | (2,886.9)  | 1                | (26,259.5) | (138.7)   | (29,285.1) |
|          | Provision thereon   | 158.7      | I                | (683.3)    | (33.0)    | (92.7.6)   | (81.1)     | 1                | (11,653.3) | (138.7)   | (11,873.1) |
| 2        | Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at  |            |                  |            |           |            |            |                  |            |           |            |
|          | March 31, 2017 and hence need not be shown as restructured standard advances at April 1, 2017   |            |                  |            |           |            |            |                  |            |           |            |
|          | No. of borrowers  | 1          | N.A.             | N.A.       | N.A.      | '          | '          | N.A.             | N.A.       | N.A.      | 1          |
|          | Amount outstanding  | 1          | N.A.             | N.A.       | N.A.      | 1          | 1          | N.A.             | N.A.       | N.A.      | 1          |
|          | Provision thereon   | I          | N.A.             | N.A.       | N.A.      | 1          | 1          | N.A.             | N.A.       | N.A.      | I          |
| 9        | Downgradations of restructured accounts during the year ended March 31, 2017  |            |                  |            |           |            |            |                  |            |           |            |
|          | No. of borrowers  | (242)      | (453)            | 726        | က         | 34         | (526)      | (423)            | 737        | 9         | 34         |
|          | Amount outstanding  | (17,569.5) | 1,058.4          | 13,801.0   | 1.6       | (2,708.5)  | (45,201.5) | 1,058.4          | 39,185.7   | 838.1     | (4,119.3)  |
|          | Provision thereon   | (1,754.6)  | 149.6            | 7,274.0    | 1.6       | 5,670.6    | (4,347.6)  | 149.6            | 22,046.6   | 838.1     | 18,686.7   |
| 7.       | Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2017  |            |                  |            |           |            |            |                  |            |           |            |
|          | No. of borrowers  | (28)       | (63)             | (11)       | (11)      | (149)      | (28)       | (63)             | (27)       | (21)      | (169)      |
|          | Amount outstanding  | (1,658.3)  | (6.3)            | (10,579.2) | (6,075.9) | (18,319.7) | (1,658.3)  | (6.3)            | (35,550.8) | (7,824.1) | (45,039.5) |
|          | Provision thereon   | (238.8)    | (1.2)            | (6,521.3)  | (6,075.9) | (12,837.2) | (238.8)    | (1.2)            | (24,084.1) | (7,824.1) | (32,148.2) |
| οċ       | Restructured accounts at March 31, 2017   |            |                  |            |           |            |            |                  |            |           |            |
|          | No. of borrowers  | 284        | 221              | 765        | 86        | 1,368      | 304        | 221              | 785        | 104       | 1,414      |
|          | Amount outstanding  | 17,903.4   | 2,447.8          | 55,002.6   | 530.3     | 75,884.1   | 45,482.5   | 2,447.8          | 94,895.6   | 1,548.7   | 144,374.6  |
|          | Provision thereon   | 896.2      | 368.3            | 21,478.7   | 530.3     | 23,273.5   | 2,832.83   | 368.33           | 43,049.83  | 1,548.73  | 47,799.6³  |

Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.

'Others' mechanism also include cases restructured under Joint Lender Forum (JLF) mechanism.

The Bank additionally holds provision amounting to ₹ 6,224.1 million on these accounts.

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Upgradations to restructured standard category during the

year ended March 31, 2016

Amount outstanding Provision thereon

No. of borrowers

Amount outstanding

No. of borrowers

Provision thereon

(c)

1

ı

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forming part of the Accounts (Contd.)

|              |  |          |          |                     |       |                        |                |             | millimon, except number or accounts    | r IIIIIIDEI OI o  | CCOUNTS |
|--------------|--|----------|----------|---------------------|-------|------------------------|----------------|-------------|--|-------------------|---------|
|              | Type of Restructuring                                    |          | Under (  | Under CDR Mechanism | u     |                        | Pun            | er SME Debt | Under SME Debt Restructuring Mechanism | <b>l</b> echanism |         |
| ,            |  | Standard | -qnS     | Sub- Doubtful       | Loss  | Total                  | Total Standard | -qnS        | Sub- Doubtful                          | Loss              | Total   |
| <u>5</u>     | On. Asset Classification Details                         |          | Standard |                     |       |                        |                | Standard    |  |                   |         |
| 2            |  | (a)      | (q)      | (c)                 | (p)   | (e)                    | (a)            | (q)         | (c)                                    | (p)               | (e)     |
| <del> </del> | Restructured accounts at April 1, 2015                   |          |          |                     |       |                        |                |             |  |                   |         |
|              | No. of borrowers   | 51       | 1        | 21                  | 2     | 74                     | -              | 1           | 1                                      | 1                 | 2       |
|              | Amount outstanding                                       | 80,736.5 | I        | 37,838.5            | 435.6 | 435.6 <b>119,010.6</b> | 0.02           | I           | I                                      | 34.0              | 34.0    |
|              | Provision thereon  | 7,645.0  | 1        | 16,770.0            | 435.6 | 435.6 24,850.6         | I              | 1           | 1                                      | 34.0              | 34.0    |
| 2.           | Fresh restructuring during the year ended March 31, 2016 |          |          |                     |       |                        |                |             |  |                   |         |

The following tables set forth, for the year ended March 31, 2016 details of loan assets subjected to restructuring.

| 4.       | <ol> <li>Increase/(decrease) in borrower level outstanding of existing</li> </ol>      |            |   |           |         |           |     |   |   |        |        |
|----------|--|------------|---|-----------|---------|-----------|-----|---|---|--------|--------|
|          | restructured cases during the year ended March 31, 2016 <sup>1</sup>                   |            |   |           |         |           |     |   |   |        |        |
|          | No. of borrowers   | -          | 1 | 1         | 1       | 1         | 1   | 1 | 1 | ı      | 1      |
|          | Amount outstanding   | 3,336.0    | 1 | 4,703.7   | 1       | 8,039.7   | 1.6 | 1 | 1 | ı      | 1.6    |
|          | Provision thereon  | (174.1)    | 1 | 8,173.8   | 1       | 7,999.7   | I   | 1 | 1 | 1      | 1      |
| <u>ئ</u> |  |            |   |           |         |           |     |   |   |        |        |
|          | to attract higher provisioning and/or additional risk weight at                        |            |   |           |         |           |     |   |   |        |        |
|          | March 31, 2016 and hence need not be shown as restructured                             |            |   |           |         |           |     |   |   |        |        |
|          | standard advances at April 1, 2016   |            |   |           |         |           |     |   |   |        |        |
|          | No. of borrowers   | ı          | 1 | 1         | 1       | 1         | 1   | 1 | ı | ı      | 1      |
|          | Amount outstanding   | I          | 1 | ı         | 1       | ı         | Ţ   | 1 | 1 | ı      | 1      |
|          | Provision thereon  | 1          | 1 | 1         | 1       | ı         | 1   | I | I | I      | 1      |
| 9        | Downgradations of restructured accounts during the year ended March 31, 2016           |            |   |           |         |           |     |   |   |        |        |
|          | No. of borrowers   | (18)       | 1 | 12        | 9       | ı         | 1   | I | I | I      | 1      |
|          | Amount outstanding   | (27,368.0) | 1 | 25,961.8  | 2,016.5 | 610.3     | I   | 1 | 1 | 1      | 1      |
|          | Provision thereon  | (2,791.8)  | 1 | 14,893.0  | 2,016.5 | 14,117.7  | I   | ı | I | I      | 1      |
| 7.       | Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2016 |            |   |           |         |           |     |   |   |        |        |
|          | No. of borrowers   | (1)        | 1 | (7)       | (1)     | (6)       | I   | ı | I | E)     | Ē      |
|          | Amount outstanding   | (43.2)     | 1 | (6,587.0) | (416.4) | (7,046.6) | I   | 1 | 1 | (34.0) | (34.0) |
|          | Provision thereon  | (1.1)      | 1 | (4,321.0) | (416.4) | (4,738.5) | 1   | 1 | 1 | (34.0) | (34.0) |
| οċ       | Restructured accounts at March 31, 2016  |            |   |           |         |           |     |   |   |        |        |
|          | No. of borrowers   | 32         | 1 | 26        | 7       | 92        | 1   | 1 | 1 | 1      | -      |
|          | Amount outstanding   | 56,661.3   | 1 | 61,917.0  | 2,035.8 | 120,614.1 | 1.6 | I | I | I      | 1.6    |
|          | Provision thereon  | 4,678.0    | ı | 35,524.8  | 2,035.8 | 42,238.6  | ı   | ı | ı | ı      | 1      |
|          |  |            |   |           |         |           |     |   |   |        |        |

Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.

Insignificant amount. ς;

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| accounts      |
|---------------|
| of            |
| number        |
| except        |
| ₹ in million, |

|          | Type of Restructuring  |             |           | Others <sup>2</sup> |             |           |            | Total     |            |           |            |
|----------|--|-------------|-----------|---------------------|-------------|-----------|------------|-----------|------------|-----------|------------|
| ڻ        |  | Standard    | -qnS      | Doubtful            | Loss        | Total     | Standard   | -qnS      | Doubtful   | Loss      | Total      |
| ; ≥      | Asset Classification Details   |             | Standard  |                     |             |           |            | Standard  |            |           |            |
| 2        |  | (a)         | (q)       | (c)                 | (p)         | (e)       | (a)        | (q)       | (c)        | (p)       | (e)        |
| <u>-</u> | Restructured accounts at April 1, 2015   |             |           |                     |             |           |            |           |            |           |            |
|          | No. of borrowers   | 1,204       | 20        | 34                  | 138         | 1,396     | 1,256      | 20        | 22         | 141       | 1,472      |
|          | Amount outstanding   | 38,723.9    | 3,652.5   | 13,490.0            | 2,298.9     | 58,165.3  | 119,460.4  | 3,652.5   | 51,328.5   | 2,768.5   | 177,209.9  |
|          | Provision thereon  | 1,642.1     | 925.5     | 7,794.2             | 2,298.9     | 12,660.7  | 9,287.1    | 925.5     | 24,564.2   | 2,768.5   | 37,545.3   |
| 2        | Fresh restructuring during the year ended March 31, 2016   |             |           |                     |             |           |            |           |            |           |            |
|          | No. of borrowers   | 6           | -         | I                   | I           | 6         | 6          | I         | I          | I         | 6          |
|          | Amount outstanding   | 23,070.5    | 1         | ı                   | I           | 23,070.5  | 23,070.5   | I         | ı          | 1         | 23,070.5   |
|          | Provision thereon  | 1,201.3     | 1         | 1                   | 1           | 1,201.3   | 1,201.3    | 1         | 1          | 1         | 1,201.3    |
| က        | Upgradations to restructured standard category during the vear ended March 31, 2016  |             |           |                     |             |           |            |           |            |           |            |
|          | No. of borrowers   | 18          | (2)       | (4)                 | (6)         | 1         | 18         | (2)       | (4)        | (6)       | 1          |
|          | Amount outstanding   | 18.4        | (1.6)     | (6.9)               | (11.1)      | (1.2)     | 18.4       | (1.6)     | (6.9)      | (11.1)    | (1.2)      |
|          | Provision thereon  | 0.3         | (0.3)     | (6.1)               | (11.1)      | (17.2)    | 0.3        | (0.3)     | (6.1)      | (11.1)    | (17.2)     |
| 4        | Increase/(Decrease) in borrower level outstanding of existing  |             |           |                     |             |           |            |           |            |           |            |
|          | restructured cases during the year ended March 31, 2016  |             |           |                     |             |           |            |           |            |           |            |
|          | No. of borrowers   | I           | 1         | ı                   | I           | 1         | 1          | ı         | ı          | 1         | 1          |
|          | Amount outstanding   | 3,064.5     | 0.1       | (40.6)              | (33.3)      | 2,990.7   | 6,402.1    | 0.1       | 4,663.1    | (33.3)    | 11,030.2   |
|          | Provision thereon  | 510.5       | 1         | 1,677.7             | (33.3)      | 2,154.9   | 336.4      | 1         | 9,851.5    | (33.3)    | 10,154.6   |
| ù        | Restructured standard advances at April 1, 2015, which cease to attract higher provisioning and/or additional risk weight at March 31, 2016 and hence need not be shown as restructured standard advances at April 1, 2016 |             |           |                     |             |           |            |           |            |           |            |
|          | No. of borrowers   | (1)         | 1         | 1                   | 1           | £         | (E)        | 1         | 1          | 1         | (1)        |
|          | Amount outstanding   | (78.1)      | 1         | 1                   | 1           | (78.1)    | (78.1)     | 1         | 1          | 1         | (78.1)     |
|          | Provision thereon  | 1           | 1         | 1                   | 1           | 1         | 1          | 1         | 1          | 1         | 1          |
| o.       | Downgradations of restructured accounts during the year ended March 31, 2016   |             |           |                     |             |           |            |           |            |           |            |
|          | No. of borrowers   | (764)       | 725       | 56                  | 13          | 1         | (782)      | 725       | 38         | 14        | 1          |
|          | Amount outstanding   | (25,634.2)  | (3,039.4) | 21,406.7            | 6,004.3     | (1,262.6) | (53,002.2) | (3,039.4) | 47,368.5   | 8,020,8   | (652.3)    |
|          | Provision thereon  | (614.6)     | (823.0)   | 6,990.4             | 6,004.3     | 11,557.1  | (3,406.4)  | (823.0)   | 21,883.4   | 8,020,8   | 25,674.8   |
| 7.       | Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2016   |             |           |                     |             |           |            |           |            |           |            |
|          | No. of borrowers   | (75)        | (1)       | (7)                 | (22)        | (102)     | (22)       | (1)       | (14)       | (24)      | (115)      |
|          | Amount outstanding   | (2,697.5)   | (0.2)     | (1,517.3)           | (1,614.8)   | (5,829.8) | (2,740.7)  | (0.2)     | (8, 104.3) | (2,065.2) | (12,910.4) |
|          | Provision thereon  | (14.9)      | 1         | (1,514.1)           | (1,614.8)   | (3,143.8) | (16.0)     | 1         | (5,826.1)  | (2,065.2) | (7,907.3)  |
| ∞        | Restructured Accounts at March 31, 2016  |             |           |                     |             |           |            |           |            |           |            |
|          | No. of borrowers   | 391         | 739       | 46                  | 120         | 1,299     | 424        | 739       | 75         | 127       | 1,365      |
|          | Amount outstanding   | 36,467.5    | 611.4     | 33,331.9            | 6,644.0     | 77,054.8  | 93,130.4   | 611.4     | 95,248.9   | 8,679.8   | 197,670.5  |
|          | Provision thereon  | 2,724.7     | 102.3     | 14,942.1            | 6,644.0     | 24,413.1  | 7,402.7    | 102.3     | 50,466.9   | 8,679.8   | 66,651.7   |
| ,        | actorio long someway of ai longerobil  | Time It was | - P       | -; - to             | t - · · · · | 4000      | -,,,,,-    | 77        | , J , J    | The same  | -          |

Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of Ioans into equity (including application money

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pending allotment) as part of restructuring scheme, etc. 'Others' mechanism also include cases restructured under JLF mechanism.



forming part of the Accounts (Contd.)

The following table sets forth, for the periods indicated, details of cases under Strategic Debt Restructuring (SDR) scheme (accounts which are currently under the stand-still period).

|  | ₹ in million, except n | umber of borrowers   |
|--|------------------------|----------------------|
| Particulars <sup>1,2</sup>   | At<br>March 31, 2017   | At<br>March 31, 2016 |
| Number of borrowers where SDR has been invoked <sup>4</sup>  | 15                     | 10                   |
| Gross amount outstanding <sup>3,4</sup>  |                        |                      |
| - Standard   | 64,475.4               | 31,439.7             |
| - NPA¹   | -                      | -                    |
| Gross amount outstanding for borrowers where conversion of debt to equity is pending <sup>3,4</sup>      |                        |                      |
| - Standard   | 12,076.0               | 10,060.7             |
| - NPA  | -                      | _                    |
| Gross amount outstanding for borrowers where conversion of debt to equity has taken place <sup>3,4</sup> |                        |                      |
| - Standard   | 52,399.4               | 21,379.0             |
| - NPA  | -                      | -                    |

- 1. The Bank has not taken stand-still benefit for NPA cases and hence these cases are excluded.
- 2. Cases where SDR has been revoked or not implemented within the permitted RBI timelines have been excluded in subsequent periods.
- 3. Represents gross loans and credit substitutes.
- 4. Includes eight cases amounting to ₹ 23,182.5 million classified as standard restructured at March 31, 2017 (March 31, 2016: seven cases amounting to ₹ 24,154.7 million classified as standard restructured).

During the year ended March 31, 2017, the Bank has not recognised an amount of ₹ 6,059.4 million towards interest on cases covered under the SDR scheme (March 31, 2016: ₹ 1,093.5 million).

The following table sets forth, for the periods indicated, details for cases of change in ownership outside SDR scheme (accounts which are currently under the stand-still period).

| •   | ₹ in million, except n | umber of borrowers   |
|---|------------------------|----------------------|
| Particulars   | At<br>March 31, 2017   | At<br>March 31, 2016 |
| Number of borrowers where the Bank has decided to effect change in ownership  | 1                      | -                    |
| Gross amount outstanding  |                        |                      |
| - Standard  | 51,052.3               | -                    |
| - NPA   | -                      | -                    |
| Gross amount outstanding for borrowers where conversion of debt to equity/invocation of pledge of equity shares is pending            |                        |                      |
| - Standard  | 51,052.3               | -                    |
| - NPA   | -                      | -                    |
| Gross amount outstanding for borrowers where conversion of debt to equity/invocation of pledge of equity shares has taken place       |                        |                      |
| - Standard  | -                      | -                    |
| - NPA   | -                      | -                    |
| Gross amount outstanding for borrowers where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity |                        |                      |
| - Standard  | -                      | -                    |
| - NPA   | -                      | _                    |

<sup>1.</sup> Represents gross loans and credit substitutes.

During the year ended March 31, 2017, the Bank has not recognised an amount of ₹ 1,000.1 million towards interest for cases outside SDR scheme (March 31, 2016: Nil).

forming part of the Accounts (Contd.)

The following table sets forth, for the periods indicated, details for cases of change in ownership for projects under implementation (accounts which are currently under the stand-still period).

|   | ₹ in million, except n | umber of borrowers   |
|---|------------------------|----------------------|
| Particulars   | At<br>March 31, 2017   | At<br>March 31, 2016 |
| Number of project loan borrowers where the Bank has decided to effect change in ownership | _                      | _                    |
| Gross amount outstanding  |                        |                      |
| - Standard  | -                      | -                    |
| - Standard restructured   | -                      | -                    |
| - NPA   | -                      | -                    |

The following table sets forth, for the periods indicated, details of cases where scheme for Sustainable Structuring of Stressed Assets (S4A) is implemented.

|  | ₹ in million, except nu | umber of borrowers   |
|--|-------------------------|----------------------|
| Particulars                                    | At<br>March 31, 2017    | At<br>March 31, 2016 |
| Number of borrowers where S4A has been applied | 2                       | _                    |
| Total Gross amount outstanding <sup>1</sup>    |                         |                      |
| - Standard                                     | 2,925.7                 | _                    |
| - NPA  | -                       | _                    |
| Gross amount outstanding in Part A             |                         |                      |
| - Standard                                     | 1,556.6                 | _                    |
| - NPA  | -                       | _                    |
| Gross amount outstanding in Part B             |                         |                      |
| - Standard                                     | 1,369.1                 | _                    |
| - NPA  | -                       | _                    |
| Provision held                                 |                         |                      |
| - Standard                                     | 576.4                   | -                    |
| - NPA  | -                       |                      |

<sup>1.</sup> Represents loans, credit substitutes and shares.

During the year ended March 31, 2017, the Bank has not recognised an amount of ₹ 228.4 million towards interest on cases where S4A was invoked (March 31, 2016: Nil).

The following table sets forth, for the periods indicated, details of cases under flexible structuring of existing loans.

|   | ₹ in million, except n       | umber of borrowers           |
|---|------------------------------|------------------------------|
| Particulars   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Number of borrowers taken up for flexible structuring                         | 2                            | 71                           |
| Amount of loans taken up for flexible structuring                             |                              |                              |
| - Standard  | 6,588.7                      | 42,289.5 <sup>1</sup>        |
| - NPA   | -                            | _                            |
| Exposure weighted average duration of loans taken up for flexible structuring |                              |                              |
| - Before applying flexible structuring  | 2.56                         | 4.10                         |
| - After applying flexible structuring   | 6.77                         | 12.48                        |

Includes three cases amounting to ₹ 22,130.0 million classified as NPAs, one case amounting to ₹ 6,810.0 million where SDR has been invoked and one case amounting to ₹ 3,790.0 million where S4A has been invoked during the year ended March 31, 2017.



forming part of the Accounts (Contd.)

#### 27. Concentration of Deposits, Advances, Exposures and NPAs

#### (I) Concentration of deposits, advances, exposures and NPAs

|   |                      | ₹ in million         |
|---|----------------------|----------------------|
| Concentration of deposits   | At<br>March 31, 2017 | At<br>March 31, 2016 |
| Total deposits of 20 largest depositors   | 344,948.7            | 309,666.1            |
| Deposits of 20 largest depositors as a percentage of total deposits of the Bank | 7.03%                | 7.35%                |
|   |                      |                      |
|   |                      | ₹ in million         |
| Concentration of advances <sup>1</sup>  | At                   | At                   |
|   | March 31, 2017       | March 31, 2016       |
| Total advances to 20 largest borrowers (including banks)                        | 1,176,210.0          | 1,316,111.4          |
| Advances to 20 largest borrowers as a percentage of total advances of           |                      |                      |
| the Bank  | 13.16%               | 14.61%               |

1. Represents credit exposure (funded and non-funded) including derivatives exposures as per RBI guidelines on exposure norms.

|   |                      | ₹ in million         |
|---|----------------------|----------------------|
| Concentration of exposures <sup>1</sup>   | At<br>March 31, 2017 | At<br>March 31, 2016 |
| Total exposure to 20 largest borrowers/customers (including banks)                        | 1,209,099.8          | 1,348,617.3          |
| Exposures to 20 largest borrowers/customers as a percentage of total exposure of the Bank | 12.90%               | 14.30%               |

1. Represents credit and investment exposures as per RBI guidelines on exposure norms.

|  |                      | ₹ in million         |
|--|----------------------|----------------------|
| Concentration of NPAs                                | At<br>March 31, 2017 | At<br>March 31, 2016 |
| Total exposure <sup>1</sup> to top four NPA accounts | 149,247.4            | 108,418.9            |

<sup>1.</sup> Represents gross exposure (funded and non-funded).

#### (II) Sector-wise Advances

|            |   |                      | ₹ in million,    | except percentages                                     |
|------------|---|----------------------|------------------|--|
|            |   | A                    | t March 31, 2017 |  |
| Sr.<br>No. | Particulars   | Outstanding advances | Gross<br>NPAs    | % of gross NPAs<br>to total advances<br>in that sector |
| A.         | Priority sector   |                      |                  |  |
| 1.         | Agriculture and allied activities                                 | 341,765.2            | 10,634.9         | 3.11%  |
| 2.         | Advances to industries sector eligible as priority sector lending | 179,014.5            | 5,417.8          | 3.03%  |
| 3.         | Services of which:  | 157,736.7            | 2,460.1          | 1.56%  |
|            | Transport operators   | 94,243.6             | 1,109.2          | 1.18%  |
|            | Wholesale trade   | 21,329.9             | 424.1            | 1.99%  |
| 4.         | Personal loans of which:  | 401,622.2            | 4,805.5          | 1.20%  |
|            | Housing   | 259,814.7            | 2,241.1          | 0.86%  |
|            | Vehicle loans   | 130,646.7            | 2,233.1          | 1.71%  |
|            | Sub-total (A)   | 1,080,138.6          | 23,318.3         | 2.16%  |

|   |   | ₹ in million,   | except percentages  |
|---|---|---|---|
|   |   | At March 31, 2017   |   |
| Particulars                             | Outstanding advances  | Gross<br>NPAs   | % of gross NPAs<br>to total advances<br>in that sector  |
| Non-priority sector                     | _   |   |   |
| Agriculture and allied activities       | _   | _   | _   |
| Advances to industries sector of which: | 1,621,712.6   | 321,120.6   | 19.80%  |
| Infrastructure                          | 532,398.0   | 86,004.1  | 16.15%  |
| Basic metal and metal products          | 323,388.0   | 80,392.5  | 24.86%  |
| Services of which:                      | 908,101.3   | 66,357.4  | 7.31%   |
| Commercial real estate                  | 262,610.0   | 7,694.1   | 2.93%   |
| Wholesale trade                         | 126,313.8   | 6,978.8   | 5.53%   |
| Non-Banking Financial Companies         | 112,359.7   | 0.2   | 0.00%   |
| Personal loans <sup>1</sup> of which:   | 1,214,651.5   | 10,797.5  | 0.89%   |
| Housing                                 | 898,475.2   | 5,014.8   | 0.56%   |
| Sub-total (B)                           | 3,744,465.4   | 398,275.5   | 10.64%  |
| Total (A)+(B)                           | 4,824,604.0   | 421,593.8   | 8.74%   |
|   | Non-priority sector  Agriculture and allied activities  Advances to industries sector of which: | Particulars         Outstanding advances           Non-priority sector         -           Agriculture and allied activities         -           Advances to industries sector of which:         1,621,712.6           Infrastructure         532,398.0           Basic metal and metal products         323,388.0           Services         908,101.3           of which:         262,610.0           Wholesale trade         126,313.8           Non-Banking Financial Companies         112,359.7           Personal loans¹ of which:         1,214,651.5           Housing         898,475.2           Sub-total (B)         3,744,465.4 | Particulars         Outstanding advances         Gross NPAs           Non-priority sector         Sector Infrastructure and allied activities         - |

- 1. Excludes commercial business loans and dealer funding.
- 2. Sub-sectors have been disclosed where advances exceed 10% of total advances in that sector at reporting date.

|            |   |                      | ₹ in million, | except percentages                                |  |
|------------|---|----------------------|---------------|---|--|
|            |   | At March 31, 2016    |               |   |  |
| Sr.<br>No. | Particulars   | Outstanding advances | Gross<br>NPAs | % of gross NPAs -to total advances in that sector |  |
| A.         | Priority sector   |                      |               |   |  |
| 1.         | Agriculture and allied activities                                 | 292,270.1            | 9,202.6       | 3.15%   |  |
| 2.         | Advances to industries sector eligible as priority sector lending | 149,124.4            | 4,900.5       | 3.29%   |  |
| 3.         | Services of which:  | 136,508.0            | 2,662.8       | 1.95%   |  |
|            | Transport operators   | 76,455.8             | 1,196.3       | 1.56%   |  |
|            | Wholesale trade   | 17,211.9             | 447.6         | 2.60%   |  |
| 4.         | Personal loans of which:  | 359,514.1            | 4,271.8       | 1.19%   |  |
|            | Housing   | 241,865.6            | 2,311.0       | 0.96%   |  |
|            | Vehicle loans   | 106,321.8            | 1,739.4       | 1.64%   |  |
|            | Sub-total (A)   | 937,416.6            | 21,037.7      | 2.24%   |  |
| B.         | Non-priority sector   |                      |               |   |  |
| 1.         | Agriculture and allied activities                                 | _                    | _             | _   |  |
| 2.         | Advances to industries sector of which:                           | 1,639,731.6          | 168,177.6     | 10.26%  |  |
|            | Infrastructure  | 541,521.9            | 41,917.4      | 7.74%   |  |
|            | Basic metal and metal products                                    | 354,484.0            | 66,141.6      | 18.66%  |  |



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₹ in million, except percentages

|            |                                       | At                   | At March 31, 2016 |   |  |
|------------|---------------------------------------|----------------------|-------------------|---|--|
| Sr.<br>No. | Particulars                           | Outstanding advances | Gross<br>NPAs     | % of gross NPAs<br>-to total advances<br>in that sector |  |
| 3.         | Services of which:                    | 872,035.5            | 62,393.3          | 7.15%   |  |
|            | Commercial real estate                | 268,848.6            | 5,568.0           | 2.07%   |  |
|            | Wholesale trade                       | 137,418.0            | 6,018.5           | 4.38%   |  |
| 4.         | Personal loans <sup>1</sup> of which: | 1,052,641.9          | 10,603.8          | 1.01%   |  |
|            | Housing                               | 745,402.6            | 4,157.4           | 0.56%   |  |
|            | Sub-total (B)                         | 3,564,409.0          | 241,174.7         | 6.77%   |  |
|            | Total (A)+(B)                         | 4,501,825.6          | 262,212.4         | 5.82%   |  |

<sup>1.</sup> Excludes commercial business loans and dealer funding.

#### (III) Overseas assets, NPAs and revenue

|                            |                              | ₹ in million                 |
|----------------------------|------------------------------|------------------------------|
| Particulars                | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Total assets <sup>1</sup>  | 946,250.3                    | 1,188,387.1                  |
| Total NPAs (net)           | 79,506.2                     | 38,937.5                     |
| Total revenue <sup>1</sup> | 53,711.9                     | 60,200.9                     |

<sup>1.</sup> Represents the total assets and total revenue of foreign operations as reported in Schedule 18 of the financial statements, note no. 5 on information about business and geographical segments.

### (IV) Off-balance sheet special purpose vehicles (SPVs) sponsored (which are required to be consolidated as per accounting norms)

(a) The following table sets forth, the names of SPVs/trusts sponsored by the Bank/subsidiaries which are consolidated.

| Sr.<br>No. | Name of the SPV sponsored <sup>1,2</sup> |  |  |
|------------|--|--|--|
| A.         | Domestic <sup>3</sup>                    |  |  |
|            | ICICI Strategic Investments Fund         |  |  |
|            | 2. India Advantage Fund-III              |  |  |
|            | 3. India Advantage Fund-IV               |  |  |
| B.         | Overseas                                 |  |  |
|            | None                                     |  |  |

<sup>1.</sup> The nature of business of the above entities is venture capital fund.

<sup>2.</sup> Sub-sectors have been disclosed where advances exceed 10% of total advances in that sector at reporting date.

<sup>2.</sup> SPVs/Trusts which are consolidated and set-up/sponsored by the Bank/Subsidiaries of the Bank.

<sup>3.</sup> During the three months ended December 31, 2015, ICICI Equity Fund redeemed its units held by the Bank and accordingly, ICICI Equity Fund has not been consolidated.

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(b) The following table sets forth, the names of SPVs/trusts which are not sponsored by the Bank/subsidiaries and are consolidated.

| Sr.<br>No. | Name of the SPV |
|------------|-----------------|
| A.         | Domestic        |
|            | None            |
| B.         | Overseas        |
|            | None            |

#### 28. Intra-group exposure

The following table sets forth, for the periods indicated, the details of intra-group exposure.

|            |  |                      | ₹ in million         |
|------------|--|----------------------|----------------------|
| Sr.<br>No. | Particulars  | At<br>March 31, 2017 | At<br>March 31, 2016 |
| 1.         | Total amount of intra-group exposures  | 91,990.1             | 104,789.7            |
| 2.         | Total amount of top 20 intra-group exposures   | 91,990.1             | 104,789.7            |
| 3.         | Percentage of intra-group exposure to total exposures of the Bank on borrowers/customers   | 0.98%                | 1.11%                |
| 4.         | Details of breach of limits on intra-group exposures and regulatory action thereon, if any | Nil                  | Nil                  |

#### 29. Exposure to sensitive sectors

The Bank has exposure to sectors, which are sensitive to asset price fluctuations. The sensitive sectors include capital markets and real estate.

The following table sets forth, for the periods indicated, the position of exposure to capital market sector.

|            |   |                      | ₹ in million         |
|------------|---|----------------------|----------------------|
| Sr.<br>No. | Particulars   | At<br>March 31, 2017 | At<br>March 31, 2016 |
| 1.         | Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds, the corpus of which is not exclusively invested in corporate debt  | 26,647.1             | 18,262.1             |
| 2.         | Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds   | 1,574.9              | 1,746.0              |
| 3.         | Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security  | 53,953.3             | 85,157.5             |
| 4.         | Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances | _                    |                      |
| 5.         | Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers   | 58,604.7             | 47,282.3             |
| 6.         | Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources   | _                    | _                    |
| 7.         | Bridge loans to companies against expected equity flows/issues  | 324.3                | _                    |



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|            |   |                      | ₹ in million         |
|------------|---|----------------------|----------------------|
| Sr.<br>No. | Particulars   | At<br>March 31, 2017 | At<br>March 31, 2016 |
| 8.         | Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds | _                    | -                    |
| 9.         | Financing to stockbrokers for margin trading  | -                    | _                    |
| 10.        | All exposures to venture capital funds (both registered and unregistered)   | 5,263.1              | 10,350.1             |
| 11.        | Others  | 2,307.3              | 8,256.5              |
|            | Total exposure to capital market <sup>1</sup>   | 148,674.7            | 171,054.5            |

<sup>1.</sup> At March 31, 2017, excludes investments in equity shares under SDR scheme amounting to ₹ 15,530.9 million (March 31, 2016: ₹ 4,683.4 million).

The following table sets forth, for the periods indicated, the summary of exposure to real estate sector.

|            |  |                      | ₹ in million         |
|------------|--|----------------------|----------------------|
| Sr.<br>No. | Particulars  | At<br>March 31, 2017 | At<br>March 31, 2016 |
| T          | Direct exposure  | 1,764,643.6          | 1,538,771.3          |
|            | i) Residential mortgages   | 1,361,624.8          | 1,155,305.7          |
|            | of which: individual housing loans eligible for priority sector advances                                       | 185,680.7            | 182,852.8            |
|            | ii) Commercial real estate <sup>1</sup>  | 365,609.4            | 351,808.5            |
|            | iii) Investments in Mortgage Backed Securities (MBS) and other securitised                                     |                      |                      |
|            | exposure   | 37,409.4             | 31,657.1             |
|            | a. Residential   | 33,382.6             | 27,850.9             |
|            | b. Commercial real estate  | 4,026.8              | 3,806.2              |
| II         | Indirect exposure  | 135,414.3            | 121,131.7            |
|            | i) Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | 135,414.3            | 121,137.7            |
|            | ii) Others   | _                    | -                    |
|            | Total exposure to real estate sector   | 1,900,057.9          | 1,659,903.0          |

<sup>1.</sup> Commercial real estate exposure include loans to individuals against non-residential premises, loans given to land and building developers for construction, corporate loans for development of special economic zone, loans to borrowers where servicing of loans is from a real estate activity and exposures to mutual funds/venture capital funds/private equity funds investing primarily in the real estate companies.

#### 30. Factoring business

At March 31, 2017, the outstanding receivables acquired by the Bank under factoring business were ₹ 2,061.0 million (March 31, 2016: ₹ 4,290.6 million).

#### 31. Risk category-wise country exposure

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. The funded country exposure (net) of the Bank as a percentage of total funded assets for United States of America was 2.27% (March 31, 2016: 2.51%), Singapore was 1.20% (March 31, 2016: 1.50%) and United Kingdom was 0.77% (March 31, 2016: 1.50%). As the net funded exposure to United States of America and Singapore exceeds 1.0% of total funded assets, the Bank held a provision of ₹ 375.0 million on country exposure at March 31, 2017 (March 31, 2016: ₹ 530.0 million) based on RBI guidelines.

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The following table sets forth, for the periods indicated, the details of exposure (net) and provision held by the Bank.

|                 |                                     |                                     |                                     | ₹ in million                        |
|-----------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Risk category   | Exposure (net) at<br>March 31, 2017 | Provision held at<br>March 31, 2017 | Exposure (net) at<br>March 31, 2016 | Provision held at<br>March 31, 2016 |
| Insignificant   | 741,032.4                           | 375.0                               | 902,987.8                           | 530.0                               |
| Low             | 203,202.9                           | -                                   | 204,850.4                           | _                                   |
| Moderately Low  | 10,958.7                            | -                                   | 20,254.5                            | _                                   |
| Moderate        | 15,919.2                            | -                                   | 15,425.1                            | _                                   |
| Moderately High | -                                   | -                                   | _                                   | _                                   |
| High            | -                                   | -                                   | _                                   | _                                   |
| Very High       | -                                   | -                                   | _                                   |                                     |
| Total           | 971,113.2                           | 375.0                               | 1,143,517.8                         | 530.0                               |

#### 32. Details of Single Borrower Limit and Borrower Group Limit exceeded by the Bank

During the year ended March 31, 2017, the Bank has complied with the RBI guidelines on single borrower and borrower group limit.

During the year ended March 31, 2016, the Bank complied with the RBI guidelines on single borrower and borrower group limit. As per the exposure limits permitted under the extant RBI regulation, the Bank with the approval of the Board of Directors can enhance exposure to a single borrower or borrower group by a further 5.0% of capital funds. In accordance with the guidelines issued by RBI, with the prior approval of the Board of Directors, the Bank had taken additional exposure to Reliance Industries Limited. At March 31, 2016, the exposure to Reliance Industries Limited as a percentage of capital funds was 14.6% and was within the prudential exposure limit of 20.0% of the Bank's capital funds.

#### 33. Unsecured advances against intangible assets

The Bank has not made advances against intangible collaterals of the borrowers, which are classified as 'Unsecured' in the financial statements at March 31, 2017 (March 31, 2016: Nil) and the estimated value of the intangible collaterals was Nil at March 31, 2017 (March 31, 2016: Nil).

#### 34. Revaluation of fixed assets

The Bank follows the revaluation model for its premises (land and buildings) as per AS 10 – 'Property, Plant and Equipment'. The Bank had initially revalued its premises at March 31, 2016. In accordance with the Bank's policy, annual revaluation was carried out through external valuers, using methodologies such as direct comparison method and income generation method and the incremental amount has been taken to revaluation reserve. The revalued amount at March 31, 2017 was ₹ 57,161.9 million (March 31, 2016: ₹ 55,405.2 million) as compared to the historical cost less accumulated depreciation of ₹ 26,740.5 million (March 31, 2016: ₹ 27,230.5 million).

The revaluation reserve is not available for distribution of dividend.

#### 35. Fixed Assets

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets.

|                                       |                      | ₹ in million         |
|---------------------------------------|----------------------|----------------------|
| Particulars                           | At<br>March 31, 2017 | At<br>March 31, 2016 |
| At cost at March 31 of preceding year | 13,136.6             | 11,260.7             |
| Additions during the year             | 1,950.3              | 1,877.7              |
| Deductions during the year            | (20.3)               | (1.8)                |
| Depreciation to date                  | (11,807.7)           | (10,074.9)           |
| Net block                             | 3,258.9              | 3,061.7              |



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#### 36. Description of contingent liabilities

The following table describes the nature of contingent liabilities of the Bank.

| Sr. No. | Contingent liability  | Brief Description   |
|---------|---|---|
| 1.      | Claims against the Bank,<br>not acknowledged as<br>debts  | This item represents demands made in certain tax and legal matters against the Bank in the normal course of business and customer claims arising in fraud cases. In accordance with the Bank's accounting policy and AS 29, the Bank has reviewed and classified these items as possible obligations based on legal opinion/judicial precedents/assessment by the Bank.   |
| 2.      | Liability for partly paid investments   | This item represents amounts remaining unpaid towards liability for partly paid investments. These payment obligations of the Bank do not have any profit/loss impact.  |
| 3.      | Liability on account of<br>outstanding forward<br>exchange contracts                                    | The Bank enters into foreign exchange contracts in the normal course of its business, to exchange currencies at a pre-fixed price at a future date. This item represents the notional principal amount of such contracts, which are derivative instruments. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the inter-bank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.  |
| 4.      | Guarantees given on<br>behalf of constituents,<br>acceptances,<br>endorsements and<br>other obligations | This item represents the guarantees and documentary credits issued by the Bank in favour of third parties on behalf of its customers, as part of its trade finance banking activities with a view to augment the customers' credit standing. Through these instruments, the Bank undertakes to make payments for its customers' obligations, either directly or in case the customers fail to fulfill their financial or performance obligations.   |
| 5.      | Currency swaps,<br>interest rate swaps,<br>currency options and<br>interest rate futures                | This item represents the notional principal amount of various derivative instruments which the Bank undertakes in its normal course of business. The Bank offers these products to its customers to enable them to transfer, modify or reduce their foreign exchange and interest rate risks. The Bank also undertakes these contracts to manage its own interest rate and foreign exchange positions. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the inter-bank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.   |
| 6.      | Other items for which<br>the Bank is contingently<br>liable   | Other items for which the Bank is contingently liable primarily include the amount of government securities bought/sold and remaining to be settled on the date of financial statements. This also includes the value of sell down options and other facilities pertaining to securitisation, the notional principal amounts of credit derivatives, amount applied in public offers under Application Supported by Blocked Amounts (ASBA), bill re-discounting, amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF), exposure under partial credit enhancement, commitment towards contribution to venture fund and the amount that the Bank is obligated to pay under capital contracts. Capital contracts are job orders of a capital nature which have been committed. |

#### 37. Insurance business

The following table sets forth, for the periods indicated, the break-up of income derived from insurance business.

|            |   |                              | ₹ in million                 |
|------------|---|------------------------------|------------------------------|
| Sr.<br>No. | Particulars   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| 1.         | Income from selling life insurance policies                           | 9,644.2                      | 7,667.7                      |
| 2.         | Income from selling non-life insurance policies                       | 888.9                        | 735.1                        |
| 3.         | Income from selling mutual fund/collective investment scheme products | 2,681.3                      | 1,794.5                      |

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#### 38. Employee benefits

#### Pension

The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for pension benefits.

|   |                | ₹ in million   |
|---|----------------|----------------|
| Particulars   | Year ended     | Year ended     |
| - unitedials  | March 31, 2017 | March 31, 2016 |
| Opening obligations   | 14,191.6       | 12,999.9       |
| Service cost  | 253.7          | 251.0          |
| Interest cost   | 1,116.5        | 1,034.7        |
| Actuarial (gain)/loss   | 2,436.0        | 1,594.7        |
| Liabilities extinguished on settlement  | (1,182.5)      | (1,554.0)      |
| Benefits paid   | (128.4)        | (134.7)        |
| Obligations at the end of the year  | 16,686.9       | 14,191.6       |
| Opening plan assets, at fair value  | 13,191.6       | 10,103.4       |
| Expected return on plan assets  | 1,143.2        | 902.9          |
| Actuarial gain/(loss)   | 589.5          | (4.1)          |
| Assets distributed on settlement  | (1,313.9)      | (1,726.7)      |
| Contributions   | 3,406.1        | 4,050.8        |
| Benefits paid   | (128.4)        | (134.7)        |
| Closing plan assets, at fair value  | 16,888.1       | 13,191.6       |
| Fair value of plan assets at the end of the year  | 16,888.1       | 13,191.6       |
| Present value of the defined benefit obligations at the end of the year                 | 16,686.9       | 14,191.6       |
| Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee benefits') | 68.4           | _              |
| Asset/(liability)   | 132.8          | (1,000.0)      |
| Cost <sup>1</sup>   |                |                |
| Service cost  | 253.7          | 251.0          |
| Interest cost   | 1,116.5        | 1,034.7        |
| Expected return on plan assets  | (1,143.2)      | (902.9)        |
| Actuarial (gain)/loss   | 1,846.5        | 1,598.8        |
| Curtailments & settlements (gain)/loss  | 131.4          | 172.7          |
| Effect of the limit in para 59(b) of AS 15 on 'employee benefits'                       | 68.4           | -              |
| Net cost  | 2,273.3        | 2,154.3        |
| Actual return on plan assets  | 1,732.7        | 898.8          |
| Expected employer's contribution next year  | 3,000.0        | 3,000.0        |
| Investment details of plan assets   |                |                |
| Insurer managed funds   | 0.80%          | 1.04%          |
| Government of India securities  | 47.80%         | 48.64%         |
| Corporate bonds   | 39.38%         | 43.23%         |
| Equity securities in listed companies   | 6.02%          | 2.48%          |
| Others  | 6.00%          | 4.61%          |
| Assumptions   |                |                |
| Discount rate   | 6.75%          | 7.95%          |
| Salary escalation rate:   |                |                |
| On Basic pay  | 1.50%          | 1.50%          |
| On Dearness relief  | 7.00%          | 7.00%          |
| Estimated rate of return on plan assets   | 8.00%          | 8.00%          |

<sup>1.</sup> Included in line item 'Payments to and provision for employees' of Schedule-16 Operating expenses.



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Estimated rate of return on plan assets is based on the expected average long-term rate of return on investments of the Fund during the estimated term of the obligations.

#### Experience adjustment

₹ in million

|  |                              | _                            |                              |                              | \ III IIIIII0II              |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Particulars  | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
| Plan assets  | 16,888.1                     | 13,191.6                     | 10,103.4                     | 9,018.8                      | 9,526.8                      |
| Defined benefit obligations  | 16,686.9                     | 14,191.6                     | 12,999.9                     | 10,209.9                     | 10,392.5                     |
| Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee | 00.4                         |                              |                              |                              |                              |
| benefits')   | 68.4                         |                              |                              |                              |                              |
| Surplus/(deficit)  | 132.8                        | (1,000.0)                    | (2,896.5)                    | (1,191.1)                    | (865.7)                      |
| Experience adjustment on plan assets   | 589.5                        | (4.1)                        | 104.7                        | (29.1)                       | 102.3                        |
| Experience adjustment on plan liabilities                                    | (80.0)                       | 1,503.4                      | 1,271.2                      | 2,549.6                      | 1,525.2                      |

#### Gratuity

The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for gratuity benefits.

|   |                              | ₹ in million                 |
|---|------------------------------|------------------------------|
| Particulars   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Opening obligations   | 7,386.8                      | 6,754.6                      |
| Add: Adjustment for exchange fluctuation on opening obligations                         | (2.7)                        | 4.4                          |
| Adjusted opening obligations  | 7,384.1                      | 6,759.0                      |
| Service cost  | 716.6                        | 626.7                        |
| Interest cost   | 587.8                        | 538.7                        |
| Actuarial (gain)/loss   | 723.8                        | 128.0                        |
| Past service cost   | -                            |                              |
| Liability transferred from/to other companies   | 68.1                         | (5.9)                        |
| Benefits paid   | (778.6)                      | (659.8)                      |
| Obligations at the end of the year  | 8,701.8                      | 7,386.8                      |
| Opening plan assets, at fair value  | 6,933.0                      | 6,570.7                      |
| Expected return on plan assets  | 527.7                        | 502.6                        |
| Actuarial gain/(loss)   | 454.5                        | (345.7)                      |
| Contributions   | 1,354.3                      | 871.7                        |
| Asset transferred from/to other companies   | 68.1                         | (5.9)                        |
| Benefits paid   | (778.6)                      | (659.8)                      |
| Closing plan assets, at fair value  | 8,559.0                      | 6,933.0                      |
| Fair value of plan assets at the end of the year  | 8,559.0                      | 6,993.0                      |
| Present value of the defined benefit obligations at the end of the year                 | 8,701.8                      | 7,386.7                      |
| Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee benefits') | -                            | _                            |
| Asset/(liability)   | (142.8)                      | (453.7)                      |
| Cost <sup>1</sup>   |                              | _                            |
| Service cost  | 716.6                        | 626.7                        |
| Interest cost   | 587.8                        | 538.7                        |
| Expected return on plan assets  | (527.7)                      | (502.6)                      |
| Actuarial (gain)/loss   | 269.3                        | 473.7                        |

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|   |                              | ₹ in million                 |
|---|------------------------------|------------------------------|
| Particulars   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Past service cost   | -                            | _                            |
| Exchange fluctuation loss/(gain)                                  | (2.7)                        | 4.3                          |
| Effect of the limit in para 59(b) of AS 15 on 'employee benefits' | -                            |                              |
| Net cost  | 1,043.3                      | 1,140.8                      |
| Actual return on plan assets                                      | 982.2                        | 156.9                        |
| Expected employer's contribution next year                        | 1,500.0                      | 500.0                        |
| Investment details of plan assets                                 |                              |                              |
| Insurer managed funds   | -                            | 7.38%                        |
| Government of India securities                                    | 19.70%                       | 31.08%                       |
| Corporate bonds   | 51.94%                       | 24.19%                       |
| Special deposit schemes   | 3.41%                        | 4.20%                        |
| Equity  | 14.92%                       | 13.53%                       |
| Others  | 10.03%                       | 19.62%                       |
| Assumptions   |                              |                              |
| Discount rate   | 6.75%                        | 7.85%                        |
| Salary escalation rate  | 7.00%                        | 7.00%                        |
| Estimated rate of return on plan assets                           | 8.00%                        | 8.00%                        |

<sup>1.</sup> Included in line item 'Payments to and provision for employees' of Schedule-16 Operating expenses.

Estimated rate of return on plan assets is based on the expected average long-term rate of return on investments of the Fund during the estimated term of the obligations.

#### Experience adjustment

Experience adjustment on plan assets Experience adjustment on plan liabilities

| Particulars   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Plan assets   | 8,559.0                      | 6,933.0                      | 6,570.7                      | 5,729.9                      | 5,530.5                      |
| Defined benefit obligations   | 8,701.8                      | 7,386.7                      | 6,754.6                      | 5,818.5                      | 5,643.1                      |
| Amount not recognised as an asset<br>(limit in para 59(b) of AS 15 on<br>'employee benefits') | _                            | _                            | _                            | _                            | _                            |
| Surplus/(deficit)   | (142.8)                      | (453.7)                      | (183.9)                      | (88.6)                       | (112.6)                      |

589.1

41.9

(29.5)

217.6

(345.7)

120.1

The estimates of future salary increases, considered in actuarial valuation, take into consideration inflation, seniority, promotion and other relevant factors.

454.5

125.2

#### Provident Fund (PF)

As there is no liability towards interest rate guarantee on exempt provident fund on the basis of actuarial valuation, the Bank has not made any provision for the year ended March 31, 2017 (March 31, 2016: Nil).

₹ in million

34.4

153.6



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The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for provident fund.

|   |                              | ₹ in million                 |
|---|------------------------------|------------------------------|
| Particulars   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Opening obligations   | 19,920.6                     | 17,746.8                     |
| Service cost  | 1,097.0                      | 925.4                        |
| Interest cost   | 1,549.2                      | 1,382.0                      |
| Actuarial (gain)/loss   | 252.8                        | 199.0                        |
| Employees contribution  | 2,116.6                      | 1,905.1                      |
| Liability transferred from/to other companies                           | 225.7                        | 120.1                        |
| Benefits paid   | (2,565.1)                    | (2,357.8)                    |
| Obligations at end of the year  | 22,596.8                     | 19,920.6                     |
| Opening plan assets   | 19,920.6                     | 17,746.8                     |
| Expected return on plan assets  | 1,828.8                      | 1,572.3                      |
| Actuarial gain/(loss)   | (26.8)                       | 8.7                          |
| Employer contributions  | 1,097.0                      | 925.4                        |
| Employees contributions   | 2,116.6                      | 1,905.1                      |
| Asset transferred from/to other companies                               | 225.7                        | 120.1                        |
| Benefits paid   | (2,565.1)                    | (2,357.8)                    |
| Closing plan assets   | 22,596.8                     | 19,920.6                     |
| Plan assets at the end of the year                                      | 22,596.8                     | 19,920.6                     |
| Present value of the defined benefit obligations at the end of the year | 22,596.8                     | 19,920.6                     |
| Asset/(liability)   | -                            | _                            |
| Cost <sup>1</sup>   |                              |                              |
| Service cost  | 1,097.0                      | 925.4                        |
| Interest cost   | 1,549.2                      | 1,382.0                      |
| Expected return on plan assets  | (1,828.8)                    | (1,572.3)                    |
| Actuarial (gain)/loss   | 279.6                        | 190.3                        |
| Net cost  | 1,097.0                      | 925.4                        |
| Actual return on plan assets  | 1,802.0                      | 1,581.0                      |
| Expected employer's contribution next year                              | 1,173.8                      | 990.1                        |
| Investment details of plan assets                                       |                              |                              |
| Government of India securities  | 43.38%                       | 41.55%                       |
| Corporate bonds   | 50.20%                       | 53.73%                       |
| Special deposit scheme  | 2.40%                        | 2.72%                        |
| Others  | 4.02%                        | 2.00%                        |
| Assumptions   |                              |                              |
| Discount rate   | 6.75%                        | 7.85%                        |
| Expected rate of return on assets                                       | 8.55%                        | 9.03%                        |
| Discount rate for the remaining term to maturity of investments         | 7.09%                        | 7.68%                        |
| Average historic yield on the investment                                | 8.89%                        | 8.68%                        |
| Guaranteed rate of return   | 8.65%                        | 8.75%                        |

<sup>1.</sup> Included in line item 'Payments to and provision for employees' of Schedule-16 Operating expenses.

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#### **Experience adjustment**

|   |                              |                              |                              | ₹ in million                 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| Particulars   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
| Plan assets   | 22,596.8                     | 19,920.6                     | 17,746.8                     | 15,689.8                     |
| Defined benefit obligations   | 22,596.8                     | 19,920.6                     | 17,746.8                     | 15,693.3                     |
| Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee benefits') | _                            | _                            | -                            | _                            |
| Surplus/(deficit)   | -                            | -                            | -                            | (3.5)                        |
| Experience adjustment on plan assets  | (26.8)                       | 8.7                          | 346.4                        | (150.5)                      |
| Experience adjustment on plan liabilities   | 252.8                        | 199.0                        | 322.3                        | (49.1)                       |

The Bank has contributed ₹ 1,823.6 million to provident fund for the year ended March 31, 2017 (March 31, 2016: ₹ 1,612.8 million), which includes compulsory contribution made towards employee pension scheme under Employees Provident Fund and Miscellaneous Provisions Act, 1952.

#### Superannuation Fund

The Bank has contributed ₹ 197.4 million for the year ended March 31, 2017 (March 31, 2016: ₹ 122.7 million) to Superannuation Fund for employees who had opted for the scheme.

#### National Pension Scheme (NPS)

The Bank has contributed ₹ 64.4 million for the year ended March 31, 2017 (March 31, 2016: ₹ 51.3 million) to NPS for employees who had opted for the scheme.

#### Compensated absence

The following table sets forth, for the periods indicated, movement in provision for compensated absence.

|                        |                              | ₹ in million                 |
|------------------------|------------------------------|------------------------------|
| Particulars            | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Cost <sup>1</sup>      | 728.9                        | 545.1                        |
| Assumptions            |                              |                              |
| Discount rate          | 6.75%                        | 7.85%                        |
| Salary escalation rate | 7.00%                        | 7.00%                        |

<sup>1.</sup> Included in line item 'Payments to and provision for employees' of Schedule-16 Operating expenses.

#### 39. AS 11 - Change in accounting of exchange gains/losses on repatriation of retained earnings from foreign branches

Effective from April 1, 2016, pursuant to RBI circular no. DBR.BP.BC.No.61/21.04.018/2016-17 dated April 18, 2017, the Bank does not recognise the proportionate amount of exchange differences in foreign currency translation reserve (FCTR) as income or expense, which relates to repatriation of accumulated profits from overseas operations. Accordingly for the year ended March 31, 2017, the Bank has not recognised an amount of ₹ 2,884.1 million as income, which relates to the repatriation of retained earnings from foreign branches during the current year.



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#### 40. Movement in provision for credit cards/debit cards/savings accounts and direct marketing agents reward points

The following table sets forth, for the periods indicated, movement in provision for credit cards/debit cards/savings accounts reward points.

|   |                              | ₹ in million                 |
|---|------------------------------|------------------------------|
| Particulars   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Opening provision for reward points                   | 1,417.5                      | 1,083.2                      |
| Provision for reward points made during the year      | 1,725.4                      | 1,535.1                      |
| Utilisation/write-back of provision for reward points | (1,515.6)                    | (1,200.8)                    |
| Closing provision for reward points <sup>1</sup>      | 1,627.3                      | 1,417.5                      |

<sup>1.</sup> The closing provision is based on the actuarial valuation of accumulated credit cards/debit cards/savings accounts reward points. This amount will be utilised towards redemption of the credit cards/debit cards/savings accounts reward points.

The following table sets forth, for the periods indicated, movement in provision for reward points to direct marketing agents.

|   |                              | ₹ in million                 |
|---|------------------------------|------------------------------|
| Particulars   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Opening provision for reward points                   | 168.1                        | 126.5                        |
| Provision for reward points made during the year      | 145.4                        | 133.7                        |
| Utilisation/write-back of provision for reward points | (112.0)                      | (92.1)                       |
| Closing provision for reward points                   | 201.5                        | 168.1                        |

#### 41. Provisions and contingencies

The following table sets forth, for the periods indicated, the break-up of provisions and contingencies included in profit and loss account.

|  |                              | ₹ in million                 |
|--|------------------------------|------------------------------|
| Particulars  | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Provisions for depreciation of investments                       | 6,088.2                      | 1,706.9                      |
| Provision towards non-performing and other assets <sup>1,3</sup> | 146,859.5                    | 72,156.7                     |
| Provision towards income tax                                     |                              |                              |
| - Current  | 21,801.2                     | 57,886.1                     |
| - Deferred   | (7,026.0)                    | (33,191.8)                   |
| Collective contingency and related reserve <sup>2</sup>          | -                            | 36,000.0                     |
| Other provisions and contingencies <sup>4</sup>                  | (866.3)                      | 6,814.6                      |
| Total provisions and contingencies                               | 166,856.6                    | 141,372.5                    |

<sup>1.</sup> Includes provision towards NPA amounting to ₹ 164,334.2 million (March 31, 2016: ₹ 64,019.9 million).

<sup>2.</sup> During the year ended March 31, 2016, the weak global economic environment, the sharp downturn in the commodity cycle and the gradual nature of the domestic economic recovery adversely impacted the borrowers in certain sectors like iron and steel, mining, power, rigs and cement. In view of the above, the Bank had on a prudent basis made a collective contingency and related reserve during the year ended March 31, 2016, amounting to ₹ 36,000 million towards exposures to these sectors. This was over and above provisions made for non-performing and restructured loans as per RBI guidelines.

<sup>3.</sup> The Bank has fully utilised an amount of ₹ 36,000.0 million from collective contingency and related reserve during the year ended March 31, 2017.

<sup>4.</sup> Includes reversal of general provision towards standard assets amounting to ₹ 3,392.4 million (March 31, 2016: provision made ₹ 2,970.1 million).

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The Bank has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of AS 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Bank recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

The following table sets forth, for the periods indicated, the movement in provision for legal and fraud cases, operational risk and other contingencies.

|                                |                | ₹ in million   |
|--------------------------------|----------------|----------------|
| Particulars                    | At             | At             |
| raticulars                     | March 31, 2017 | March 31, 2016 |
| Opening provision              | 6,146.6        | 3,978.0        |
| Movement during the year (net) | 1,714.7        | 2,168.6        |
| Closing provision              | 7,861.3        | 6,146.6        |

<sup>1.</sup> Excludes provision towards sundry expenses.

#### 42. Provision for income tax

The provision for income tax (including deferred tax) for the year ended March 31, 2017 amounted to ₹ 14,775.1 million (March 31, 2016: ₹ 24,694.3 million).

The Bank has a comprehensive system of maintenance of information and documents required by transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. The Bank is of the opinion that all transactions with international related parties and specified transactions with domestic related parties are primarily at arm's length so that the above legislation does not have material impact on the financial statements.

#### 43. Deferred tax

At March 31, 2017, the Bank has recorded net deferred tax assets of ₹ 54,722.3 million (March 31, 2016: ₹ 47,700.3 million), which have been included in other assets.

The following table sets forth, for the periods indicated, the break-up of deferred tax assets and liabilities into major items.

|   |                      | ₹ in million         |
|---|----------------------|----------------------|
| Particulars                                       | At<br>March 31, 2017 | At<br>March 31, 2016 |
| Deferred tax assets                               |                      |                      |
| Provision for bad and doubtful debts              | 78,109.5             | 68,974.1             |
| Capital loss                                      | -                    | _                    |
| Foreign currency translation reserve <sup>1</sup> | 5,721.3              | 5,877.5              |
| Others  | 4,565.4              | 4,458.7              |
| Total deferred tax assets                         | 88,396.2             | 79,310.3             |
| Deferred tax liabilities                          |                      |                      |
| Special Reserve deduction                         | 26,870.6             | 25,775.6             |
| Mark-to-market gains <sup>1</sup>                 | -                    | 610.1                |
| Depreciation on fixed assets                      | 5,243.7              | 5,224.3              |
| Interest on refund of taxes <sup>1</sup>          | 1,559.6              |                      |
| Others  | -                    | <u> </u>             |
| Total deferred tax liabilities                    | 33,673.9             | 31,610.0             |
| Total net deferred tax assets/(liabilities)       | 54,722.3             | 47,700.3             |

- 1. These items are considered in accordance with the requirements of Income Computation and Disclosure Standards (ICDS).
- 2. Tax rate of 34.608% is adopted based on Finance Act, 2017.



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During the year ended March 31, 2017, pursuant to the press release dated July 6, 2016 issued by the Ministry of Finance, the Bank has reversed the tax provision and corresponding deferred tax amounting to ₹ 4,624.1 million created for the year ended March 31, 2016 on account of ICDS. As the ICDS is applicable from the year ending March 31, 2017, the tax provision and deferred tax for the year ended March 31, 2017 have been computed after considering its impact.

#### 44. Details of provisioning pertaining to fraud accounts

The following table sets forth, for the periods indicated, the details of provisioning pertaining to fraud accounts.

₹ in million, except number of frauds

| Particulars   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|---|------------------------------|------------------------------|
| Number of frauds reported                           | 3,359                        | 5,670                        |
| Amount involved in frauds                           | 4,210.7                      | 3,622.8                      |
| Provision made <sup>1</sup>                         | 584.9                        | 1,212.4                      |
| Unamortised provision debited from 'other reserves' | -                            | _                            |

<sup>1.</sup> Excludes amount written off and interest reversal.

#### 45. Proposed dividend and issue of bonus shares

#### Proposed dividend - equity and preference shares

The Board of Directors at its meeting held on May 3, 2017 has recommended a dividend of ₹ 2.50 per equity share pre-bonus issue for the year ended March 31, 2017 (March 31, 2016: ₹ 5.00 per equity share). The declaration and payment of dividend is subject to requisite approvals.

The Board of Directors has also recommended a dividend of ₹ 100.00 per preference share for the year ended March 31, 2017 (March 31, 2016: ₹ 100.00 per preference share). The declaration and payment of dividend is subject to requisite approvals.

According to the revised AS 4 - 'Contingencies and events occurring after the balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not accounted for proposed dividend (including tax) as a liability for the year ended March 31, 2017. However, the Bank has reckoned proposed dividend in determining capital funds in computing capital adequacy ratio at March 31, 2017.

#### Proposal to issue bonus shares

The Board of Directors at its meeting held on May 3, 2017 approved issue of bonus shares, in the proportion of 1:10, i.e. 1 (One) bonus equity share of ₹ 2 each for every 10 (Ten) fully paid-up equity shares held (including shares underlying ADS) as on the record date, subject to approval by the Members of the Company. Subsequent to the bonus issue, the ratio of ADSs to equity shares will remain unaffected and each ADS after the bonus issue will continue to represent two equity share of par value of ₹ 2 per share.

#### 46. Dividend distribution tax

Dividend received from Indian subsidiaries, on which dividend distribution tax has been paid by them and dividend received from overseas subsidiaries, on which tax has been paid under section 115BBD of the Income Tax Act, 1961, have been reduced from dividend to be distributed by the Bank for the purpose of computation of dividend distribution tax as per section 115-O of the Income Tax Act, 1961.

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#### 47. Related Party Transactions

The Bank has transactions with its related parties comprising subsidiaries, associates/joint ventures/other related entities, key management personnel and relatives of key management personnel.

#### I. Related parties

#### Subsidiaries

ICICI Bank Canada, ICICI Bank UK PLC, ICICI Home Finance Company Limited, ICICI International Limited, ICICI Investment Management Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Prudential Asset Management Company Limited, ICICI Prudential Life Insurance Company Limited, ICICI Prudential Pension Funds Management Company Limited, ICICI Prudential Trust Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Securities Primary Dealership Limited, ICICI Trusteeship Services Limited and ICICI Venture Funds Management Company Limited.

#### Associates/joint ventures/other related entities

ICICI Merchant Services Private Limited, ICICI Strategic Investments Fund<sup>1</sup>, India Advantage Fund-III, India Advantage Fund-IV, India Infradebt Limited, I-Process Services (India) Private Limited, NIIT Institute of Finance, Banking and Insurance Training Limited, Comm Trade Services Limited and ICICI Foundation for Inclusive Growth.

1. Entity consolidated as per Accounting Standard (AS) 21 on 'Consolidated Financial Statements'.

ICICI Equity Fund, I-Ven Biotech Limited, Akzo Nobel India Limited and FINO PayTech Limited ceased to be related parties effective from December 31, 2015, March 31, 2016, April 30, 2016 and January 5, 2017 respectively.

#### Key management personnel

Ms. Chanda Kochhar, Mr. N. S. Kannan, Ms. Vishakha Mulye<sup>1</sup>, Mr. Vijay Chandok<sup>2</sup>, Mr. Anup Bagchi<sup>3</sup>, Mr. K. Ramkumar<sup>4</sup> and Mr. Rajiv Sabharwal<sup>5</sup>.

- 1. Identified as related party effective from January 19, 2016.
- 2. Identified as related party effective from July 28, 2016.
- 3. Identified as related party effective from February 1, 2017.
- 4. Mr. K. Ramkumar ceased to be the whole-time director of the Bank effective from April 30, 2016.
- 5. Mr. Rajiv Sabharwal ceased to be the whole-time director of the Bank effective from January 31, 2017.

#### Relatives of key management personnel

Mr. Deepak Kochhar, Mr. Arjun Kochhar, Ms. Aarti Kaji, Mr. Mahesh Advani, Ms. Rangarajan Kumudalakshmi, Ms. Aditi Kannan, Ms. Sudha Narayanan, Mr. Raghunathan Narayanan, Mr. Rangarajan Narayanan, Mr. Vivek Mulye<sup>1</sup>, Ms. Vriddhi Mulye<sup>1</sup>, Mr. Gauresh Palekar<sup>1</sup>, Ms. Shalaka Gadekar<sup>1</sup>, Ms. Manisha Palekar<sup>1</sup>, Ms. Poonam Chandok<sup>2</sup>, Ms. Saluni Chandok<sup>2</sup>, Ms. Simran Chandok<sup>2</sup>, Mr. C. V. Kumar<sup>2</sup>, Ms. Shad Kumar<sup>2</sup>, Ms. Sanjana Gulati<sup>2</sup>, Ms. Mitul Bagchi<sup>3</sup>, Mr. Aditya Bagchi<sup>3</sup>, Mr. Shishir Bagchi<sup>3</sup>, Ms. Jaya Ramkumar<sup>4</sup>, Mr. R. Shyam<sup>4</sup>, Ms. R. Suchithra<sup>4</sup>, Mr. K. Jayakumar<sup>4</sup>, Mr. R. Krishnaswamy<sup>4</sup>, Ms. J. Krishnaswamy<sup>4</sup>, Ms. Pushpa Muralidharan<sup>4</sup>, Ms. Malathi Vinod<sup>4</sup>, Ms. Sangeeta Sabharwal<sup>5</sup>, Mr. Kartik Sabharwal<sup>5</sup> and Mr. Arnav Sabharwal<sup>5</sup>.

- 1. Identified as related party effective from January 19, 2016.
- 2. Identified as related party effective from July 28, 2016.
- 3. Identified as related party effective from February 1, 2017.
- 4. Mr. K. Ramkumar ceased to be the whole-time director of the Bank effective from April 30, 2016.
- 5. Mr. Rajiv Sabharwal ceased to be the whole-time director of the Bank effective from January 31, 2017.



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#### II. Transactions with related parties

The following table sets forth, for the periods indicated, the significant transactions between the Bank and its related parties.

| Items   | Year ended<br>March 31, 2017            | Year ended<br>March 31, 2016 |
|---|---|------------------------------|
| Interest income   | 111111111111111111111111111111111111111 | 141011011, 2010              |
| Subsidiaries  | 691.9                                   | 1,037.5                      |
| Associates/joint venture/others                                     | 43.5                                    | 48.2                         |
| Key management personnel  | 10.7                                    | 1.6                          |
| Relatives of key management personnel                               | 0.2                                     | 0.8                          |
| Total   | 746.3                                   | 1,088.1                      |
| Fee, commission and other income                                    |   | .,                           |
| Subsidiaries  | 11,198.9                                | 9,009.8                      |
| Associates/joint venture/others                                     | 17.6                                    | 9.9                          |
| Key management personnel  | 0.2                                     | 0.01                         |
| Relatives of key management personnel                               | 0.0 <sup>1</sup>                        | 0.01                         |
| Total   | 11,216.7                                | 9,019.7                      |
| Commission income on guarantees issued                              |   | -,                           |
| Subsidiaries  | 25.5                                    | 38.1                         |
| Associates/joint venture/others                                     | 0.01                                    | 0.01                         |
| Key management personnel  | _                                       |                              |
| Relatives of key management personnel                               | _                                       | _                            |
| Total   | 25.5                                    | 38.1                         |
| Income on custodial services  |   |                              |
| Subsidiaries  | 10.4                                    | 11.3                         |
| Associates/joint venture/others                                     | 1.5                                     | 1.6                          |
| Key management personnel  | _                                       |                              |
| Relatives of key management personnel                               | _                                       | _                            |
| Total   | 11.9                                    | 12.9                         |
| Gain/(loss) on forex and derivative transactions (net) <sup>2</sup> |   |                              |
| Subsidiaries  | 478.6                                   | (848.3)                      |
| Associates/joint venture/others                                     | _                                       |                              |
| Key management personnel  | _                                       | _                            |
| Relatives of key management personnel                               | _                                       | _                            |
| Total   | 478.6                                   | (848.3)                      |
| Dividend income   |   | , ,                          |
| Subsidiaries  | 14,190.3                                | 15,352.1                     |
| Associates/joint venture/others                                     | _                                       | _                            |
| Key management personnel  | _                                       | _                            |
| Relatives of key management personnel                               | _                                       | _                            |
| Total   | 14,190.3                                | 15,352.1                     |
| Insurance claims received   |   | •                            |
| Subsidiaries  | 116.4                                   | 167.1                        |
| Associates/joint venture/others                                     | _                                       | _                            |
| Key management personnel  | _                                       | -                            |
| Relatives of key management personnel                               | _                                       | _                            |
| Total   | 116.4                                   | 167.1                        |

|   | ₹ in millio                  |                              |
|---|------------------------------|------------------------------|
| tems  | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Recovery of lease of premises, common corporate and facilities expenses   |                              |                              |
| Subsidiaries  | 1,474.9                      | 1,321.2                      |
| Associates/joint venture/others   | 64.5                         | 63.9                         |
| Key management personnel  | _                            | -                            |
| Relatives of key management personnel   | _                            | -                            |
| Total Control of the | 1,539.4                      | 1,385.1                      |
| ease of premises, common corporate and facilities expenses paid   |                              |                              |
| Subsidiaries  | 85.5                         | 92.6                         |
| Associates/joint venture/others   | _                            | -                            |
| Key management personnel  | _                            | _                            |
| Relatives of key management personnel   | _                            | _                            |
| Fotal   | 85.5                         | 92.6                         |
| Recovery for secondment of employees  |                              |                              |
| Subsidiaries  | 29.3                         | 57.0                         |
| Associates/joint venture/others   | 8.0                          | 7.7                          |
| Key management personnel  | _                            |                              |
| Relatives of key management personnel   | _                            |                              |
| Total   | 37.3                         | 64.7                         |
| Reimbursement of expenses from related parties  | 37.3                         | 04.7                         |
| Subsidiaries  | 1.6                          | 4.2                          |
|   | 1.0                          | 4.2                          |
| Associates/joint venture/others   | -                            |                              |
| Key management personnel  | -                            |                              |
| Relatives of key management personnel   | - 1.0                        |                              |
| Total   | 1.6                          | 4.2                          |
| nterest expenses  | 200.0                        | 100.0                        |
| Subsidiaries  | 339.3                        | 402.9                        |
| Associates/joint venture/others   | 15.6                         | 102.6                        |
| Key management personnel  | 6.7                          | 3.8                          |
| Relatives of key management personnel   | 2.9                          | 3.0                          |
| Total   | 364.5                        | 512.3                        |
| Remuneration to whole-time directors <sup>3</sup>   |                              |                              |
| Subsidiaries  | -                            |                              |
| Associates/joint venture/others   | -                            |                              |
| Key management personnel  | 223.5                        | 219.0                        |
| Relatives of key management personnel   | _                            | _                            |
| Total   | 223.5                        | 219.0                        |
| Reimbursement of expenses to related parties  |                              |                              |
| Subsidiaries  | 543.5                        | 108.1                        |
| Associates/joint venture/others   | 0.2                          |                              |
| Key management personnel  | -                            | _                            |
| Relatives of key management personnel   | _                            | _                            |
| Total .   | 543.7                        | 108.1                        |
| nsurance premium paid   |                              |                              |
| Subsidiaries  | 1,830.5                      | 1,406.8                      |
| Associates/joint venture/others   | _                            |                              |
| Key management personnel  | _                            | _                            |



|  | Year ended     | ₹ in million<br>Year ended |
|--|----------------|----------------------------|
| Items  | March 31, 2017 | March 31, 2016             |
| Relatives of key management personnel                                | -              | _                          |
| Total  | 1,830.5        | 1,406.8                    |
| Brokerage, fee and other expenses                                    |                |                            |
| Subsidiaries   | 951.7          | 786.0                      |
| Associates/joint venture/others                                      | 5,919.6        | 5,248.6                    |
| Key management personnel   | _              | _                          |
| Relatives of key management personnel                                | _              | _                          |
| Total  | 6,871.3        | 6,034.6                    |
| Donation given   | ·              | ·                          |
| Subsidiaries   | _              | _                          |
| Associates/joint venture/others                                      | 475.0          | 450.0                      |
| Key management personnel   | _              |                            |
| Relatives of key management personnel                                | _              |                            |
| Total  | 475.0          | 450.0                      |
| Dividend paid  | 176.0          | 100.0                      |
| Subsidiaries   | _              |                            |
| Associates/joint venture/others                                      | _              | _                          |
| Key management personnel   | 17.7           | 13.8                       |
| Relatives of key management personnel                                | 0.01           | 0.01                       |
| Total  | 17.7           | 13.8                       |
| Purchase of investments  | 17.7           | 10.0                       |
| Subsidiaries   | 7,074.0        | 9,506.5                    |
| Associates/joint venture/others                                      | 7,074.0        | 9,500.5                    |
|  |                |                            |
| Key management personnel   |                |                            |
| Relatives of key management personnel                                | 7,074.0        | 0 F06 F                    |
| Total  | 7,074.0        | 9,506.5                    |
| Investment in certificate of deposits (CDs)/bonds issued by the Bank | F 040 0        |                            |
| Subsidiaries   | 5,018.9        |                            |
| Associates/joint venture/others                                      | -              |                            |
| Key management personnel   | _              |                            |
| Relatives of key management personnel                                |                |                            |
| Total  | 5,018.9        |                            |
| Investments in the securities issued by related parties              |                |                            |
| Subsidiaries   | _              | _                          |
| Associates/joint venture/others                                      | 5,779.5        |                            |
| Key management personnel   | -              |                            |
| Relatives of key management personnel                                | -              | _                          |
| <u>Total</u>   | 5,779.5        |                            |
| Sale of investments  |                |                            |
| Subsidiaries   | 15,486.1       | 5,146.7                    |
| Associates/joint venture/others                                      | -              | -                          |
| Key management personnel   | -              | _                          |
| Relatives of key management personnel                                | -              | _                          |
| Total  | 15,486.1       | 5,146.7                    |
| Redemption/buyback of securities                                     |                |                            |
| Subsidiaries   | 5,862.2        | 7,023.2                    |

| Items                                 | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|---------------------------------------|------------------------------|------------------------------|
| Associates/joint venture/others       | 566.1                        | 587.8                        |
| Key management personnel              | _                            | _                            |
| Relatives of key management personnel | _                            | _                            |
| Total                                 | 6,428.3                      | 7,611.0                      |
| Purchase of loans                     |                              |                              |
| Subsidiaries                          | _                            | 5,650.3                      |
| Associates/joint venture/others       | _                            | _                            |
| Key management personnel              | _                            | _                            |
| Relatives of key management personnel | _                            | _                            |
| Total                                 | _                            | 5,650.3                      |
| Funded risk participation             |                              |                              |
| Subsidiaries                          | _                            | 6,876.2                      |
| Associates/joint venture/others       | _                            | _                            |
| Key management personnel              | _                            | -                            |
| Relatives of key management personnel | _                            | -                            |
| Total                                 | _                            | 6,876.2                      |
| Unfunded risk participation           |                              |                              |
| Subsidiaries                          | 2,075.2                      | 588.0                        |
| Associates/joint venture/others       | _                            | _                            |
| Key management personnel              | -                            | _                            |
| Relatives of key management personnel | _                            | -                            |
| Total                                 | 2,075.2                      | 588.0                        |
| Sale of loans                         |                              |                              |
| Subsidiaries                          | _                            | 2,091.2                      |
| Associates/joint venture/others       | -                            | _                            |
| Key management personnel              | _                            | _                            |
| Relatives of key management personnel | -                            | _                            |
| Total                                 | _                            | 2,091.2                      |
| Purchase of fixed assets              |                              |                              |
| Subsidiaries                          | 10.8                         | 2.0                          |
| Associates/joint venture/others       | _                            | _                            |
| Key management personnel              | -                            | -                            |
| Relatives of key management personnel | _                            | _                            |
| Total                                 | 10.8                         | 2.0                          |
| Sale of fixed assets                  |                              |                              |
| Subsidiaries                          | 1.2                          | 0.1                          |
| Associates/joint venture/others       | _                            | _                            |
| Key management personnel              | _                            | _                            |
| Relatives of key management personnel | _                            | _                            |
| Total                                 | 1.2                          | 0.1                          |

<sup>1.</sup> Insignificant amount.

<sup>2.</sup> The Bank undertakes derivative transactions with its subsidiaries, associates, joint ventures and other related entities. The Bank manages its foreign exchange and interest rate risks arising from these transactions by covering them in the market. While the Bank within its overall position limits covers these transactions in the market, the above amounts represent only the transactions with its subsidiaries, associates, joint ventures and other related entities and not the offsetting/covering transactions.

<sup>3.</sup> Excludes the perquisite value on account of employee stock options exercised.



forming part of the Accounts (Contd.)

#### III. Material transactions with related parties

The following table sets forth, for the periods indicated, the material transactions between the Bank and its related parties. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

|        |   |                              | ₹ in million                 |
|--------|---|------------------------------|------------------------------|
| Partic | ulars   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Intere | est income  |                              |                              |
| 1 10   | CICI Home Finance Company Limited                                   | 558.7                        | 721.9                        |
| 2 10   | CICI Securities Primary Dealership Limited                          | 89.3                         | 61.1                         |
| 3 10   | CICI Venture Funds Management Company Limited                       | 35.5                         | 161.0                        |
| Fee, o | commission and other income   |                              |                              |
| 1 10   | CICI Prudential Life Insurance Company Limited                      | 9,675.3                      | 7,712.4                      |
| Comi   | mission income on guarantees issued                                 |                              |                              |
| 1 10   | CICI Bank UK PLC  | 24.1                         | 36.2                         |
| Incon  | ne on custodial services  |                              |                              |
| 1 10   | CICI Prudential Asset Management Company Limited                    | 8.1                          | 8.8                          |
| 2 10   | CICI Securities Primary Dealership Limited                          | 2.3                          | 2.5                          |
| Gain   | (loss) on forex and derivative transactions (net) <sup>1</sup>      |                              |                              |
|        | CICI Bank UK PLC  | 825.0                        | (1,097.4)                    |
| 2 10   | CICI Securities Primary Dealership Limited                          | (258.0)                      | 6.8                          |
|        | CICI Home Finance Company Limited                                   | (113.1)                      | (41.5)                       |
|        | CICI Bank Canada  | (1.8)                        | 245.5                        |
| Divid  | end income  |                              |                              |
| 1 10   | CICI Prudential Life Insurance Company Limited                      | 5,449.1                      | 8,744.0                      |
|        | CICI Securities Primary Dealership Limited                          | 2,782.9                      | 1,219.5                      |
|        | CICI Securities Limited   | 2,050.3                      | 1,610.7                      |
| 4 10   | CICI Prudential Asset Management Company Limited                    | 1,629.5                      | 540.2                        |
|        | ance claims received  | ,                            |                              |
|        | CICI Prudential Life Insurance Company Limited                      | 85.1                         | 94.1                         |
|        | CICI Lombard General Insurance Company Limited                      | 31.3                         | 73.0                         |
|        | very of lease of premises, common corporate and facilities expenses |                              |                              |
|        | CICI Home Finance Company Limited                                   | 346.7                        | 332.3                        |
|        | CICI Bank UK PLC  | 275.2                        | 180.2                        |
|        | CICI Securities Limited   | 269.8                        | 247.6                        |
| 4 10   | CICI Lombard General Insurance Company Limited                      | 201.3                        | 201.2                        |
|        | CICI Prudential Life Insurance Company Limited                      | 183.7                        | 187.9                        |
|        | e of premises, common corporate and facilities expenses paid        |                              |                              |
|        | CICI Venture Funds Management Company Limited                       | 66.5                         | 68.4                         |
|        | CICI Home Finance Company Limited                                   | 10.5                         | 8.5                          |
|        | CICI Securities Limited   | 5.8                          | 13.3                         |
|        | very for secondment of employees                                    |                              |                              |
|        | CICI Investment Management Company Limited                          | 17.6                         | 44.0                         |
|        | CICI Securities Limited   | 9.8                          | 10.1                         |
|        | Process Services (India) Private Limited                            | 8.0                          | 7.5                          |
|        | bursement of expenses from related parties                          |                              |                              |
|        | CICI Home Finance Company Limited                                   | 1.4                          | 2.7                          |
|        | CICI Bank Canada  | 0.1                          | 0.7                          |

| Particulars  | Year ended     | ₹ in million<br>Year ended |
|--|----------------|----------------------------|
| 2. 101011  | March 31, 2017 | March 31, 2016             |
| 3 ICICI Lombard General Insurance Company Limited                    | _              | 0.8                        |
| Interest expenses  | 200.0          |                            |
| 1 ICICI Securities Limited   | 218.4          | 351.7                      |
| 2 ICICI Prudential Life Insurance Company Limited                    | 93.5           | 23.2                       |
| 3 India Infradebt Limited  | 11.1           | 88.0                       |
| Remuneration to whole-time directors <sup>3</sup>                    |                |                            |
| 1 Ms. Chanda Kochhar   | 58.7           | 68.8                       |
| 2 Mr. N. S. Kannan   | 40.7           | 47.2                       |
| 3 Ms. Vishakha Mulye³  | 36.7           | 10.1                       |
| 4 Mr. Vijay Chandok⁴   | 26.1           | N.A.                       |
| 5 Mr. Anup Bagchi <sup>5</sup>                                       | 8.5            | N.A.                       |
| 6 Mr. K. Ramkumar <sup>6</sup>                                       | 11.1           | 48.1                       |
| 7 Mr. Rajiv Sabharwal <sup>7</sup>                                   | 41.7           | 44.8                       |
| Reimbursement of expenses to related parties                         |                |                            |
| 1 ICICI Prudential Life Insurance Company Limited                    | 509.9          |                            |
| 2 ICICI Bank UK PLC  | 30.9           | 102.6                      |
| Insurance premium paid   |                |                            |
| 1 ICICI Lombard General Insurance Company Limited                    | 1,271.0        | 1,180.3                    |
| 2 ICICI Prudential Life Insurance Company Limited                    | 559.5          | 226.5                      |
| Brokerage, fee and other expenses                                    |                |                            |
| 1 I-Process Services (India) Private Limited                         | 3,572.8        | 2,830.9                    |
| 2 ICICI Merchant Services Private Limited                            | 2,318.4        | 2,341.3                    |
| 3 ICICI Home Finance Company Limited                                 | 403.6          | 652.5                      |
| Donation given   |                |                            |
| 1 ICICI Foundation for Inclusive Growth                              | 475.0          | 450.0                      |
| Dividend paid  |                |                            |
| 1 Ms. Chanda Kochhar   | 11.7           | 11.1                       |
| 2 Mr. N. S. Kannan   | 2.1            | 2.1                        |
| 3 Ms. Vishakha Mulye <sup>3</sup>                                    | 2.6            | 2.1                        |
| 4 Mr. Vijay Chandok <sup>4</sup>                                     | 2.0            | <br>N.A.                   |
| 5 Mr. Anup Bagchi <sup>5</sup>                                       | _              | N.A.                       |
| 6 Mr. Rajiv Sabharwal <sup>7</sup>                                   | 1.4            | 0.6                        |
| Purchase of investments  | 1.4            | 0.0                        |
|  | 4.005.0        | 2 222 2                    |
| 1 ICICI Prudential Life Insurance Company Limited                    | 4,685.2        | 2,332.2                    |
| 2 ICICI Securities Primary Dealership Limited                        | 2,124.0        | 2,936.7                    |
| 3 ICICI Bank UK PLC  | _              | 4,237.6                    |
| Investment in certificate of deposits (CDs)/bonds issued by the Bank |                |                            |
| 1 ICICI Prudential Life Insurance Company Limited                    | 3,250.0        | _                          |
| 2 ICICI Bank UK PLC  | 1,018.9        | _                          |
| 3 ICICI Securities Primary Dealership Limited                        | 750.0          |                            |
| Investments in the securities issued by related parties              |                |                            |
| 1 India Infradebt Limited  | 5,779.5        | -                          |
| Sale of investments  |                |                            |
| 1 ICICI Prudential Life Insurance Company Limited                    | 10,700.3       | 845.8                      |
| 2 ICICI Securities Primary Dealership Limited                        | 2,512.4        | _                          |



forming part of the Accounts (Contd.)

|   |                              | ₹ in million                 |
|---|------------------------------|------------------------------|
| Particulars   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| 3 ICICI Lombard General Insurance Company Limited   | 2,273.4                      | 2,942.9                      |
| 4 ICICI Securities Limited                          | -                            | 1,358.0                      |
| Redemption/buyback of securities                    |                              |                              |
| 1 ICICI Bank Canada                                 | 5,862.2                      | 7,023.2                      |
| Purchase of loans                                   |                              |                              |
| 1 ICICI Bank UK PLC                                 | -                            | 5,650.3                      |
| Funded risk participation                           |                              |                              |
| 1 ICICI Bank UK PLC                                 | -                            | 6,876.2                      |
| Unfunded risk participation                         |                              |                              |
| 1 ICICI Bank UK PLC                                 | 2,075.2                      | _                            |
| 2 ICICI Bank Canada                                 | -                            | 588.0                        |
| Sale of loans                                       |                              |                              |
| 1 ICICI Bank UK PLC                                 | -                            | 2,091.2                      |
| Purchase of fixed assets                            |                              |                              |
| 1 ICICI Securities Limited                          | 4.3                          | 1.8                          |
| 2 ICICI Securities Primary Dealership Limited       | 4.0                          | _                            |
| 3 ICICI Prudential Life Insurance Company Limited   | 1.9                          | -                            |
| 4 ICICI Prudential Asset Management Company Limited | 0.5                          | -                            |
| Sale of fixed assets                                |                              | ·                            |
| 1 ICICI Securities Limited                          | 1.2                          | -                            |
| 2 ICICI Prudential Asset Management Company Limited | -                            | 0.1                          |

<sup>1.</sup> The Bank undertakes derivative transactions with its subsidiaries, associates, joint ventures and other related entities. The Bank manages its foreign exchange and interest rate risks arising from these transactions by covering them in the market. While the Bank within its overall position limits covers these transactions in the market, the above amounts represent only the transactions with its subsidiaries, associates, joint ventures and other related entities and not the offsetting/covering transactions.

- 2. Excludes the perquisite value on account of employee stock options exercised.
- 3. Identified as related party effective from January 19, 2016.
- 4. Identified as related party effective from July 28, 2016.
- 5. Identified as related party effective from February 1, 2017.
- 6. Mr. K. Ramkumar ceased to be the whole-time director of the Bank effective from April 30, 2016.
- 7. Mr. Rajiv Sabharwal ceased to be the whole-time director of the Bank effective from January 31, 2017.

#### IV. Related party outstanding balances

The following table sets forth, for the periods indicated, the balance payable to/receivable from related parties.

|                                       |               | ₹ in million   |
|---------------------------------------|---------------|----------------|
| Itama                                 | At            | At             |
| Items                                 | March 31,2017 | March 31, 2016 |
| Deposits with the Bank                |               |                |
| Subsidiaries                          | 5,069.8       | 6,621.8        |
| Associates/joint venture/others       | 3,749.2       | 1,004.4        |
| Key management personnel              | 145.2         | 35.8           |
| Relatives of key management personnel | 56.2          | 63.6           |
| Total                                 | 9,020.4       | 7,725.6        |

|  | At            | ₹ in million<br>At |
|--|---------------|--------------------|
| Items                                      | March 31,2017 | March 31, 2016     |
| Investments of related parties in the Bank |               |                    |
| Subsidiaries                               | 3,522.8       | 250.0              |
| Associates/joint venture/others            | _             | _                  |
| Key management personnel                   | 6.6           | 7.2                |
| Relatives of key management personnel      | 0.01          | 0.01               |
| Total                                      | 3,529.4       | 257.2              |
| Call/term money borrowed                   |               |                    |
| Subsidiaries                               | _             | -                  |
| Associates/joint venture/others            | -             | -                  |
| Key management personnel                   | -             | _                  |
| Relatives of key management personnel      | -             | -                  |
| Total                                      | _             | _                  |
| Reverse repurchase                         |               |                    |
| Subsidiaries                               | -             | -                  |
| Associates/joint venture/others            | _             | _                  |
| Key management personnel                   | _             | _                  |
| Relatives of key management personnel      | -             | -                  |
| Total                                      | -             | _                  |
| Payables <sup>2</sup>                      |               |                    |
| Subsidiaries                               | 9.0           | 297.5              |
| Associates/joint venture/others            | 729.4         | 676.7              |
| Key management personnel                   | 0.01          | _                  |
| Relatives of key management personnel      | 0.01          | _                  |
| Total                                      | 738.4         | 974.2              |
| Deposits of the Bank                       |               |                    |
| Subsidiaries                               | 540.0         | 250.5              |
| Associates/joint venture/others            | _             | _                  |
| Key management personnel                   | _             | _                  |
| Relatives of key management personnel      | -             | _                  |
| Total                                      | 540.0         | 250.5              |
| Call/term money lent                       |               |                    |
| Subsidiaries                               | _             | 1,650.0            |
| Associates/joint venture/others            | _             |                    |
| Key management personnel                   | _             | _                  |
| Relatives of key management personnel      | _             | _                  |
| Total                                      | _             | 1,650.0            |
| Investments of the Bank                    |               |                    |
| Subsidiaries                               | 103,222.4     | 110,282.0          |
| Associates/joint venture/others            | 4,326.8       | 2,914.3            |
| Key management personnel                   | -,-1010       | _,_,               |
| Relatives of key management personnel      | _             | _                  |
| Total                                      | 107,549.2     | 113,196.3          |
| Advances                                   | ,             | ,                  |
| Subsidiaries                               | 4,784.8       | 6,749.4            |
| Associates/joint venture/others            |               | 0.4                |



|  |                        | ₹ in million           |
|--|------------------------|------------------------|
| Items  | At                     | At<br>March 21, 2016   |
| Key management personnel   | March 31,2017<br>204.0 | March 31, 2016<br>54.7 |
|  | 0.9                    | 7.9                    |
| Relatives of key management personnel  Total                     | 4.989.7                | 6.812.4                |
| Receivables <sup>2</sup>   | 4,303.7                | 0,012.4                |
|  | 4 202 0                | 715.0                  |
| Subsidiaries   | 1,292.9                | 715.2                  |
| Associates/joint venture/others                                  | 5.9                    | 1.2                    |
| Key management personnel   | -                      |                        |
| Relatives of key management personnel                            | -                      |                        |
| Total  | 1,298.8                | 716.4                  |
| Guarantees/letters of credit/indemnity given by the Bank         |                        |                        |
| Subsidiaries   | 11,674.6               | 15,113.5               |
| Associates/joint venture/others                                  | 7.7                    | 0.5                    |
| Key management personnel   | -                      |                        |
| Relatives of key management personnel                            | _                      |                        |
| Total  | 11,682.3               | 15,114.0               |
| Guarantees/letters of credit/indemnity issued by related parties |                        |                        |
| Subsidiaries   | 3,862.0                | 1,852.6                |
| Associates/joint venture/others                                  | -                      | _                      |
| Key management personnel   | -                      | _                      |
| Relatives of key management personnel                            | _                      | _                      |
| Total  | 3,862.0                | 1,852.6                |
| Swaps/forward contracts (notional amount)                        |                        |                        |
| Subsidiaries   | 288,432.8              | 152,219.8              |
| Associates/joint venture/others                                  | _                      | _                      |
| Key management personnel   | -                      | _                      |
| Relatives of key management personnel                            | _                      | _                      |
| Total  | 288,432.8              | 152,219.8              |
| Unfunded risk participation                                      | ,                      | <u> </u>               |
| Subsidiaries   | 2,070.0                |                        |
| Associates/joint venture/others                                  | _                      | _                      |
| Key management personnel   | _                      |                        |
| Relatives of key management personnel                            | _                      | _                      |
| Total  | 2,070.0                | _                      |

- 1. Insignificant amount.
- 2. Excludes mark-to-market on outstanding derivative transactions.
- 3. At March 31, 2017, 31,201,400 (March 31, 2016: 29,811,500) employee stock options for key management personnel were outstanding.
- 4. During the year ended March 31, 2017, 1,014,300 (March 31, 2016: 723,500) employee stock options with total exercise price of ₹ 170.9 million (March 31, 2016: ₹ 75.3 million) were exercised by key management personnel.

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#### V. Related party maximum balances

The following table sets forth, for the periods indicated, the maximum balance payable to/receivable from related parties.

|   |                | ₹ in million   |
|---|----------------|----------------|
| Items   | Year ended     | Year ended     |
|   | March 31, 2017 | March 31, 2016 |
| Deposits with the Bank                                  |                |                |
| Subsidiaries  | 40,191.5       | 10,297.2       |
| Associates/joint venture/others                         | 5,258.0        | 3,656.0        |
| Key management personnel                                | 293.7          | 192.8          |
| Relatives of key management personnel                   | 62.3           | 93.7           |
| Total   | 45,805.5       | 14,239.7       |
| Investments of related parties in the Bank <sup>1</sup> |                |                |
| Subsidiaries  | 5,068.9        | 1,615.0        |
| Associates/joint venture/others                         | -              | _              |
| Key management personnel                                | 7.1            | 7.2            |
| Relatives of key management personnel                   | 0.02           | 0.02           |
| Total   | 5,076.0        | 1,622.2        |
| Call/term money borrowed                                |                |                |
| Subsidiaries  | _              | _              |
| Associates/joint venture/others                         | _              | _              |
| Key management personnel                                | _              | -              |
| Relatives of key management personnel                   | _              | -              |
| Total   | -              | -              |
| Reverse repurchase                                      |                |                |
| Subsidiaries  | _              | _              |
| Associates/joint venture/others                         | _              | _              |
| Key management personnel                                | _              | _              |
| Relatives of key management personnel                   | _              | _              |
| Total   | _              | _              |
| Payables <sup>1,3</sup>                                 |                |                |
| Subsidiaries  | 232.7          | 4,458.5        |
| Associates/joint venture/others                         | 729.4          | 793.2          |
| Key management personnel                                | 0.1            |                |
| Relatives of key management personnel                   | 0.02           | _              |
| Total   | 962.2          | 5,251.7        |
| Deposits of the Bank                                    |                | ·              |
| Subsidiaries  | 1,778.7        | 1,503.6        |
| Associates/joint venture/others                         | _              |                |
| Key management personnel                                | _              |                |
| Relatives of key management personnel                   | _              |                |
| Total   | 1,778.7        | 1,503.6        |
| Call/term money lent                                    | .,,,,,,        | .,             |
| Subsidiaries  | 10,000.0       | 8,000.0        |
| Associates/joint venture/others                         | -              |                |
| Key management personnel                                |                |                |
| Relatives of key management personnel                   | _              | _              |
| Total   | 10,000.0       | 8,000.0        |



| Items   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|---|------------------------------|------------------------------|
| Investments of the Bank   |                              |                              |
| Subsidiaries  | 110,374.0                    | 118,324.3                    |
| Associates/joint venture/others   | 4,326.9                      | 3,656.9                      |
| Key management personnel  | _                            | _                            |
| Relatives of key management personnel   | _                            | _                            |
| Total   | 114,700.9                    | 121,981.2                    |
| Advances  |                              |                              |
| Subsidiaries  | 14,157.5                     | 13,375.4                     |
| Associates/joint venture/others   | 0.2                          | 0.9                          |
| Key management personnel  | 206.7                        | 55.3                         |
| Relatives of key management personnel   | 8.6                          | 15.0                         |
| Total   | 14,373.0                     | 13,446.6                     |
| Receivables <sup>3</sup>  |                              | ,                            |
| Subsidiaries  | 1,681.5                      | 1,397.5                      |
| Associates/joint venture/others   | 69.7                         | 337.5                        |
| Key management personnel  | _                            | _                            |
| Relatives of key management personnel   | _                            | _                            |
| Total   | 1,751.2                      | 1,735.0                      |
| Guarantees/letters of credit/indemnity given by the Bank                      | ,                            | <u> </u>                     |
| Subsidiaries  | 15,167.0                     | 15,558.1                     |
| Associates/joint venture/others   | 7.7                          | 0.7                          |
| Key management personnel  | -                            |                              |
| Relatives of key management personnel   | _                            |                              |
| Total   | 15,174.7                     | 15,558.8                     |
| Guarantees/letters of credit/indemnity issued by related parties <sup>1</sup> | 10/17 117                    | ,                            |
| Subsidiaries  | 3,862.0                      | 3,481.6                      |
| Associates/joint venture/others   | -                            |                              |
| Key management personnel  | _                            |                              |
| Relatives of key management personnel   | _                            | _                            |
| Total   | 3,862.0                      | 3,481.6                      |
| Swaps/forward contracts (notional amount)                                     | 0,002.0                      | 5,101.0                      |
| Subsidiaries  | 303,545.4                    | 263,138.1                    |
| Associates/joint venture/others   |                              | 200,100.1                    |
| Key management personnel  |                              |                              |
| Relatives of key management personnel   |                              |                              |
| Total   | 303,545.4                    | 263,138.1                    |
| Unfunded risk participation   | 303,040.4                    | 203, 130.1                   |
| Subsidiaries  | 2.075.2                      | 587.3                        |
| Associates/joint venture/others   | 2,075.2                      | 567.3                        |
| · · · · · · · · · · · · · · · · · · ·   | -                            | _                            |
| Key management personnel  | _                            | _                            |
| Relatives of key management personnel   | 2.075.0                      | -                            |
| Total   | 2,075.2                      | 587.3                        |

<sup>1.</sup> Maximum balance is determined based on comparison of the total outstanding balances at each quarter end during the financial year.

<sup>2.</sup> Insignificant amount.

<sup>3.</sup> Excludes mark-to-market on outstanding derivative transactions.

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#### Letters of comfort

The Bank has issued letters of comfort on behalf of its banking subsidiary ICICI Bank UK PLC to Financial Services Authority, UK (now split into two separate regulatory authorities, the Prudential Regulation Authority and the Financial Conduct Authority) to confirm that the Bank intends to financially support ICICI Bank UK PLC in ensuring that it meets all of its financial obligations as they fall due.

The Bank has issued an undertaking on behalf of ICICI Securities Inc. for Singapore dollar 10.0 million (currently equivalent to ₹ 464.1 million) to the Monetary Authority of Singapore (MAS) and has executed indemnity agreement on behalf of ICICI Bank Canada to its independent directors for a sum not exceeding Canadian dollar 2.5 million each (currently equivalent to ₹ 121.5 million), aggregating to Canadian dollar 17.5 million (currently equivalent to ₹ 850.4 million). The aggregate amount of ₹ 1,314.5 million at March 31, 2017 (March 31, 2016: ₹ 1,389.2 million) is included in the contingent liabilities.

The letters of comfort in the nature of letters of awareness that were outstanding at March 31, 2017 issued by the Bank on behalf of its subsidiaries in respect of their borrowings made or proposed to be made, aggregated to ₹ 12,363.0 million (March 31, 2016: ₹ 12,486.1 million). During the year ended March 31, 2017, borrowings pertaining to letters of comfort aggregating ₹ 123.1 million were repaid.

In addition to the above, the Bank has also issued letters of comfort in the nature of letters of awareness on behalf of its subsidiaries for other incidental business purposes. These letters of awareness are in the nature of factual statements or confirmation of facts and do not create any financial impact on the Bank.

#### 48. Details of amount transferred to The Depositor Education and Awareness Fund (the Fund) of RBI

The following table sets forth, for the periods indicated, the movement in amount transferred to the Fund.

|   |                      | ₹ in million         |
|---|----------------------|----------------------|
| Particulars   | At<br>March 31, 2017 | At<br>March 31, 2016 |
| Opening balance   | 3,584.1              | 2,575.8              |
| Amounts transferred during the year                           | 1,346.0              | 1,054.7              |
| Amounts reimbursed by the Fund towards claims during the year | (88.9)               | (46.4)               |
| Closing balance   | 4,841.2              | 3,584.1              |

#### 49. Small and micro enterprises

The following table sets forth, for the periods indicated, details relating to enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

|  | mil |  |
|--|-----|--|
|  |     |  |
|  |     |  |
|  |     |  |

| Sr. | Particulars -  | At March 31, 2017 |          | At March 31, 2016 |          |
|-----|--|-------------------|----------|-------------------|----------|
| No. | raiticulais  | Principal         | Interest | Principal         | Interest |
| 1.  | The Principal amount and the interest due thereon remaining unpaid to any supplier   | -                 | _        | _                 | _        |
| 2.  | The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date   | -                 | _        | 0.4               | 0.01     |
| 3.  | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006  | _                 | _        | _                 | _        |
| 4.  | The amount of interest accrued and remaining unpaid  | -                 | _        | _                 | _        |
| 5.  | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23 | _                 | _        | _                 | _        |



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#### 50. Penalties/fines imposed by RBI and other banking regulatory bodies

The penalty imposed by RBI and other banking regulatory bodies during the year ended March 31, 2017 was Nil (March 31, 2016: Nil).

#### 51. Disclosure on Remuneration

Compensation Policy and practices

#### (A) Qualitative Disclosures

#### a) Information relating to the bodies that oversee remuneration.

Name, composition and mandate of the main body overseeing remuneration

The Board Governance, Remuneration and Nomination Committee (BGRNC/ Committee) is the body which oversees the remuneration aspects. The functions of the Committee include recommending appointments of Directors to the Board, identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommending to the Board their appointment and removal, formulate a criteria for the evaluation of the performance of the whole time/ independent Directors and the Board and to extend or continue the term of appointment of independent Director on the basis of the report of performance evaluation of independent Directors, recommending to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees, recommending to the Board the remuneration (including performance bonus and perquisites) to wholetime Directors (WTDs), commission and fee payable to non- executive Directors subject to applicable regulations, approving the policy for and quantum of bonus payable to members of the staff including senior management and key managerial personnel, formulating the criteria for determining qualifications, positive attributes and independence of a Director, framing policy on Board diversity, framing guidelines for the Employee Stock Option Scheme (ESOS) and decide on the grant of the Bank's stock options to employees and WTDs of the Bank and its subsidiary companies.

 External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process

The Bank did not take advice from an external consultant on any area of remuneration during the year ended March 31, 2017.

Scope of the Bank's remuneration policy (eg. by regions, business lines), including the extent to which it
is applicable to foreign subsidiaries and branches

The Compensation Policy of the Bank, as last amended and approved by the BGRNC and the Board at their meeting held on April 28, 2016, pursuant to the guidelines issued by RBI, covers all employees of the Bank, including those in overseas branches of the Bank. In addition to the Bank's Compensation Policy guidelines, the overseas branches also adhere to relevant local regulations.

• Type of employees covered and number of such employees

All employees of the Bank are governed by the Compensation Policy. The total number of permanent employees of the Bank at March 31, 2017 was 81,129.

#### b) Information relating to the design and structure of remuneration processes.

Key features and objectives of remuneration policy

The Bank has under the guidance of the Board and the BGRNC, followed compensation practices intended to drive meritocracy within the framework of prudent risk management. This approach has been incorporated in the Compensation Policy, the key elements of which are given below.

 Effective governance of compensation: The BGRNC has oversight over compensation. The Committee defines Key Performance Indicators (KPIs) for WTDs and equivalent positions and the organisational performance norms for bonus based on the financial and strategic plan approved

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by the Board. The KPIs include both quantitative and qualitative aspects. The BGRNC assesses organisational performance as well as the individual performance for WTDs and equivalent positions. Based on its assessment, it makes recommendations to the Board regarding compensation for WTDs and equivalent positions and bonus for employees, including senior management and key management personnel.

- Alignment of compensation philosophy with prudent risk taking: The Bank seeks to achieve a prudent mix of fixed and variable pay, with a higher proportion of variable pay at senior levels and no guaranteed bonuses. Compensation is sought to be aligned to both financial and non-financial indicators of performance including aspects like risk management and customer service. In addition, the Bank has an employee stock option scheme aimed at aligning compensation to long term performance through stock option grants that vest over a period of time. Compensation of staff in financial and risk control functions is independent of the business areas they oversee and depends on their performance assessment.
- Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made

The Bank's Compensation Policy was reviewed by the BGRNC and the Board at their meeting held on April 28, 2016. The disclosures were reviewed pursuant to RBI circular on Disclosures in Financial Statements.

Discussion of how the Bank ensures that risk and compliance employees are remunerated independently
of the businesses they oversee

The compensation of staff engaged in control functions like Risk and Compliance depends on their performance, which is based on achievement of the key results of their respective functions. Their goal sheets do not include any business targets.

- c) Description of the ways in which current and future risks are taken into account in the remuneration processes.
  - The Board approves the risk framework for the Bank and the business activities of the Bank are undertaken within this framework to achieve the financial plan. The risk framework includes the Bank's risk appetite, limits framework and policies and procedures governing various types of risk. KPIs of WTDs & equivalent positions, as well as employees, incorporate relevant risk management related aspects. For example, in addition to performance targets in areas such as growth and profits, performance indicators include aspects such as the desired funding profile and asset quality. The
  - Overview of the nature and type of key measures used to take account of these risks, including risk difficult
    to measure.

performance and making compensation-related recommendations to the Board.

The annual performance targets and performance evaluation incorporate both qualitative and quantitative aspects including asset quality, provisioning, increase in stable funding sources, refinement/improvement of the risk management framework, effective management of stakeholder relationships and mentoring key members of the top and senior management.

BGRNC takes into consideration all the above aspects while assessing organisational and individual

• Discussion of the ways in which these measures affect remuneration

Every year, the financial plan/targets are formulated in conjunction with a risk framework with limit structures for various areas of risk/lines of business, within which the Bank operates to achieve the financial plan. To ensure effective alignment of compensation with prudent risk taking, the BGRNC takes into account adherence to the risk framework in conjunction with which the financial plan/targets have been formulated. KPIs of WTDs and equivalent positions, as well as employees, incorporate relevant risk management related aspects. For example, in addition to performance targets in areas such as



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growth and profits, performance indicators include aspects such as the desired funding profile and asset quality. The BGRNC takes into consideration all the above aspects while assessing organisational and individual performance and making compensation-related recommendations to the Board.

 Discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration

The nature and type of these measures have not changed over the past year and hence, there is no impact on remuneration.

### d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration

- Overview of main performance metrics for Bank, top level business lines and individuals
  - The main performance metrics include profits, loan growth, deposit growth, risk metrics (such as quality of assets), compliance with regulatory norms, refinement of risk management processes and customer service. The specific metrics and weightages for various metrics vary with the role and level of the individual.
- Discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance. The BGRNC takes into consideration above mentioned aspects while assessing performance and making compensation-related recommendations to the Board regarding the performance assessment of WTDs and equivalent positions. The performance assessment of individual employees is undertaken based on achievements compared to their goal sheets, which incorporate various aspects/metrics described earlier.
- Discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak, including the Bank's criteria for determining 'weak' performance metrics. The Bank's Compensation Policy outlines the measures the Bank will implement in the event of a reasonable evidence of deterioration in financial performance. Should such an event occur in the manner outlined in the policy, the BGRNC may decide to apply malus on none, part or all of the unvested deferred variable compensation.

### e) Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance

- Discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance
  - The quantum of bonus for an employee does not exceed a certain percentage (as stipulated in the compensation policy) of the total fixed pay in a year. Within this percentage, if the quantum of bonus exceeds a predefined threshold percentage of the total fixed pay, a part of the bonus is deferred and paid over a period. These thresholds for deferrals are same across employees.
- Discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements
  - The deferred portion of variable pay is subject to malus, under which the Bank would prevent vesting of all or part of the variable pay in the event of an enquiry determining gross negligence, breach of integrity or in the event of a reasonable evidence of deterioration in financial performance. In such cases, variable pay already paid out may also be subjected to clawback arrangements, as applicable.

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### f) Description of the different forms of variable remuneration that the Bank utilises and the rationale for using these different forms

 Overview of the forms of variable remuneration offered. A discussion of the use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance

The Bank pays performance linked retention pay (PLRP) to its front-line staff and junior management and performance bonus to its middle and senior management. PLRP aims to reward front line and junior managers, mainly on the basis of skill maturity attained through experience and continuity in role which is a key differentiator for customer service. The Bank also pays variable pay to sales officers and relationship managers in wealth management roles while ensuring that such pay-outs are in accordance with applicable regulatory requirements.

The Bank ensures higher proportion of variable pay at senior levels and lower variable pay for front-line staff and junior management levels.

#### (B) Quantitative disclosures

The following table sets forth, for the period indicated, the details of quantitative disclosure for remuneration of WTDs (including MD and CEO) and equivalent positions.

|  | ₹ in million, except numbers |                              |  |
|--|------------------------------|------------------------------|--|
| Particulars  | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |  |
| Number of meetings held by the BGRNC   | 10                           | 8                            |  |
| Remuneration paid to its members during the financial year (sitting fees)      | 0.5                          | 0.5                          |  |
| Number of employees who received a variable remuneration award                 | 6                            | -                            |  |
| Number and total amount of sign-on awards made                                 | -                            | -                            |  |
| Number and total amount of guaranteed bonuses awarded                          | -                            | -                            |  |
| Details of severance pay, in addition to accrued benefits                      | -                            | -                            |  |
| Breakdown of amount of remuneration awards for the financial year              |                              |                              |  |
| Fixed <sup>1</sup>   | 231.5                        | 201.7                        |  |
| Variable <sup>2</sup>  | 75.6                         | _                            |  |
| - Deferred   | _                            | _                            |  |
| - Non-deferred   | 75.6                         | _                            |  |
| Share-linked instruments <sup>2</sup>  | 4,115,000                    | 4,610,000³                   |  |
| Total amount of deferred remuneration paid out during the year                 | 16.0                         | 26.9                         |  |
| Total amount of outstanding deferred remuneration                              |                              |                              |  |
| Cash   | 6.1                          | 23.4                         |  |
| Shares (nos.)  | _                            | -                            |  |
| Shares-linked instruments <sup>4</sup>   | 13,406,500                   | 16,725,000                   |  |
| Other forms  | _                            | _                            |  |
| Total amount of outstanding deferred remuneration and retained                 |                              |                              |  |
| remuneration exposed to ex-post explicit and/or implicit adjustments           | 6.1                          | 23.4                         |  |
| Total amount of reductions during the year due to ex-post explicit adjustments | _                            | -                            |  |
| Total amount of reductions during the year due to ex-post implicit adjustments |                              |                              |  |

Fixed pay includes basic salary, supplementary allowances, superannuation, contribution to provident fund and gratuity
fund by the Bank. The amount contains part year payouts for a retired, a resigned WTD and a newly appointed WTD for
the year ended March 31, 2017.

<sup>2.</sup> Variable pay and share-linked instruments for the year ended March 31, 2017 are subject to approval from RBI.

<sup>3.</sup> Excludes special grant of stock options approved by RBI in November 2015 aggregating to 5.8 million stock options and grant of 1.0 million stock options to a WTD.

<sup>4.</sup> Includes special grants and stock options granted to a WTD during the year ended March 31, 2016.



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#### Payment of compensation in the form of profit related commission to the non-executive directors

The Board at its meeting held on September 16, 2015 and the shareholders at their meeting held on July 11, 2016 approved the payment of profit related commission of ₹ 1.0 million per annum to be paid to each non-executive Director of the Bank (excluding government nominee and part-time Chairman) subject to the availability of net profits at the end of each financial year.

The Bank accordingly recognised an amount of ₹ 6.0 million as profit related commission payable to the non-executive Directors during the year ended March 31, 2017, subject to statutory approvals. For the year ended March 31, 2016, the Bank had recognised an amount of ₹ 6.0 million as profit related commission payable to the non-executive Directors, which was paid in July 2016 after obtaining the shareholders' approval in the Annual General Meeting of the Bank.

#### 52. Corporate Social Responsibility

The gross amount required to be spent by the Bank on Corporate Social Responsibility (CSR) related activities during the year ended March 31, 2017 was ₹ 1,997.3 million (March 31, 2016: ₹ 2,121.1 million).

The following table sets forth, for the periods indicated, the amount spent by the Bank on CSR related activities.

|     |                                       |         |                        |         |         |                        | ₹ in million |
|-----|---------------------------------------|---------|------------------------|---------|---------|------------------------|--------------|
| Sr. |                                       | Year er | nded March 31,         | 2017    | Year er | nded March 31,         | 2016         |
| No  | Particulars                           | In cash | Yet to be paid in cash | Total   | In cash | Yet to be paid in cash | Total        |
| 1.  | Construction/acquisition of any asset | _       | _                      | -       | _       | _                      | _            |
| 2.  | On purposes other than (1) above      | 980.1   | 843.5                  | 1,823.6 | 1,070.4 | 644.9                  | 1,715.3      |

The following table sets forth, for the periods indicated, the details of related party transactions pertaining to CSR related activities.

|                          |                              | ₹ in million                 |
|--------------------------|------------------------------|------------------------------|
| Sr.<br>No. Related Party | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| 1. ICICI Foundation      | 475.0                        | 450.0                        |
| 2. FINO PayTech Limited  | 50.0                         | 35.6                         |
| Total                    | 525.0                        | 485.6                        |

The following table sets forth, for the periods indicated, the details of movement of amounts yet to be paid for CSR related activities.

|                          |                | ₹ in million   |
|--------------------------|----------------|----------------|
| Particulars              | At             | At             |
| r di liculais            | March 31, 2017 | March 31, 2016 |
| Opening balance          | 815.7          | 451.3          |
| Provided during the year | 1,823.6        | 1,715.3        |
| Paid during the year     | (1,275.6)      | (1,350.9)      |
| Closing balance          | 1,363.7        | 815.7          |

# Financial Statements of ICICI Bank Limited **SCHEDULES**

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#### 53. Disclosure of customers complaints

The following table sets forth, for the periods indicated, the movement of the outstanding number of complaints.

| Complaints relating to the Bank's customers on the Bank's ATMs | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|--|------------------------------|------------------------------|
| No. of complaints pending at the beginning of the year         | 107                          | 177                          |
| No. of complaints received during the year                     | 4,687                        | 5,307                        |
| No. of complaints redressed during the year                    | 4,765                        | 5,377                        |
| No. of complaints pending at the end of the year               | 29                           | 107                          |

1. The above does not include complaints redressed within one working day.

| Complaints relating to the Bank's customers on other banks' ATMs | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|--|------------------------------|------------------------------|
| No. of complaints pending at the beginning of the year           | 1,602                        | 1,003                        |
| No. of complaints received during the year                       | 106,709                      | 72,772                       |
| No. of complaints redressed during the year                      | 106,548                      | 72,173                       |
| No. of complaints pending at the end of the year                 | 1,763                        | 1,602                        |

1. The above does not include complaints redressed within one working day.

| Complaints relating to other than ATM transactions     | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|--|------------------------------|------------------------------|
| No. of complaints pending at the beginning of the year | 1,691                        | 1,707                        |
| No. of complaints received during the year             | 106,077                      | 113,374                      |
| No. of complaints redressed during the year            | 105,288                      | 113,390                      |
| No. of complaints pending at the end of the year       | 2,480                        | 1,691                        |

1. The above does not include complaints redressed within one working day.

| Total complaints                                       | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|--|------------------------------|------------------------------|
| No. of complaints pending at the beginning of the year | 3,400                        | 2,887                        |
| No. of complaints received during the year             | 217,473                      | 191,453                      |
| No. of complaints redressed during the year            | 216,601                      | 190,940                      |
| No. of complaints pending at the end of the year       | 4,272                        | 3,400                        |

1. The above does not include complaints redressed within one working day.

The following table sets forth, for the periods indicated, the details of awards during the year.

| Particulars   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|---|------------------------------|------------------------------|
| No. of unimplemented awards at the beginning of the year      | -                            | -                            |
| No. of awards passed by the Banking Ombudsmen during the year | -                            | -                            |
| No. of awards implemented during the year                     | -                            | -                            |
| No. of unimplemented awards at the end of the year            | _                            | _                            |



# Financial Statements of ICICI Bank Limited **SCHEDULES**

forming part of the Accounts (Contd.)

#### 54. Drawdown from reserves

The Bank has not drawn any amount from reserves during the year ended March 31, 2017 (March 31, 2016: Nil).

#### 55. Investor Education and Protection Fund

The unclaimed dividend amount due to be transferred to the Investor Education and Protection Fund during the year ended March 31, 2017 has been transferred without any delay.

### 56. Specified bank notes

The disclosure requirement on specified bank notes is not applicable to banks as clarified by RBI through its letter dated April 13, 2017.

### 57. Comparative figures

Figures of the previous year have been re-grouped to conform to the current year presentation.

### Signatures to Schedules 1 to 18

As per our Report of even date. For and on behalf of the Board of Directors

For B S R & Co. LLP M. K. Sharma Homi Khusrokhan Chanda Kochhar
Chartered Accountants Chairman Director Managing Director & CEO
ICAI Firm Registration
no.: 101248W/W-100022

Venkataramanan Vishwanath

Partner

Membership no.: 113156

N. S. Kannan Vishakha Mulye Vijay Chandok Anup Bagchi
Executive Director Executive Director Executive Director

Place : Mumbai Senior General Manager Chief Financial Officer Date : May 3, 2017 (Legal) & Company Secretary

To the Members of ICICI Bank Limited

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of ICICI Bank Limited (the 'Bank' or the 'Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group' or 'ICICI Group') and its associates, comprising of the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (the 'Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of ICICI Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of Section 29 of the Banking Regulation Act,1949 and the circulars, guidelines and direction issued by Reserve Bank of India ('RBI') from time to time. The respective Board of Directors of the companies and the trustees of the trusts included in ICICI Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of ICICI Group and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing (the 'Standards') specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of ICICI Group and its associates as at 31 March 2017, their consolidated profit and their consolidated cash flows for the year ended on that date.

#### **Other Matters**

(a) We did not audit the financial statements of thirteen subsidiaries, whose financial statements reflect total assets of ₹ 1,015,272 million and net assets of ₹ 140,084 million as at 31 March 2017, total revenues of ₹ 70,988 million and net cash outflows amounting to ₹ 18,833 million for the year ended 31 March 2017, as considered in the consolidated financial statements. The consolidated financial statements also include ICICI Group's share of net profit of ₹ 149 million for the year ended 31 March 2017, as considered in the consolidated financial statements, in respect of one associate whose financial statements and other financial information have not been audited by us. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and an associate, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors.

- (b) We have jointly audited with other auditor, the financial statements of one subsidiary whose financial statements reflect total assets of ₹ 1,247,425 million and net assets of ₹ 64,080 million as at 31 March 2017, total revenues of ₹ 270,528 million and net cash inflows amounting to ₹ 24,362 million for the year ended 31 March 2017. For the purpose of the consolidated financial statements, we have relied upon the work of the other auditor, to the extent of work performed by them and our report in terms of sub-section (3) and (11) of Section 143 of the Act, insofar as it relates to this subsidiary, is based solely on the report of the other auditor, to the extent of work performed by them.
- (c) The consolidated financial statements also include the Group's share of net loss of ₹ 191 million for the year ended 31 March 2017, as considered in the consolidated financial statements, in respect of six associates, whose financial statements and other financial information have not been audited by us. These financial statements and financial information are unaudited and have been furnished to us by Management and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on such unaudited financial statements and other financial information. In our opinion and according to the information and explanations given to us by Management, these financial statements and other financial information are not material to ICICI Group.
- (d) The auditors of ICICI Prudential Life Insurance Company Limited have reported, 'The actuarial valuation of liabilities for life policies in force is the responsibility of the Company's Appointed Actuary (the 'Appointed Actuary'). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2017 has been duly certified by the Appointed Actuary and in her opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (the 'IRDAI' or the 'Authority') and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists, as contained in the standalone financial statements of the Company'.

(e) The auditors of ICICI Lombard General Insurance Company Limited have reported, 'The actuarial valuation of liabilities in respect of Incurred But Not Reported ('IBNR') and Incurred But Not Enough Reported ('IBNER') as at 31 March 2017, other than for reinsurance accepted from Declined Risk Pool ('DR Pool') has been duly certified by the Appointed Actuary of the Company and relied upon by us. The Appointed Actuary has also certified that the assumptions considered by him for such valuation are in accordance with the guidelines and norms prescribed by the IRDAI and the Actuarial Society of India in concurrence with the IRDAI. In respect of reinsurance accepted from DR Pool, IBNR/IBNER has been recognised based on estimates received from DR Pool'.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by Management.

### **Report on Other Legal and Regulatory Requirements**

As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit of the aforesaid consolidated financial statements;
- (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) the Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by the RBI;
- (e) on the basis of written representations received from the directors of the Holding Company as at 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of ICICI Group and its associate companies incorporated in India is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of ICICI Group, and its associate companies and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A';
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on the separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'Other Matters' paragraph:
  - (i) the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of ICICI Group and its associates. Refer Note 7 to the consolidated financial statements;
  - (ii) provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivatives contracts Refer Note 7 to the consolidated financial statements in respect of such items as it relate to ICICI Group and its associates and (b) ICICI Group's share of net loss in respect of its associates;



- (iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and associate companies incorporated in India during the year ended 31 March 2017; and
- (iv) the disclosure required on holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 as envisaged in notification G.S.R 308(E) dated 30 March 2017 issued by the Ministry of Corporate Affairs, is not applicable to the Bank. The aforesaid disclosure is disclosed in the respective audited financial statements of the subsidiaries. Refer Note 17 to the consolidated financial statements.

For B S R & Co. LLP

**Chartered Accountants** 

Firm's Registration no.: 101248W/W-100022

Venkataramanan Vishwanath

Mumbai

Partner

3 May 2017 Membership no.: 113156

# **ANNEXURE A** to the Independent Auditors' Report of even date on the Consolidated Financial Statements of ICICI Bank Limited

## Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

In conjunction with our report of the consolidated financial statements of ICICI Bank Limited, its subsidiary companies and its associate companies (collectively referred to as 'the Group') as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of ICICI Bank Limited (hereinafter referred to as the 'Holding Company'), its subsidiary companies and associate companies, which are companies incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, its subsidiary companies and its associates companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and its associates companies, which are companies incorporated in India based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing (the 'Standards'), issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiary companies and its associates companies, which are companies incorporated in India.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance



# **ANNEXURE A** to the Independent Auditors' Report of even date on the Consolidated Financial Statements of ICICI Bank Limited

regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

#### **Other Matters**

The auditors of ICICI Prudential Life Insurance Company Limited have reported, 'The Actuarial valuation of liabilities for life policies in force is the responsibility of the Company's Appointed Actuary (the 'Appointed Actuary'). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2017 has been duly certified by the Appointed Actuary and in her opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ('IRDAI' or 'the Authority') and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists, as contained in the standalone financial statements of the Company'.

The auditors of ICICI Lombard General Insurance Company Limited have reported, 'The actuarial valuation of liabilities in respect of Incurred But Not Reported ('IBNR') and Incurred But Not Enough Reported ('IBNER') as at 31 March 2017, other than for reinsurance accepted from Declined Risk Pool ('DR Pool') has been duly certified by the Appointed Actuary of the Company as per the Regulations whereas in respect of reinsurance accepted from DR Pool, IBNR/IBNER has been recognized based on estimates received from DR Pool. The said actuarial valuations have been relied upon by us as mentioned in para 9(h) of our Audit Report on the financial statements for the year ended 31 March 2017. Accordingly, our opinion on internal financial controls over financial reporting does not include reporting on the adequacy and operating effectiveness of the internal controls over the valuation and accuracy of the aforesaid actuarial liabilities'.

# **ANNEXURE A** to the Independent Auditors' Report of even date on the Consolidated Financial Statements of ICICI Bank Limited

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to seven subsidiary companies, one subsidiary company which is jointly audited with another auditor and an associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Act is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors.

For BSR&Co.LLP

**Chartered Accountants** 

Firm's Registration no.: 101248W/W-100022

Venkataramanan Vishwanath

Mumbai

Partner

3 May 2017 Membership no.: 113156



# Consolidated Financial Statements CONSOLIDATED BALANCE SHEET

at March 31, 2017

|  |            |                | ₹ in '000s     |
|--|------------|----------------|----------------|
|  | Schedule   | At             | At             |
|  | Schedule _ | 31.03.2017     | 31.03.2016     |
| CAPITAL AND LIABILITIES                                |            |                |                |
| Capital  | 1          | 11,651,071     | 11,631,656     |
| Employees stock options outstanding                    |            | 62,562         | 67,019         |
| Reserves and surplus                                   | 2          | 1,034,606,322  | 929,408,451    |
| Minority interest                                      | 2A         | 48,653,128     | 33,556,448     |
| Deposits   | 3          | 5,125,872,643  | 4,510,773,918  |
| Borrowings   | 4          | 1,882,867,563  | 2,203,776,561  |
| Liabilities on policies in force                       |            | 1,154,974,441  | 970,533,948    |
| Other liabilities and provisions                       | 5          | 601,738,910    | 527,813,976    |
| Total Capital and Liabilities                          |            | 9,860,426,640  | 9,187,561,977  |
| ASSETS   |            |                |                |
| Cash and balances with Reserve Bank of India           | 6          | 318,912,598    | 272,775,620    |
| Balances with banks and money at call and short notice | 7          | 485,996,088    | 377,584,082    |
| Investments  | 8          | 3,045,017,431  | 2,860,440,872  |
| Advances   | 9          | 5,153,173,140  | 4,937,291,077  |
| Fixed assets   | 10         | 93,379,618     | 87,134,646     |
| Other assets   | 11         | 763,947,765    | 652,335,680    |
| Total Assets   |            | 9,860,426,640  | 9,187,561,977  |
| Contingent liabilities                                 | 12         | 13,078,415,868 | 11,176,470,163 |
| Bills for collection                                   |            | 227,555,510    | 217,500,551    |
| Significant accounting policies and notes to accounts  | 17 &18     |                |                |

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date. For and on behalf of the Board of Directors

For **B S R & Co. LLP** Chartered Accountants ICAI Firm Registration no.: 101248W/W-100022 M. K. Sharma Chairman Homi Khusrokhan
Director
Chanda Kochhar
Managing Director & CEO

Venkataramanan Vishwanath Partner

Membership no.: 113156

Place : Mumbai

Date: May 3, 2017

N. S. Kannan Executive Director Vishakha Mulye Executive Director Vijay Chandok Executive Director

Anup Bagchi Executive Director

**P. Sanker** Senior General Manager

(Legal) & Company Secretary

**Rakesh Jha**Chief Financial Officer
Chief Accountant

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### **Consolidated Financial Statements**

## **CONSOLIDATED PROFIT AND LOSS ACCOUNT**

for the year ended March 31, 2017

|             |   | _         |               | ₹ in '000s    |
|-------------|---|-----------|---------------|---------------|
|             |   | Cabaalula | Year ended    | Year ended    |
|             |   | Schedule  | 31.03.2017    | 31.03.2016    |
| T.          | INCOME  |           |               |               |
|             | Interest earned   | 13        | 609,399,802   | 592,937,057   |
|             | Other income  | 14        | 524,576,505   | 421,021,403   |
|             | TOTAL INCOME  |           | 1,133,976,307 | 1,013,958,460 |
| <del></del> | EXPENDITURE   |           |               |               |
|             | Interest expended   | 15        | 348,358,328   | 339,964,746   |
|             | Operating expenses  | 16        | 481,699,705   | 407,895,615   |
|             | Provisions and contingencies (refer note 18.7)                    |           | 190,514,979   | 156,829,183   |
|             | Total Expenditure   |           | 1,020,573,012 | 904,689,544   |
|             |   |           |               | •             |
| <u>III.</u> | PROFIT/(LOSS)   |           |               |               |
|             | Net profit for the year   |           | 113,403,295   | 109,268,916   |
|             | Less: Minority interest   |           | 11,519,450    | 7,469,331     |
|             | Net profit after minority interest                                |           | 101,883,845   | 101,799,585   |
|             | Profit brought forward  |           | 198,210,764   | 198,278,702   |
|             | Total Profit/(Loss)   |           | 300,094,609   | 300,078,287   |
| IV.         | APPROPRIATIONS/TRANSFERS  |           |               |               |
|             | Transfer to Statutory Reserve                                     |           | 24,503,000    | 24,316,000    |
|             | Transfer to Reserve Fund  |           | 9,824         | 9,340         |
|             | Transfer to Capital Reserve                                       |           | 52,933,000    | 23,822,375    |
|             | Transfer to/(from) Investment Reserve Account                     |           | _             | _             |
|             | Transfer to Special Reserve                                       |           | 4,867,000     | 13,860,000    |
|             | Transfer to/(from) Revenue and other reserves                     |           | 446,499       | 5,207,028     |
|             | Dividend (including corporate dividend tax) for the previous year |           | (62,410)      | 38,513        |
|             | paid during the year  |           | (02,410)      | 30,313        |
|             | Proposed equity share dividend (refer note 18.18)                 |           | -             | 29,075,153    |
|             | Proposed preference share dividend (refer note 18.18)             |           | -             | 35            |
|             | Corporate dividend tax  |           | 2,352,225     | 5,539,079     |
|             | Balance carried over to balance sheet                             |           | 215,045,471   | 198,210,764   |
|             | Total   |           | 300,094,609   | 300,078,287   |
|             | Significant accounting policies and notes to accounts             | 17 & 18   |               |               |
|             | Earnings per share (refer note 18.1)                              |           |               |               |
|             | Basic (₹)   |           | 17.51         | 17.53         |
|             | Diluted (₹)   |           | 17.43         | 17.41         |
|             | Face value per share (₹)  |           | 2.00          | 2.00          |

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report of even date. For and on behalf of the Board of Directors

For **B S R & Co. LLP** Chartered Accountants ICAI Firm Registration no.: 101248W/W-100022 M. K. Sharma Chairman Homi Khusrokhan
Director

Chanda Kochhar
Managing Director & CEO

Venkataramanan Vishwanath Partner Membership no.: 113156

Place: Mumbai

N. S. Kannan Executive Director Vishakha Mulye Executive Director Vijay Chandok Executive Director Anup Bagchi Executive Director

P. Sanker Rakesh Jha Ajay Mittal
Senior General Manager Chief Financial Officer Chief Accountant

Date: May 3, 2017 (Legal) & Company Secretary



### **Consolidated Financial Statements**

## **CONSOLIDATED CASH FLOW STATEMENT**

for the year ended March 31, 2017

|  |       |               | ₹ in '000s    |
|--|-------|---------------|---------------|
|  | _     | Year ended    | Year ended    |
|  |       | 31.03.2017    | 31.03.2016    |
| Cash flow from/(used in) operating activities                        |       |               |               |
| Profit before taxes  |       | 126,574,260   | 135,574,704   |
| Adjustments for:   |       |               | · · · · ·     |
| Depreciation and amortisation  |       | 10,444,420    | 9,567,289     |
| Net (appreciation)/depreciation on investments <sup>1</sup>          |       | (57,426,431)  | (34,641,416)  |
| Provision in respect of non-performing and other assets              |       | 157,937,006   | 88,308,555    |
| General provision for standard assets                                |       | (3,733,753)   | 3,175,576     |
| Provision for contingencies & others                                 |       | 2,257,433     | 28,584,825    |
| (Profit)/loss on sale of fixed assets                                |       | 14,230        | (264,335)     |
| Employees stock options grants                                       |       | 180,903       | 142,309       |
|  | (i)   | 236,248,068   | 230,447,507   |
| Adjustments for:   | .,    |               |               |
| (Increase)/decrease in investments                                   |       | (67,356,023)  | (40,179,999)  |
| (Increase)/decrease in advances                                      |       | (411,803,233) | (648,486,064) |
| Increase/(decrease) in deposits                                      |       | 615,098,725   | 651,221,453   |
| (Increase)/decrease in other assets                                  |       | (70,639,536)  | (24,030,865)  |
| Increase/(decrease) in other liabilities and provisions              |       | 283,839,854   | 132,466,667   |
|  | (ii)  | 349,139,787   | 70,991,192    |
| Refund/(payment) of direct taxes                                     | (iii) | (59,032,520)  | (64,985,465)  |
| Net cash flow from/(used in) operating activities (i)+(ii)+(iii)     | (A)   | 526,355,335   | 236,453,234   |
| Cash flow from/(used in) investing activities                        |       |               |               |
| Purchase of fixed assets   |       | (13,167,144)  | (8,483,857)   |
| Proceeds from sale of fixed assets                                   |       | 156,340       | 703,145       |
| (Purchase)/sale of held to maturity securities                       |       | (3,046,583)   | (110,411,892) |
| Net cash flow from/(used in) investing activities                    | (B)   | (16,057,387)  | (118,192,604) |
| Cash flow from/(used in) financing activities                        |       |               |               |
| Proceeds from issue of share capital (including ESOPs)               |       | 1,772,579     | 2,824,200     |
| Proceeds from long-term borrowings                                   |       | 403,761,367   | 455,604,563   |
| Repayment of long-term borrowings                                    |       | (508,077,502) | (319,709,230) |
| Net proceeds/(repayment) of short-term borrowings                    |       | (217,920,893) | (46,055,502)  |
| Dividend and dividend tax paid                                       |       | (34,230,910)  | (34,524,887)  |
| Net cash flow from/(used in) financing activities                    | (C)   | (354,695,359) | 58,139,144    |
| Effect of exchange fluctuation on translation reserve                | (D)   | (1,053,605)   | (2,411,769)   |
| Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)+(D) |       | 154,548,984   | 173,988,005   |
| Cash and cash equivalents at beginning of the year                   |       | 650,359,702   | 476,371,697   |
| Cash and cash equivalents at end of the year                         |       | 804,908,686   | 650,359,702   |

<sup>1.</sup> Includes gain for the year ended March 31, 2017 on sale of a part of equity investment in ICICI Prudential Life Insurance Company Limited, a subsidiary, in the initial public offer (IPO) (gain for the year ended March 31, 2016 on sale of a part of equity investments in its subsidiaries, ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited).

2. Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

As per our Report of even date. For

For and on behalf of the Board of Directors

For **B S R & Co. LLP** Chartered Accountants ICAI Firm Registration no.: 101248W/W-100022 M. K. SharmaHomi KhusrokhanChanda KochharChairmanDirectorManaging Director & CEO

Venkataramanan Vishwanath

Membership no.: 113156

N. S. Kannan Vishakha Mulye Vijay Chandok Anup Bagchi
Executive Director Executive Director Executive Director

Place : Mumbai Senior General Manager
Date : May 3, 2017 (Legal) & Company Secretary

Rakesh Jha Ajay Mittal
Chief Financial Officer Chief Accountant

forming part of the Consolidated Balance Sheet

|   |            | ₹ in '000s |
|---|------------|------------|
|   | At         | At         |
|   | 31.03.2017 | 31.03.2016 |
| SCHEDULE 1 - CAPITAL  |            |            |
| Authorised capital  |            |            |
| 6,375,000,000 equity shares of ₹ 2 each (March 31, 2016: 6,375,000,000 equity shares of |            |            |
| ₹ 2 each)   | 12,750,000 | 12,750,000 |
| 15,000,000 shares of ₹ 100 each (March 31, 2016: 15,000,000 shares of ₹ 100 each)¹      | 1,500,000  | 1,500,000  |
| 350 preference shares of ₹ 10 million each (March 31, 2016: 350 preference shares of    |            |            |
| ₹ 10 million each)²   | 3,500,000  | 3,500,000  |
| Equity share capital  |            |            |
| Issued, subscribed and paid-up capital  |            |            |
| 5,814,768,430 equity shares of ₹ 2 each (March 31, 2016: 5,797,244,645 equity shares)   | 11,629,537 | 11,594,489 |
| Add: 9,707,705 equity shares of ₹ 2 each (March 31, 2016: 17,523,785 equity shares)     | 10.415     | 35,048     |
| issued pursuant to exercise of employee stock options                                   | 19,415     | 35,046     |
|   | 11,648,952 | 11,629,537 |
| Add: 266,089 equity shares of ₹ 10 each forfeited (March 31, 2016: 266,089 equity       |            |            |
| shares)   | 2,119      | 2,119      |
| Total Capital   | 11,651,071 | 11,631,656 |

<sup>1.</sup> These shares will be of such class and with such rights, privileges, conditions or restrictions as may be determined by the Bank in accordance with the Articles of Association of the Bank and subject to the legislative provisions in force for the time being in that behalf.

Pursuant to RBI circular dated March 30, 2010, the issued and paid-up preference shares are grouped under Schedule 4-"Borrowings".

|      |  |             | ₹ in '000s  |
|------|--|-------------|-------------|
|      |  | At          | At          |
|      |  | 31.03.2017  | 31.03.2016  |
| SC   | HEDULE 2 - RESERVES AND SURPLUS            |             |             |
| T.   | Statutory reserve                          |             |             |
|      | Opening balance                            | 187,521,519 | 163,205,519 |
|      | Additions during the year                  | 24,503,000  | 24,316,000  |
|      | Deductions during the year                 | _           | -           |
|      | Closing balance                            | 212,024,519 | 187,521,519 |
| II.  | Special Reserve                            |             |             |
|      | Opening balance                            | 83,314,700  | 69,454,700  |
|      | Additions during the year                  | 4,867,000   | 13,860,000  |
|      | Deductions during the year                 | _           | -           |
|      | Closing balance                            | 88,181,700  | 83,314,700  |
| III. | Securities premium                         |             |             |
|      | Opening balance                            | 321,993,492 | 319,054,660 |
|      | Additions during the year <sup>1</sup>     | 1,938,525   | 2,938,832   |
|      | Deductions during the year                 | -           | -           |
|      | Closing balance                            | 323,932,017 | 321,993,492 |
| IV.  | Unrealised investment reserve <sup>2</sup> |             |             |
|      | Opening balance                            | (4,444)     | 35,153      |
|      | Additions during the year                  | 164,889     | 88,956      |
|      | Deductions during the year                 | _           | (128,553)   |
|      | Closing balance                            | 160,445     | (4,444)     |



|       |   |               | ₹ in '000s  |
|-------|---|---------------|-------------|
|       |   | At            | At          |
|       |   | 31.03.2017    | 31.03.2016  |
| V.    | Capital reserve                         |               |             |
|       | Opening balance                         | 49,918,016    | 26,095,641  |
|       | Additions during the year <sup>3</sup>  | 52,933,000    | 23,822,375  |
|       | Deductions during the year              | -             | -           |
|       | Closing balance⁴                        | 102,851,016   | 49,918,016  |
| VI.   | Foreign currency translation reserve    |               |             |
|       | Opening balance                         | 20,176,609    | 22,999,128  |
|       | Additions during the year               | _             | 6,589,367   |
|       | Deductions during the year⁵             | (1,053,605)   | (9,411,886) |
|       | Closing balance                         | 19,123,004    | 20,176,609  |
| VII.  | Revaluation reserve (refer note 18.16)  |               |             |
|       | Opening balance                         | 28,174,747    | _           |
|       | Additions during the year <sup>6</sup>  | 2,989,949     | 28,174,747  |
|       | Deductions during the year <sup>7</sup> | (513,583)     | _           |
|       | Closing balance                         | 30,651,113    | 28,174,747  |
| VIII. | Reserve fund                            |               |             |
|       | Opening balance                         | 46,034        | 36,694      |
|       | Additions during the year8              | 9,824         | 9,340       |
|       | Deductions during the year              | -             | _           |
|       | Closing balance                         | 55,858        | 46,034      |
| IX.   | Revenue and other reserves              |               |             |
|       | Opening balance                         | 40,057,014    | 36,214,248  |
|       | Additions during the year               | 3,967,610     | 5,618,430   |
|       | Deductions during the year              | (1,443,445)   | (1,775,664) |
|       | Closing balance <sup>9,10</sup>         | 42,581,179    | 40,057,014  |
| Χ.    | Balance in profit and loss account      | 215,045,471   | 198,210,764 |
| Total | Reserves and Surplus                    | 1,034,606,322 | 929,408,451 |

- Includes ₹ 1,753.2 million (March 31, 2016: ₹ 2,789.2 million) on exercise of employee stock options.
- 2. Represents unrealised profit/(loss) pertaining to the investments of venture capital funds.
- 3. Includes appropriations made by the Bank for profit on sale of investments in held-to-maturity category, net of taxes and transfer to Statutory Reserve and profit on sale of land and buildings, net of taxes and transfer to Statutory Reserve.
- 4. Includes capital reserve on consolidation amounting to ₹ 79.1 million (March 31, 2016: ₹ 79.1 million).
- 5. Includes exchange profit on repatriation of retained earnings from overseas branches of the Bank for the year ended March 31, 2016.
- 6. Represents gain on revaluation of premises carried out by the Bank and ICICI Home Finance Company Limited.
- 7. Represents amount transferred by the Bank from Revaluation Reserve to General Reserve on account of incremental depreciation charge on revaluation amounting to ₹ 494.9 million and revaluation surplus on assets sold amounting to ₹ 18.7 million.
- 8. Includes appropriations made to Reserve Fund in accordance with regulations applicable to Sri Lanka branch.
- 9. Includes unrealised profit/(loss), net of tax, of ₹ (401.5) million (March 31, 2016: ₹ (530.9) million) pertaining to the investments in the available-for-sale category of ICICI Bank UK PLC.
- 10. Includes restricted reserve of ₹ 4.5 million (March 31, 2016: ₹ 1,265.0 million) primarily relating to lapsed contracts of the life insurance subsidiary.

|  |  |   | ₹ in '000s  |
|--|--|---|---|
|  |  | At  | At  |
|  |  | 31.03.2017  | 31.03.2016  |
| <b>SCHEDUI</b>   | LE 2A - MINORITY INTEREST  |   |   |
|  | nority interest  | 33,556,448  | 25,058,148  |
|  | increase/(decrease) during the year  | 15,096,680  | 8,498,300   |
| Closing Min  | ority Interest   | 48,653,128  | 33,556,448  |
|  |  |   | ₹ in '000s  |
|  |  | At  | At  |
| SCHEDIII   | LE 3 - DEPOSITS  | 31.03.2017  | 31.03.2016  |
|  | Demand deposits  |   |   |
| i)   |  | 52,732,148  | 39,713,920  |
|  |  | 715,167,490   | 563,675,244   |
|  | Savings bank deposits  | 1,790,098,258   | 1,444,551,013   |
|  | erm deposits   | .,,,,,,,,,,   | .,,   |
| i)   | •  | 97,676,104  | 95,975,771  |
| ii   |  | 2,470,198,643   | 2,366,857,970   |
| Total Depos  | its  | 5,125,872,643   | 4,510,773,918   |
| <b>B</b> . I. C  | Deposits of branches in India  | 4,826,135,485   | 4,097,654,748   |
| II. D  | Deposits of branches/subsidiaries outside India  | 299,737,158   | 413,119,170   |
| Total Depos  | its  | 5,125,872,643   | 4,510,773,918   |
|  |  |   | ₹ in '000s  |
|  |  | At 21 03 2017   | At  |
| SCHEDIII   | E 4 ROPPOWINGS   | At<br>31.03.2017  |   |
|  | LE 4 - BORROWINGS  |   | At  |
| I. Borrov  | vings in India   | 31.03.2017  | At<br>31.03.2016  |
| I. Borrov<br>i) Re   | vings in India<br>serve Bank of India  | 31.03.2017  | At<br>31.03.2016<br>115,411,000   |
| i) Re<br>ii) Otl   | vings in India<br>serve Bank of India<br>ner banks   | 31.03.2017  | At<br>31.03.2016  |
| i) Re<br>ii) Otl<br>iii) Otl                                   | vings in India<br>serve Bank of India<br>ner banks<br>ner institutions and agencies  | 31.03.2017  | At<br>31.03.2016<br>115,411,000   |
| i) Re ii) Otl iii) Otl   | vings in India serve Bank of India ner banks ner institutions and agencies Government of India   | 31.03.2017<br>18,069,000<br>56,390,754  | At<br>31.03.2016<br>115,411,000<br>76,202,937   |
| i) Re ii) Ott iii) Ott a) b)                                   | vings in India serve Bank of India ner banks ner institutions and agencies Government of India Financial institutions  | 31.03.2017  | At<br>31.03.2016<br>115,411,000   |
| i) Re ii) Otl iii) Otl a) b) iv) Borrow                        | vings in India serve Bank of India her banks her institutions and agencies Government of India Financial institutions rowings in the form of   | 31.03.2017<br>18,069,000<br>56,390,754<br>—<br>150,138,907  | At<br>31.03.2016<br>115,411,000<br>76,202,937<br>-<br>198,462,255   |
| i) Re ii) Ott iii) Ott a) b) iv) Born a)                       | wings in India serve Bank of India ner banks ner institutions and agencies Government of India Financial institutions rowings in the form of Deposits  | 31.03.2017<br>18,069,000<br>56,390,754<br>—<br>150,138,907<br>2,909,950   | At<br>31.03.2016<br>115,411,000<br>76,202,937<br>-<br>198,462,255<br>2,866,149  |
| i) Re ii) Otl iii) Otl a) b) iv) Borr a) b)                    | wings in India serve Bank of India her banks her institutions and agencies Government of India Financial institutions rowings in the form of Deposits Commercial paper   | 31.03.2017<br>18,069,000<br>56,390,754<br>—<br>150,138,907<br>2,909,950<br>12,071,154   | At<br>31.03.2016<br>115,411,000<br>76,202,937<br>-<br>198,462,255<br>2,866,149<br>8,701,661   |
| i) Re ii) Otl iii) Otl a) b) iv) Borr a) b)                    | wings in India serve Bank of India her banks her institutions and agencies Government of India Financial institutions rowings in the form of Deposits Commercial paper Bonds and debentures (excluding subordinated debt)  | 31.03.2017<br>18,069,000<br>56,390,754<br>—<br>150,138,907<br>2,909,950   | At<br>31.03.2016<br>115,411,000<br>76,202,937<br>-<br>198,462,255<br>2,866,149  |
| i) Re ii) Otl iii) Otl a) b) iv) Borr a) b) c) v) Ap           | wings in India serve Bank of India her banks her institutions and agencies Government of India Financial institutions rowings in the form of Deposits Commercial paper Bonds and debentures (excluding subordinated debt) plication money-bonds  | 31.03.2017<br>18,069,000<br>56,390,754<br>—<br>150,138,907<br>2,909,950<br>12,071,154   | At<br>31.03.2016<br>115,411,000<br>76,202,937<br>-<br>198,462,255<br>2,866,149<br>8,701,661   |
| i) Re ii) Otl iii) Otl a) b) iv) Born a) b) c) v) Ap vi) Ca    | wings in India serve Bank of India her banks her institutions and agencies Government of India Financial institutions rowings in the form of Deposits Commercial paper Bonds and debentures (excluding subordinated debt) plication money-bonds pital instruments  | 31.03.2017<br>18,069,000<br>56,390,754<br>—<br>150,138,907<br>2,909,950<br>12,071,154   | At<br>31.03.2016<br>115,411,000<br>76,202,937<br>-<br>198,462,255<br>2,866,149<br>8,701,661   |
| i) Re ii) Otl iii) Otl a) b) iv) Borr a) b) c) v) Ap           | wings in India serve Bank of India her banks her institutions and agencies Government of India Financial institutions rowings in the form of Deposits Commercial paper Bonds and debentures (excluding subordinated debt) plication money-bonds pital instruments Innovative Perpetual Debt Instruments (IPDI)   | 31.03.2017<br>18,069,000<br>56,390,754<br>-<br>150,138,907<br>2,909,950<br>12,071,154<br>228,456,559                                  | At<br>31.03.2016<br>115,411,000<br>76,202,937<br>-<br>198,462,255<br>2,866,149<br>8,701,661<br>119,263,431                                  |
| i) Re ii) Otl iii) Otl a) b) iv) Born a) b) c) v) Ap vi) Ca a) | wings in India serve Bank of India her banks her institutions and agencies Government of India Financial institutions rowings in the form of Deposits Commercial paper Bonds and debentures (excluding subordinated debt) plication money-bonds pital instruments Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital)   | 31.03.2017<br>18,069,000<br>56,390,754<br>—<br>150,138,907<br>2,909,950<br>12,071,154   | At<br>31.03.2016<br>115,411,000<br>76,202,937<br>-<br>198,462,255<br>2,866,149<br>8,701,661   |
| i) Re ii) Otl iii) Otl a) b) iv) Born a) b) c) v) Ap vi) Ca    | wings in India serve Bank of India her banks her institutions and agencies Government of India Financial institutions rowings in the form of Deposits Commercial paper Bonds and debentures (excluding subordinated debt) plication money-bonds pital instruments Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital) Hybrid debt capital instruments issued as bonds/debentures  | 31.03.2017<br>18,069,000<br>56,390,754<br>—<br>150,138,907<br>2,909,950<br>12,071,154<br>228,456,559<br>—<br>39,430,000               | At<br>31.03.2016<br>115,411,000<br>76,202,937<br>-<br>198,462,255<br>2,866,149<br>8,701,661<br>119,263,431<br>-<br>13,010,000               |
| i) Re ii) Otl iii) Otl a) b) iv) Borr a) b) c) v) Ap vi) Ca a) | wings in India serve Bank of India her banks her institutions and agencies Government of India Financial institutions rowings in the form of Deposits Commercial paper Bonds and debentures (excluding subordinated debt) plication money-bonds pital instruments Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital)   | 31.03.2017<br>18,069,000<br>56,390,754<br>-<br>150,138,907<br>2,909,950<br>12,071,154<br>228,456,559                                  | At<br>31.03.2016<br>115,411,000<br>76,202,937<br>-<br>198,462,255<br>2,866,149<br>8,701,661<br>119,263,431                                  |
| i) Re ii) Otl iii) Otl a) b) iv) Born a) b) c) v) Ap vi) Ca a) | wings in India serve Bank of India her banks her institutions and agencies Government of India Financial institutions rowings in the form of Deposits Commercial paper Bonds and debentures (excluding subordinated debt) plication money-bonds pital instruments Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital) Redeemable Non-Cumulative Preference Shares (RNCPS)   | 31.03.2017<br>18,069,000<br>56,390,754<br>—<br>150,138,907<br>2,909,950<br>12,071,154<br>228,456,559<br>—<br>39,430,000               | At<br>31.03.2016<br>115,411,000<br>76,202,937<br>-<br>198,462,255<br>2,866,149<br>8,701,661<br>119,263,431<br>-<br>13,010,000               |
| i) Re ii) Otl iii) Otl a) b) iv) Borr a) b) c) v) Ap vi) Ca a) | wings in India serve Bank of India her banks her institutions and agencies Government of India Financial institutions rowings in the form of Deposits Commercial paper Bonds and debentures (excluding subordinated debt) plication money-bonds pital instruments Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital) Redeemable Non-Cumulative Preference Shares (RNCPS) (350 RNCPS of ₹ 10.0 million each issued to preference share holders  | 31.03.2017<br>18,069,000<br>56,390,754<br>—<br>150,138,907<br>2,909,950<br>12,071,154<br>228,456,559<br>—<br>39,430,000               | At<br>31.03.2016<br>115,411,000<br>76,202,937<br>-<br>198,462,255<br>2,866,149<br>8,701,661<br>119,263,431<br>-<br>13,010,000               |
| i) Re ii) Otl iii) Otl a) b) iv) Borr a) b) c) v) Ap vi) Ca a) | wings in India serve Bank of India her banks her institutions and agencies Government of India Financial institutions rowings in the form of Deposits Commercial paper Bonds and debentures (excluding subordinated debt) plication money-bonds pital instruments Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital) Redeemable Non-Cumulative Preference Shares (RNCPS) (350 RNCPS of ₹ 10.0 million each issued to preference share holders of erstwhile ICICI Limited on amalgamation, redeemable at par on                 | 31.03.2017<br>18,069,000<br>56,390,754<br>—<br>150,138,907<br>2,909,950<br>12,071,154<br>228,456,559<br>—<br>39,430,000<br>84,982,344 | At<br>31.03.2016<br>115,411,000<br>76,202,937<br>-<br>198,462,255<br>2,866,149<br>8,701,661<br>119,263,431<br>-<br>13,010,000<br>98,152,555 |
| i) Re ii) Otl iii) Otl a) b) iv) Bore a) b) v) Ap vi) Ca a) b) | wings in India serve Bank of India her banks her institutions and agencies Government of India Financial institutions rowings in the form of Deposits Commercial paper Bonds and debentures (excluding subordinated debt) plication money-bonds pital instruments Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital) Redeemable Non-Cumulative Preference Shares (RNCPS) (350 RNCPS of ₹ 10.0 million each issued to preference share holders of erstwhile ICICI Limited on amalgamation, redeemable at par on April 20, 2018) | 31.03.2017<br>18,069,000<br>56,390,754<br>—<br>150,138,907<br>2,909,950<br>12,071,154<br>228,456,559<br>—<br>39,430,000               | At<br>31.03.2016<br>115,411,000<br>76,202,937<br>-<br>198,462,255<br>2,866,149<br>8,701,661<br>119,263,431<br>-<br>13,010,000               |
| i) Re ii) Otl iii) Otl a) b) iv) Borr a) b) c) v) Ap vi) Ca a) | wings in India serve Bank of India her banks her institutions and agencies Government of India Financial institutions rowings in the form of Deposits Commercial paper Bonds and debentures (excluding subordinated debt) plication money-bonds pital instruments Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital) Redeemable Non-Cumulative Preference Shares (RNCPS) (350 RNCPS of ₹ 10.0 million each issued to preference share holders of erstwhile ICICI Limited on amalgamation, redeemable at par on                 | 31.03.2017<br>18,069,000<br>56,390,754<br>—<br>150,138,907<br>2,909,950<br>12,071,154<br>228,456,559<br>—<br>39,430,000<br>84,982,344 | At<br>31.03.2016<br>115,411,000<br>76,202,937<br>-<br>198,462,255<br>2,866,149<br>8,701,661<br>119,263,431<br>-<br>13,010,000<br>98,152,555 |



|     |       |   |               | ₹ in '000s    |
|-----|-------|---|---------------|---------------|
|     |       |   | At            | At            |
|     |       |   | 31.03.2017    | 31.03.2016    |
| II. | Bo    | rrowings outside India  |               |               |
|     | i)    | Capital instruments   |               |               |
|     |       | a) Innovative Perpetual Debt Instruments (IPDI)               |               |               |
|     |       | (qualifying as additional Tier 1 capital)                     | _             | 22,517,983    |
|     |       | b) Hybrid debt capital instruments issued as bonds/debentures |               |               |
|     |       | (qualifying as Tier 2 capital)                                | 60,071,450    | 65,233,121    |
|     |       | c) Unsecured redeemable debentures/bonds                      |               |               |
|     |       | (subordinated debt included in Tier 2 capital)                | 9,716,800     | 9,916,081     |
|     | ii)   | Bonds and notes   | 442,010,859   | 492,616,248   |
|     | iii)  | Other borrowings <sup>1</sup>                                 | 608,671,151   | 783,946,792   |
| Tot | al Bo | rrowings Outside India  | 1,120,470,260 | 1,374,230,225 |
| Tot | al Bo | orrowings   | 1,882,867,563 | 2,203,776,561 |

- Includes borrowings guaranteed by Government of India amounting to Nil (March 31, 2016: ₹ 5,132.2 million).
- 2. Secured borrowings in I and II above amount to ₹ 166,827.0 million (March 31, 2016: ₹ 169,644.9 million) excluding borrowings under Collateralised Borrowing and Lending Obligation, market repurchase transactions with banks and financial institutions and transactions under Liquidity Adjustment Facility and Marginal Standing Facility.

|  |             | ₹ in '000s  |
|--|-------------|-------------|
|  | At          | At          |
|  | 31.03.2017  | 31.03.2016  |
| SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS      |             |             |
| I. Bills payable                                   | 72,170,177  | 48,422,363  |
| II. Inter-office adjustments (net)                 | 1,759,072   | 1,295,074   |
| III. Interest accrued                              | 35,011,965  | 35,086,739  |
| IV. Sundry creditors                               | 233,330,549 | 164,490,577 |
| V. General provision for standard assets           | 25,518,660  | 29,178,492  |
| VI. Others (including provisions) <sup>1,2,3</sup> | 233,948,487 | 249,340,731 |
| Total Other Liabilities And Provisions             | 601,738,910 | 527,813,976 |

- 1. Includes collective contingency and related reserve amounting to Nil (March 31, 2016: ₹ 36,000.0 million).
- 2. Includes provision for standard loans of the Bank amounting to ₹ 21,023.8 million (March 31, 2016: ₹ 7,061.4 million).
- 3. Includes for the year ended March 31, 2016, proposed dividend and corporate dividend tax amounting ₹ 29,075.2 million and ₹ 3,786.8 million respectively. Includes for the year ended March 31, 2017, corporate dividend tax payable on account of subsidiaries amounting to ₹ 788.9 million. For information on proposed dividend and corporate dividend tax of the Bank for the year ended March 31, 2017 refer note 18.18 Proposed dividend and issue of bonus shares.

|   |             | ₹ in '000s  |
|---|-------------|-------------|
|   | At          | At          |
|   | 31.03.2017  | 31.03.2016  |
| SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA           |             |             |
| Cash in hand (including foreign currency notes)                     | 73,825,506  | 67,477,373  |
| II. Balances with Reserve Bank of India in current accounts         | 245,087,092 | 205,298,247 |
| Total Cash and Balances with Reserve Bank of India                  | 318,912,598 | 272,775,620 |
|   |             | ₹ in '000s  |
|   | At          | At          |
|   | 31.03.2017  | 31.03.2016  |
| SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE |             |             |
| I. In India   |             |             |
| i) Balances with banks  |             |             |
| a) In current accounts  | 4,465,023   | 1,905,925   |
| b) In other deposit accounts  | 16,102,847  | 9,791,225   |
| ii) Money at call and short notice                                  |             |             |
| a) With banks   | 285,000,000 | 66,771,325  |
| b) With other institutions  | 8,730,636   | -           |
| Total   | 314,298,506 | 78,468,475  |
| II. Outside India   |             |             |
| i) In current accounts  | 104,677,741 | 134,753,654 |
| ii) In other deposit accounts                                       | 17,843,526  | 69,838,416  |
| *** ** * * * * * * * * * * * * * * * *                              | 49,176,315  | 94,523,537  |
| iii) Money at call and short notice                                 |             |             |
| Total   | 171,697,582 | 299,115,607 |



|     |   |               | ₹ in '000s    |
|-----|---|---------------|---------------|
|     |   | At            | At            |
|     |   | 31.03.2017    | 31.03.2016    |
| SC  | CHEDULE 8 - INVESTMENTS   |               |               |
| I.  | Investments in India [net of provisions]                                    |               |               |
|     | i) Government securities  | 1,401,496,218 | 1,436,810,801 |
|     | ii) Other approved securities   | -             | -             |
|     | iii) Shares (includes equity and preference shares) <sup>1</sup>            | 111,508,062   | 78,470,821    |
|     | iv) Debentures and bonds  | 258,576,027   | 205,599,336   |
|     | v) Assets held to cover linked liabilities of life insurance business       | 878,783,451   | 752,957,948   |
|     | vi) Others (commercial paper, mutual fund units, pass through certificates, |               |               |
|     | security receipts, certificate of deposits)                                 | 286,345,252   | 271,392,503   |
|     | Total Investments In India  | 2,936,709,010 | 2,745,231,409 |
| II. | Investments Outside India [net of provisions]                               |               |               |
|     | i) Government securities  | 54,360,645    | 61,032,012    |
|     | ii) Others (equity shares, bonds and certificate of deposits)               | 53,947,776    | 54,177,451    |
|     | Total Investments Outside India   | 108,308,421   | 115,209,463   |
|     | Total Investments   | 3,045,017,431 | 2,860,440,872 |
| A.  | Investments In India  |               |               |
|     | Gross value of investments <sup>2</sup>                                     | 2,945,678,115 | 2,760,752,923 |
|     | Less: Aggregate of provision/depreciation/(appreciation)                    | 8,969,105     | 15,521,514    |
|     | Net investments   | 2,936,709,010 | 2,745,231,409 |
| В.  | Investments Outside India   |               |               |
|     | Gross value of investments  | 110,262,601   | 117,260,970   |
|     | Less: Aggregate of provision/depreciation/(appreciation)                    | 1,954,180     | 2,051,507     |
|     | Net investments   | 108,308,421   | 115,209,463   |
| To  | tal Investments   | 3,045,017,431 | 2,860,440,872 |

Includes cost of investment in associates amounting to ₹ 3,759.2 million (March 31, 2016: ₹ 3,696.1 million).
 Includes net appreciation amounting to ₹ 109,657.3 million (March 31, 2016: ₹ 69,077.9 million) on investments held to cover linked liabilities of life insurance business.

|   |               | ₹ in '000s    |
|---|---------------|---------------|
|   | At            | At            |
|   | 31.03.2017    | 31.03.2016    |
| SCHEDULE 9 - ADVANCES [NET OF PROVISIONS]                               |               |               |
| A. i) Bills purchased and discounted <sup>1</sup>                       | 216,853,688   | 143,811,829   |
| ii) Cash credits, overdrafts and loans repayable on demand              | 1,027,910,024 | 849,039,557   |
| iii) Term Ioans   | 3,908,409,428 | 3,944,439,691 |
| Total Advances  | 5,153,173,140 | 4,937,291,077 |
| B. i) Secured by tangible assets (includes advances against book debts) | 3,998,058,632 | 3,948,314,956 |
| ii) Covered by bank/government guarantees                               | 94,769,402    | 103,079,622   |
| iii) Unsecured  | 1,060,345,106 | 885,896,499   |
| Total Advances  | 5,153,173,140 | 4,937,291,077 |
| C. I. Advances in India   |               |               |
| i) Priority sector  | 1,065,527,064 | 924,348,694   |
| ii) Public sector   | 129,991,400   | 44,329,101    |
| iii) Banks  | 3,448,842     | 283,403       |
| iv) Others  | 2,778,374,653 | 2,525,626,771 |
| Total Advances in India   | 3,977,341,959 | 3,494,587,969 |
| II. Advances outside India  |               |               |
| i) Due from banks   | 5,705,535     | 18,204,673    |
| ii) Due from others   |               |               |
| a) Bills purchased and discounted                                       | 69,699,735    | 42,433,900    |
| b) Syndicated and term loans  | 735,318,062   | 1,013,131,071 |
| c) Others   | 365,107,849   | 368,933,464   |
| Total Advances Outside India  | 1,175,831,181 | 1,442,703,108 |
| Total Advances  | 5,153,173,140 | 4,937,291,077 |

<sup>1.</sup> Net of bills rediscounted of Nil (March 31, 2016: ₹ 14,250.0 million).



|  |              | ₹ in '000s   |
|--|--------------|--------------|
|  | At           | At           |
|  | 31.03.2017   | 31.03.2016   |
| SCHEDULE 10 - FIXED ASSETS   |              |              |
| I. Premises  |              |              |
| Gross block  |              |              |
| At cost at March 31 of preceding year  | 80,650,323   | 51,764,728   |
| Additions during the year <sup>1</sup>   | 8,049,900    | 29,609,849   |
| Deductions during the year   | (606,768)    | (724,254)    |
| Closing balance  | 88,093,455   | 80,650,323   |
| Less: Depreciation to date <sup>2</sup>  | (14,749,865) | (13,358,550) |
| Net block <sup>3</sup>   | 73,343,590   | 67,291,773   |
| II. Other fixed assets (including furniture and fixtures)                            |              |              |
| Gross block  |              |              |
| At cost at March 31 of preceding year  | 59,567,170   | 55,271,663   |
| Additions during the year  | 7,487,340    | 7,510,219    |
| Deductions during the year   | (3,215,110)  | (3,214,712)  |
| Closing balance  | 63,839,400   | 59,567,170   |
| Less: Depreciation to date <sup>4</sup>  | (46,217,995) | (42,138,931) |
| Net block  | 17,621,405   | 17,428,239   |
| III. Assets given on lease   |              |              |
| Gross block  |              |              |
| At cost at March 31 of preceding year  | 17,299,544   | 17,299,544   |
| Additions during the year  | -            | _            |
| Deductions during the year   | (394,916)    | _            |
| Closing balance  | 16,904,628   | 17,299,544   |
| Less: Depreciation to date, accumulated lease adjustment and provisions <sup>5</sup> | (14,490,005) | (14,884,909) |
| Net block  | 2,414,623    | 2,414,635    |
| Total Fixed Assets   | 93,379,618   | 87,134,646   |

- At March 31, 2017, includes ₹ 2,989.9 million on account of revaluation carried out by the Bank and ICICI Home Finance Company Limited (March 31, 2016: revaluation carried out by the Bank ₹ 28,174.7 million).
- Includes depreciation charge amounting to ₹ 1,937.7 million for the year ended March 31, 2017 (year ended March 31, 2016: ₹ 1,513.3 million), including depreciation charge of ₹ 494.9 million for the year ended March 31, 2017 (year ended March 31, 2016: Nil) on account of revaluation.
- 3 Includes assets of ₹ 72.0 million of the Bank (March 31, 2016: ₹ 13.6 million) which are held for sale.
- 4. Includes depreciation charge amounting to ₹ 7,178.6 million for the year ended March 31, 2017 (year ended March 31, 2016: ₹ 6,725.6 million).
- 5. The depreciation charge/lease adjustment is an insignificant amount for the year ended March 31, 2017 (year ended March 31, 2016: ₹ 192.2 million).

|   |             | ₹ in '000s  |
|---|-------------|-------------|
|   | At          | At          |
|   | 31.03.2017  | 31.03.2016  |
| SCHEDULE 11 - OTHER ASSETS  |             |             |
| I. Inter-office adjustments (net)   | -           | _           |
| II. Interest accrued  | 72,634,680  | 77,457,994  |
| III. Tax paid in advance/tax deducted at source (net)                     | 62,954,769  | 35,319,277  |
| IV. Stationery and stamps   | 29,003      | 1,710       |
| V. Non-banking assets acquired in satisfaction of claims <sup>1,2,3</sup> | 25,527,485  | 18,158,876  |
| VI. Advance for capital assets  | 1,973,768   | 1,454,762   |
| VII. Deposits   | 13,826,899  | 13,542,444  |
| VIII. Deferred tax asset (net) (refer note 18.10)                         | 56,128,036  | 49,611,861  |
| IX. Deposits in Rural Infrastructure and Development Fund                 | 241,126,021 | 280,661,817 |
| X. Others <sup>4</sup>  | 289,747,104 | 176,126,939 |
| Total Other Assets  | 763,947,765 | 652,335,680 |

- 1. Includes certain non-banking assets acquired in satisfaction of claims which are in the process of being transferred in the Bank's
- During the year ended March 31, 2017 the Bank acquired assets amounting to ₹ 16,252.2 million (year ended March 31, 2016: ₹ 17,218.5 million) in satisfaction of claims under debt-asset swap transactions with certain borrowers. Of these, assets amounting to ₹ 500.3 million were sold during the year ended March 31, 2017 (year ended March 31, 2016: Nil).
- Represents balance net of provision held by the Bank amounting to ₹ 7,401.2 million at March 31, 2017 (March 31, 2016: Nil).
   Includes goodwill on consolidation amounting to ₹ 1,126.2 million (March 31, 2016: ₹ 1,257.0 million).

|  |   | ₹ in '000s   |
|--|---|--|
|  | At  | At   |
|  | 31.03.2017  | 31.03.2016   |
| HEDULE 12 - CONTINGENT LIABILITIES   |   |  |
| Claims against the Group not acknowledged as debts                           | 52,682,642  | 41,298,568   |
| Liability for partly paid investments  | 912,455   | 12,455   |
| Liability on account of outstanding forward exchange contracts <sup>1</sup>  | 4,410,995,113   | 3,740,067,266  |
| Guarantees given on behalf of constituents                                   |   |  |
| a) In India  | 723,437,252   | 750,021,991  |
| b) Outside India   | 210,871,211   | 262,980,560  |
| Acceptances, endorsements and other obligations                              | 478,522,536   | 474,131,095  |
| Currency swaps <sup>1</sup>  | 411,068,964   | 468,883,265  |
| Interest rate swaps, currency options and interest rate futures <sup>1</sup> | 6,746,703,570   | 5,385,604,359  |
| . Other items for which the Group is contingently liable                     | 43,222,125  | 53,470,604   |
| al Contingent Liabilities  | 13,078,415,868  | 11,176,470,163   |
|  | Liability for partly paid investments Liability on account of outstanding forward exchange contracts¹ Guarantees given on behalf of constituents a) In India b) Outside India Acceptances, endorsements and other obligations | Claims against the Group not acknowledged as debts  Claims against the Group not acknowledged as debts  Liability for partly paid investments  Liability on account of outstanding forward exchange contracts¹  Guarantees given on behalf of constituents  a) In India  723,437,252  b) Outside India  Acceptances, endorsements and other obligations  Currency swaps¹  Active the Group is contingently liable  31.03.2017  31.03.2017  31.03.2017  31.03.2017  32.682,642  4.410,995,113  4.410,995,113  4.410,995,113  4.410,995,113  4.410,995,113  4.410,995,113  4.410,995,113  4.410,895,113  4.410,895,113  4.410,895,113  4.410,895,113  4.410,895,113  4.410,895,113  4.410,895,113  4.410,895,113  4.410,895,113  4.410,895,113  4.410,895,113  4.410,895,113  4.410,99 |

<sup>1.</sup> Represents notional amount.



forming part of the Consolidated Profit and Loss Account

|   |             | ₹ in '000s  |
|---|-------------|-------------|
|   | Year ended  | Year ended  |
|   | 31.03.2017  | 31.03.2016  |
| SCHEDULE 13 - INTEREST EARNED   |             |             |
| I. Interest/discount on advances/bills  | 420,803,718 | 415,508,980 |
| II. Income on investments   | 154,560,724 | 143,244,729 |
| III. Interest on balances with Reserve Bank of India and other inter-bank funds | 6,230,029   | 3,039,556   |
| IV. Others <sup>1,2</sup>   | 27,805,331  | 31,143,792  |
| Total Interest Earned   | 609,399,802 | 592,937,057 |

- 1. Includes interest on income tax refunds amounting to ₹ 4,544.1 million (March 31, 2016: ₹ 3,274.4 million).
- 2. Includes interest and amortisation of premium on non-trading interest rate swaps and foreign currency swaps.

|      |  |             | ₹ in '000s  |
|------|--|-------------|-------------|
|      |  | Year ended  | Year ended  |
|      |  | 31.03.2017  | 31.03.2016  |
| SC   | HEDULE 14 - OTHER INCOME   |             |             |
| I.   | Commission, exchange and brokerage   | 96,343,758  | 87,696,973  |
| II.  | Profit/(loss) on sale of investments (net) <sup>1</sup>                      | 103,025,387 | 46,675,463  |
| III. | Profit/(loss) on revaluation of investments (net)                            | (3,809,897) | (4,248,050) |
| IV.  | Profit/(loss) on sale of land, buildings and other assets (net) <sup>2</sup> | (14,230)    | 264,335     |
| V.   | Profit/(loss) on exchange/derivative transactions (net) <sup>3</sup>         | 15,150,619  | 23,794,434  |
| VI.  | Premium and other operating income from insurance business                   | 312,027,717 | 263,839,764 |
| VII. | Miscellaneous income (including lease income) <sup>4</sup>                   | 1,853,151   | 2,998,484   |
| Tot  | al Other Income  | 524,576,505 | 421,021,403 |

- 1. Refer note 18.14- Sale of equity shareholding in insurance subsidiaries.
- 2. Includes profit/(loss) on sale of assets given on lease for the year ended March 31, 2016.
- 3. Includes exchange profit/(loss) on repatriation of retained earnings/capital from overseas branches/subsidiaries for the year ended March 31, 2016.
- 4. Includes share of profit/(loss) from associates of ₹ (41.9) million (March 31, 2016: ₹ 174.0 million).

|   |             | ₹ in '000s  |
|---|-------------|-------------|
|   | Year ended  | Year ended  |
|   | 31.03.2017  | 31.03.2016  |
| SCHEDULE 15 - INTEREST EXPENDED   |             |             |
| I. Interest on deposits   | 232,626,495 | 219,989,769 |
| II. Interest on Reserve Bank of India/inter-bank borrowings               | 15,194,760  | 15,587,314  |
| III. Others (including interest on borrowings of erstwhile ICICI Limited) | 100,537,073 | 104,387,663 |
| Total Interest Expended   | 348,358,328 | 339,964,746 |

forming part of the Consolidated Profit and Loss Account (Contd.)

|  |             | ₹ in '000s  |
|--|-------------|-------------|
|  | Year ended  | Year ended  |
|  | 31.03.2017  | 31.03.2016  |
| SCHEDULE 16 - OPERATING EXPENSES                                 |             |             |
| I. Payments to and provisions for employees                      | 78,932,552  | 69,122,888  |
| II. Rent, taxes and lighting <sup>1</sup>                        | 14,051,579  | 12,424,715  |
| III. Printing and stationery                                     | 2,009,142   | 1,742,022   |
| IV. Advertisement and publicity                                  | 9,109,658   | 7,199,746   |
| V. Depreciation on property                                      | 9,116,381   | 8,238,922   |
| VI. Depreciation (including lease equalisation) on leased assets | 12          | 192,206     |
| VII. Directors' fees, allowances and expenses                    | 95,468      | 62,939      |
| VIII. Auditors' fees and expenses                                | 251,492     | 230,227     |
| IX. Law charges  | 1,535,687   | 1,127,613   |
| X. Postages, courier, telephones, etc.                           | 4,603,585   | 4,028,285   |
| XI. Repairs and maintenance                                      | 13,404,090  | 11,540,341  |
| XII. Insurance   | 3,901,930   | 3,332,350   |
| XIII. Direct marketing agency expenses                           | 13,549,279  | 11,521,566  |
| XIV. Claims and benefits paid pertaining to insurance business   | 57,922,567  | 53,973,461  |
| XV. Other expenses pertaining to insurance business <sup>2</sup> | 219,059,330 | 178,736,575 |
| XVI. Other expenditure   | 54,156,953  | 44,421,759  |
| Total Operating Expenses   | 481,699,705 | 407,895,615 |

Includes lease payment of ₹ 9,810.1 million (March 31, 2016: ₹ 8,652.3 million).
 Includes commission expenses and reserves for actuarial liabilities (including the investible portion of the premium on the unitlinked policies).



forming part of the Consolidated Accounts

#### **SCHEDULE 17**

#### SIGNIFICANT ACCOUNTING POLICIES

#### Overview

ICICI Bank Limited, together with its subsidiaries, joint ventures and associates (collectively, the Group), is a diversified financial services group providing a wide range of banking and financial services including commercial banking, retail banking, project and corporate finance, working capital finance, insurance, venture capital and private equity, investment banking, broking and treasury products and services.

ICICI Bank Limited (the Bank), incorporated in Vadodara, India is a publicly held banking company governed by the Banking Regulation Act, 1949.

### **Principles of consolidation**

The consolidated financial statements include the financials of ICICI Bank, its subsidiaries, associates and joint ventures.

Entities, in which the Bank holds, directly or indirectly, through subsidiaries and other consolidating entities, more than 50.00% of the voting rights or where it exercises control, over the composition of board of directors/governing body, are fully consolidated on a line-by-line basis in accordance with the provisions of AS 21 on 'Consolidated Financial Statements'. Investments in entities where the Bank has the ability to exercise significant influence are accounted for under the equity method of accounting and the pro-rata share of their profit/(loss) is included in the consolidated profit and loss account. Assets, liabilities, income and expenditure of jointly controlled entities are consolidated using the proportionate consolidation method. Under this method, the Bank's share of each of the assets, liabilities, income and expenses of the jointly controlled entity is reported in separate line items in the consolidated financial statements. The Bank does not consolidate entities where the significant influence/control is intended to be temporary or entities which operate under severe long-term restrictions that impair their ability to transfer funds to parent/investing entity. All significant inter-company accounts and transactions are eliminated on consolidation.

#### **Basis of preparation**

The accounting and reporting policies of the Group used in the preparation of the consolidated financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI), National Housing Bank (NHB) from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014, as applicable to relevant companies and practices generally prevalent in the banking industry in India. In the case of the foreign subsidiaries, Generally Accepted Accounting Principles as applicable to the respective foreign subsidiaries are followed. The Group follows the accrual method of accounting except where otherwise stated, and the historical cost convention. In case the accounting policies followed by a subsidiary or joint venture are different from those followed by the Bank, the same have been disclosed in the respective accounting policy.

The preparation of consolidated financial statements requires the management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the consolidated financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Future results could differ from these estimates.

The consolidated financial statements include the results of the following entities in addition to the Bank.

forming part of the Consolidated Accounts (Contd.)

| Sr.<br>No. | Name of the entity  | Country of incorporation | Nature of relationship    | Nature of business                                       | Ownership interest |
|------------|---|--------------------------|---------------------------|--|--------------------|
| 1.         | ICICI Bank UK PLC   | United<br>Kingdom        | Subsidiary                | Banking  | 100.00%            |
| 2.         | ICICI Bank Canada   | Canada                   | Subsidiary                | Banking  | 100.00%            |
| 3.         | ICICI Securities Limited  | India                    | Subsidiary                | Securities broking and merchant banking                  | 100.00%            |
| 4.         | ICICI Securities Holdings Inc.  | USA                      | Subsidiary                | Holding company  | 100.00%            |
| 5.         | ICICI Securities Inc.   | USA                      | Subsidiary                | Securities broking                                       | 100.00%            |
| 6.         | ICICI Securities Primary Dealership<br>Limited                                | India                    | Subsidiary                | Securities investment, trading and underwriting          | 100.00%            |
| 7.         | ICICI Venture Funds Management<br>Company Limited                             | India                    | Subsidiary                | Private equity/venture capital fund management           | 100.00%            |
| 8.         | ICICI Home Finance Company Limited  | India                    | Subsidiary                | Housing finance  | 100.00%            |
| 9.         | ICICI Trusteeship Services Limited  | India                    | Subsidiary                | Trusteeship services                                     | 100.00%            |
| 10.        | ICICI Investment Management Company<br>Limited                                | India                    | Subsidiary                | Asset management   | 100.00%            |
| 11.        | ICICI International Limited   | Mauritius                | Subsidiary                | Asset management   | 100.00%            |
| 12.        | ICICI Prudential Pension Funds Management Company Limited <sup>1</sup>        | India                    | Subsidiary                | Pension fund management                                  | 100.00%            |
| 13.        | ICICI Prudential Life Insurance Company<br>Limited                            | India                    | Subsidiary                | Life insurance   | 54.89%             |
| 14.        | ICICI Lombard General Insurance<br>Company Limited                            | India                    | Subsidiary                | General insurance  | 63.31%             |
| 15.        | ICICI Prudential Asset Management<br>Company Limited                          | India                    | Subsidiary                | Asset management company                                 | 51.00%             |
| 16.        | ICICI Prudential Trust Limited  | India                    | Subsidiary                | Trustee services   | 50.80%             |
| 17.        | ICICI Strategic Investments Fund  | India                    | Consolidated as per AS 21 | Unregistered venture capital fund                        | 100.00%            |
| 18.        | I-Process Services (India) Private<br>Limited <sup>2</sup>                    | India                    | Associate                 | Services related to back end operations                  | 19.00%             |
| 19.        | NIIT Institute of Finance Banking and Insurance Training Limited <sup>2</sup> | India                    | Associate                 | Education and training in banking, finance and insurance | 18.79%             |
| 20.        | ICICI Merchant Services Private Limited <sup>2</sup>                          | India                    | Associate                 | Merchant servicing                                       | 19.01%             |
| 21.        | India Infradebt Limited <sup>2</sup>  | India                    | Associate                 | Infrastructure finance                                   | 31.00%             |
| 22.        | India Advantage Fund-III <sup>2</sup>   | India                    | Associate                 | Venture capital fund                                     | 24.10%             |
| 23.        | India Advantage Fund-IV <sup>2</sup>  | India                    | Associate                 | Venture capital fund                                     | 47.14%             |

<sup>1.</sup> ICICI Prudential Pension Funds Management Company Limited is a wholly owned subsidiary of ICICI Prudential Life Insurance Company Limited.

<sup>2.</sup> These entities have been accounted as per the equity method as prescribed by AS 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements'.

<sup>3.</sup> With effect from January 5, 2017, ICICI Group ceased to exercise significant influence over FINO PayTech Limited and therefore, FINO PayTech Limited has ceased to be an associate of the Bank. Accordingly, investment in FINO PayTech Limited has not been accounted as per the equity method from the three months ended March 31, 2017.



forming part of the Consolidated Accounts (Contd.)

Comm Trade Services Limited has not been consolidated under AS 21, since the investment is temporary in nature. Falcon Tyres Limited, in which the Bank holds 26.39% equity shares has not been accounted as per equity method under AS 23, since the investment is temporary in nature.

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. Transactions involving foreign exchange

The consolidated financial statements of the Group are reported in Indian rupees (₹), the national currency of India. Foreign currency income and expenditure items are translated as follows:

- For domestic operations, at the exchange rates prevailing on the date of the transaction with the resultant gain
  or loss accounted for in the profit and loss account.
- For integral foreign operations, at daily closing rates with the resultant gain or loss accounted for in the profit
  and loss account. An integral foreign operation is a subsidiary, associate, joint venture or branch of the reporting
  enterprise, the activities of which are based or conducted in a country other than the country of the reporting
  enterprise but are an integral part of the reporting enterprise.
- For non-integral foreign operations, at the quarterly average closing rates with the resultant gains or losses accounted for as foreign currency translation reserve.

Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing exchange rates notified by Foreign Exchange Dealers' Association of India (FEDAI) relevant to the balance sheet date and the resulting gains/losses are included in the profit and loss account.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at relevant closing exchange rates notified by FEDAI at the balance sheet date and the resulting gains/losses from exchange differences are accumulated in the foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operations. Prior to April 1, 2016, on the disposal/partial disposal of a non-integral foreign operation, the cumulative/proportionate amount of the exchange differences which had been accumulated in the foreign currency translation reserve and which related to that operation were recognised as income or expenses in the same period in which the gain or loss on disposal was recognised. From April 1, 2016, pursuant to RBI guideline dated April 18, 2017, the Bank does not recognise the cumulative/proportionate amount of such exchange differences as income or expenses, which relate to repatriation of accumulated retained earnings from overseas operations.

The premium or discount arising on inception of forward exchange contracts in domestic operations that are entered to establish the amount of reporting currency required or available at the settlement date of a transaction is amortised over the life of the contract. All other outstanding forward exchange contracts are revalued based on the exchange rates notified by FEDAl for specified maturities and at interpolated rates for contracts of interim maturities. The contracts of longer maturities where exchange rates are not notified by FEDAl are revalued, based on the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognised in the profit and loss account.

Contingent liabilities on account of guarantees, endorsements and other obligations denominated in foreign currency are disclosed at the closing exchange rates notified by FEDAI relevant to the balance sheet date.

### 2. Revenue recognition

- a) Interest income is recognised in the profit and loss account as it accrues except in the case of non-performing assets (NPAs) where it is recognised upon realisation, as per the income recognition and asset classification norms of RBI/NHB/other applicable guidelines. For assets, where Strategic Debt Restructuring (SDR) or prudential norms on change in ownership of borrowing entities (change in management outside SDR) schemes of RBI have been invoked, the interest income is recognised upon realisation during the period from the date of invocation till the end of stand-still period. Further, the interest income on assets is recognised upon realisation where scheme for sustainable structuring of stressed assets (S4A) scheme has been invoked but not implemented.
- b) Income from finance leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding on the lease over the primary lease period.

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- c) Income on discounted instruments is recognised over the tenure of the instrument.
- d) Dividend income is accounted on an accrual basis when the right to receive the dividend is established.
- e) Loan processing fee is accounted for upfront when it becomes due except in the case of foreign banking subsidiaries, where it is amortised over the period of the loan.
- f) Project appraisal/structuring fee is accounted for on the completion of the agreed service.
- g) Arranger fee is accounted for as income when a significant portion of the arrangement/syndication is completed.
- h) Commission received on guarantees issued is amortised on a straight-line basis over the period of the guarantee.
- i) Fund management and portfolio management fees are recognised on an accrual basis.
- j) The annual/renewal fee on credit cards is amortised on a straight line basis over one year.
- k) All other fees are accounted for as and when they become due.
- I) The Bank deals in bullion business on a consignment basis. The difference between price recovered from customers and cost of bullion is accounted for at the time of sales to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on accrual basis.
- m) Fees paid/received for priority sector lending certificates (PSLC) is amortised on straight- line basis over the period of the certificate.
- n) Fees/other income related to borrowers, where SDR or change in management outside SDR schemes of RBI have been invoked, are recognised upon realisation during the period from the date of invocation till the end of stand-still period. Further, fees/other income are recognised upon realisation where S4A scheme has been invoked but not implemented.
- Income from securities brokerage activities is recognised as income on the trade date of the transaction.
   Brokerage income in relation to public or other issuances of securities is recognised based on mobilisation and terms of agreement with the client.
- p) Life insurance premium for non-linked policies is recognised as income when due from policyholders. For unit linked business, premium is recognised when the associated units are created. Premium on lapsed policies is recognised as income when such policies are reinstated. Top-up premiums paid by unit linked policyholders' are considered as single premium and recognised as income when the associated units are created. Income from unit linked policies, which includes fund management charges, policy administration charges, mortality charges and other charges, if any, are recovered from the linked funds in accordance with the terms and conditions of the policy and are recognised when due.
- q) In the case of general insurance business, premium is recorded for the policy period at the commencement of risk and for instalment cases, it is recorded on instalment due dates. Premium earned is recognised as income over the period of the risk or the contract period based on 1/365 method, whichever is appropriate, on a gross basis, net of service tax. Any subsequent revision to premium is recognised over the remaining period of risk or contract period. Adjustments to premium income arising on cancellation of policies are recognised in the period in which the policies are cancelled. Commission on re-insurance ceded is recognised as income in the period of ceding the risk. Profit commission under re-insurance treaties, wherever applicable, is recognised as income in the period of final determination of profits and combined with commission on reinsurance ceded.
- r) In case of life insurance business, reinsurance premium ceded is accounted in accordance with the terms of the relevant treaty with the reinsurer. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance.
- s) In the case of general insurance business, insurance premium on ceding of the risk is recognised in the period in which the risk commences. Any subsequent revision to premium ceded is recognised in the period of such revision. Adjustment to re-insurance premium arising on cancellation of policies is recognised in the period



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in which they are cancelled. In case of life insurance business, reinsurance premium ceded is accounted in accordance with the terms and conditions of the relevant treaties with the reinsurer. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance.

t) In the case of general insurance business, premium deficiency is recognised when the sum of expected claim costs and related expenses and maintenance costs exceed the reserve for unexpired risks and is computed at a segmental revenue account level. The expected claim cost is calculated and duly certified by the Appointed Actuary.

#### 3. Stock based compensation

The following entities within the group have granted stock options to their employees:

- ICICI Bank Limited
- ICICI Prudential Life Insurance Company Limited
- ICICI Lombard General Insurance Company Limited

The Employees Stock Option Scheme (the Scheme) of the Bank provides for grant of options on the Bank's equity shares to wholetime directors and employees of the Bank and its subsidiaries. The Scheme provides that employees are granted an option to subscribe to equity shares of the Bank that vest in a graded manner. The options may be exercised within a specified period. ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company have also formulated similar stock option schemes for their employees for grant of equity shares of their respective companies.

The Group, except the overseas banking subsidiaries, follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date and amortised over the vesting period. The fair market price is the latest closing price, immediately prior to the grant date, which is generally the date of the meeting of the Board Governance, Remuneration & Nomination Committee or other relevant committee in which the options are granted, on the stock exchange on which the shares of the Bank and ICICI Prudential Life Insurance Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered. In the case of ICICI Lombard General Insurance Company, the fair value of the shares is determined based on an external valuation report. The banking subsidiaries namely, ICICI Bank UK and ICICI Bank Canada account for the cost of the options granted to employees by ICICI Bank using the fair value method based on binomial tree model.

#### 4. Income taxes

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Group. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income, respectively. Deferred tax adjustments comprise changes in the deferred tax assets or liabilities during the year.

Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in the deferred tax assets and liabilities is recognised in the profit and loss account.

Deferred tax assets are recognised and re-assessed at each reporting date, based upon the management's judgement as to whether their realisation is considered as reasonably certain. However, in case of domestic companies, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

In the consolidated financial statements, deferred tax assets and liabilities are computed at an individual entity level and aggregated for consolidated reporting.

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#### 5. Claims and benefits paid

In the case of general insurance business, claims incurred comprise claims paid, estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER). Further, claims incurred also include specific claim settlement costs such as survey/legal fees and other directly attributable costs. Claims (net of amounts receivable from re-insurers/co-insurers) are recognised on the date of intimation based on management estimates or on estimates from surveyors/insured in the respective revenue account. Estimated liability for outstanding claims at the balance sheet date is recorded net of claims recoverable from/payable to co-insurers/re-insurers and salvage to the extent there is certainty of realisation. Salvaged stock is recognised at estimated net realisable value based on independent valuer's report. Estimated liability for outstanding claim is determined by the entity on the basis of ultimate amounts likely to be paid on each claim based on the past experience/actuarial valuation. These estimates are progressively revalidated on availability of further information. Claims IBNR represent that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The claims IBNR provision also includes provision, if any, required for claims IBNER. Estimated liability for claims IBNR/claims IBNER is based on an actuarial estimate duly certified by the appointed actuary of the entity.

In the case of life insurance business, benefits paid comprise of policy benefits and claim settlement costs, if any. Death and rider claims are accounted for on receipt of intimation. Survival and maturity benefits are accounted when due. Withdrawals and surrenders under non linked policies are accounted on the receipt of intimation.

#### 6. Liability for life policies in force

In the case of life insurance business, the liabilities for life policies in force are calculated in accordance with accepted actuarial practice, requirements of Insurance Act, 1938 (amended by Insurance Laws (Amendment) Act, 2015) and regulations notified by the Insurance Regulatory and Development Authority of India and Actuarial Practice Standards of the Institute of Actuaries of India.

#### 7. Reserve for unexpired risk

Reserve for unexpired risk is recognised net of re-insurance ceded and represents premium written that is attributable to, and is to be allocated to succeeding accounting periods. For fire, marine, cargo and miscellaneous business it is calculated on a daily pro-rata basis, except in the case of marine hull business which is computed at 100.00% of net premium written on all unexpired policies at balance sheet date, in accordance with the provisions of the Insurance Act, 1938.

### 8. Actuarial method and valuation

In the case of life insurance business, the actuarial liability on both participating and non-participating policies is calculated using the gross premium method, using assumptions for interest, mortality, morbidity, expense and inflation, and in the case of participating policies, future bonuses together with allowance for taxation and allocation of profits to shareholders. These assumptions are determined as prudent estimates at the date of valuation with allowances for adverse deviations.

The greater of liability calculated using discounted cash flows and unearned premium reserves is held for the unexpired portion of the risk for the non-unit liabilities of linked business and attached riders.

The unit liability in respect of linked business has been taken as the value of the units standing to the credit of policyholders, using the Net Asset Value (NAV) prevailing at the valuation date.

An unexpired risk reserve and a reserve in respect of claims incurred but not reported are created, for one year renewable group term insurance.

The interest rates used for valuing the liabilities are in the range of 3.49% to 6.20% per annum (previous year – 4.92% to 5.53% per annum).

Mortality rates used are based on the published "Indian Assured Lives Mortality (2006 – 2008) Ult." mortality table for assurances and LIC 96-98 table for annuities, adjusted to reflect expected experience while morbidity rates used are based on CIBT 93 table, adjusted for expected experience, or on risk rates supplied by reinsurers.



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Expenses are provided for at current levels, in respect of renewal expenses, with no allowance for future improvements but with an allowance for any expected worsening. Per policy renewal expenses for regular premium policies are assumed to inflate at 4.55% (previous year – 5.18%).

#### 9. Acquisition costs for insurance business

Acquisition costs are those costs that vary with and are primarily related to the acquisition of insurance contracts and are expensed in the period in which they are incurred.

### 10. Employee benefits

### Gratuity

The Group pays gratuity, a defined benefit plan, to employees who retire or resign after a minimum prescribed period of continuous service and in case of employees at overseas locations as per the rules in force in the respective countries. The Group makes contribution to trusts which administer the funds on their own account or through insurance companies.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

Actuarial valuation of the gratuity liability is determined by an actuary appointed by the Group. Actuarial valuation of gratuity liability is determined based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

#### Superannuation fund and National Pension Scheme

The Bank contributes 15.00% of the total annual basic salary of certain employees to superannuation funds, a defined contribution plan, managed and administered by insurance companies. Further, the Bank contributes 10.00% of the total basic salary of certain employees to National Pension Scheme (NPS), a defined contribution plan, which is managed and administered by pension fund management companies. The Bank also gives an option to its employees allowing them to receive the amount in lieu of such contributions along with their monthly salary during their employment.

The amounts so contributed/paid by the Bank to the superannuation fund and NPS or to employees during the year are recognised in the profit and loss account.

ICICI Prudential Life Insurance Company, ICICI Prudential Asset Management Company and ICICI Venture Funds Management Company have accrued for superannuation liability based on a percentage of basic salary payable to eligible employees for the period of service.

#### Pension

The Bank provides for pension, a defined benefit plan covering eligible employees of erstwhile Bank of Madura, erstwhile Sangli Bank and erstwhile Bank of Rajasthan. The Bank makes contribution to a trust which administers the funds on its own account or through insurance companies. The plan provides for pension payment including dearness relief on a monthly basis to these employees on their retirement based on the respective employee's years of service with the Bank and applicable salary.

Actuarial valuation of the pension liability is determined by an actuary appointed by the Bank. Actuarial valuation of pension liability is calculated based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

Employees covered by the pension plan are not eligible for employer's contribution under the provident fund plan.

#### **Provident fund**

The Group is statutorily required to maintain a provident fund, a defined benefit plan, as a part of retirement benefits to its employees. Each employee contributes a certain percentage of his or her basic salary and the Group contributes an equal amount for eligible employees. The Group makes contribution as required by The Employees'

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Provident Funds and Miscellaneous Provisions Act, 1952 to Employees' Pension Scheme administered by the Regional Provident Fund Commissioner and the balance contributions are transferred to funds administered by trustees. The funds are invested according to the rules prescribed by the Government of India.

Actuarial valuation for the interest rate guarantee on the provident fund balances is determined by an actuary appointed by the Group.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

The employees of the overseas branches of the Bank contribute a certain percentage of their salary and the overseas branches contribute an equal amount for eligible employees towards respective government schemes. The contribution by the overseas branches is recognised in profit and loss account at the time of contribution.

### Compensated absences

The Group provides for compensated absences based on actuarial valuation conducted by an independent actuary.

#### 11. Provisions, contingent liabilities and contingent assets

The Group estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available upto the date on which the consolidated financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimates of amounts required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the consolidated financial statements. In case of remote possibility, neither provision nor disclosure is made in the consolidated financial statements. The Group does not account for or disclose contingent assets, if any.

The Bank estimates the probability of redemption of customer loyalty reward points using an actuarial method by employing an independent actuary and accordingly makes provision for these reward points. Actuarial valuation is determined based on certain assumptions regarding mortality rate, discount rate, cancellation rate and redemption rate.

### 12. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

### 13. Investments

- Investments of the Bank are accounted for in accordance with the extant RBI guidelines on investment classification and valuation as given below.
  - a) All investments are classified into 'Held to Maturity', 'Available for Sale' and 'Held for Trading'. Reclassifications, if any, in any category are accounted for as per the RBI guidelines. Under each classification, the investments are further categorised as (a) government securities, (b) other approved securities, (c) shares, (d) bonds and debentures and (e) others.
  - b) 'Held to Maturity' securities are carried at their acquisition cost or at amortised cost, if acquired at a premium over the face value. Any premium over the face value of fixed rate and floating rate securities acquired is amortised over the remaining period to maturity on a constant yield basis and straight line basis respectively.
  - c) 'Available for Sale' and 'Held for Trading' securities are valued periodically as per RBI guidelines. Any premium over the face value of fixed rate and floating rate investments in government securities, classified as 'Available for Sale', is amortised over the remaining period to maturity on constant yield basis and straight-line basis respectively. Quoted investments are valued based on the closing quotes on the



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recognised stock exchanges or prices declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association (FIMMDA), periodically.

The market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio (SLR) securities included in the 'Available for Sale' and 'Held for Trading' categories is as per the rates published by FIMMDA. The valuation of other unquoted fixed income securities, including Pass Through Certificates, wherever linked to the Yield-to-Maturity (YTM) rates, is computed with a mark-up (reflecting associated credit risk) over the YTM rates for government securities published by FIMMDA.

Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available or at ₹ 1, as per RBI guidelines.

Securities are valued scrip-wise. Depreciation/appreciation on securities other than those acquired by way of conversion of outstanding loans, is aggregated for each category. Net appreciation in each category, if any, being unrealised, is ignored, while net depreciation is provided for. The depreciation on securities acquired by way of conversion of outstanding loan is fully provided for. Non-performing investments are identified based on the RBI guidelines.

Depreciation on equity shares acquired and held by the Bank under SDR, S4A and change in management outside SDR schemes is provided over a period of four calendar quarters from the date of conversion of debt into equity in accordance with RBI guidelines.

- d) Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost.
- e) The units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.
- f) Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the profit and loss account. Cost of investments is computed based on the First-In-First-Out (FIFO) method.
- g) Profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the profit and loss account.
- h) Market repurchase, reverse repurchase and transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as borrowing and lending transactions in accordance with the extant RBI guidelines.
- i) Broken period interest (the amount of interest from the previous interest payment date till the date of purchase/sale of instruments) on debt instruments is treated as a revenue item.
- j) At the end of each reporting period, security receipts issued by the asset reconstruction companies are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction companies are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting period end. The security receipts which are outstanding and not redeemed as at the end of the resolution period are treated as loss assets and are fully provided for.
- k) The Bank follows trade date method of accounting for purchase and sale of investments, except for government of India and state government securities where settlement date method of accounting is followed in accordance with RBI guidelines.
- I) The Bank undertakes short sale transactions in dated central government securities in accordance with RBI guidelines. The short positions are categorised under HFT category and are marked-to-market. The mark-to-market loss is charged to profit and loss account and gain, if any, is ignored as per RBI guidelines.

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- ii) The Bank's consolidating venture capital fund carries investments at fair values, with unrealised gains and temporary losses on investments recognised as components of investors' equity and accounted for in the unrealised investment reserve account. The realised gains and losses on investments and units in mutual funds and unrealised gains or losses on revaluation of units in mutual funds are accounted for in the profit and loss account. Provisions are made in respect of accrued income considered doubtful. Such provisions as well as any subsequent recoveries are recorded through the profit and loss account. Subscription to/purchase of investments are accounted at the cost of acquisition inclusive of brokerage, commission and stamp duty.
- iii) The Bank's primary dealership and securities broking subsidiaries classify the securities held with the intention of holding for short-term and trading as stock-in-trade which are valued at lower of cost or market value. The securities classified by primary dealership subsidiary as held-to-maturity, as permitted by RBI, are carried at amortised cost. Appropriate provision is made for other than temporary diminution in the value of investments. Commission earned in respect of securities acquired upon devolvement is reduced from the cost of acquisition.
- iv) The Bank's housing finance subsidiary classifies its investments as current investments and long-term investments. Investments that are readily realisable and intended to be held for not more than a year are classified as current investments, which are carried at the lower of cost and net realisable value. All other investments are classified as long-term investments, which are carried at their acquisition cost or at amortised cost, if acquired at a premium over the face value. Any premium over the face value of the securities acquired is amortised over the remaining period to maturity on a constant yield basis. However, a provision for diminution in value is made to recognise any other than temporary decline in the value of such long-term investments.
- v) The Bank's overseas banking subsidiaries account for unrealised gain/loss, net of tax, on investment in 'Available for Sale' category directly in their reserves. Further unrealised gain/loss on investment in 'Held for Trading' category is accounted directly in the profit and loss account. Investments in 'Held to Maturity' category are carried at amortised cost.
- vi) In the case of life and general insurance businesses, investments are made in accordance with the Insurance Act, 1938 (amended by the Insurance Laws (Amendment) Act, 2015), the IRDA (Investment) Regulations, 2016, and various other circulars/notifications issued by the IRDAI in this context from time to time.

In the case of life insurance business, valuation of investments (other than linked business) is done on the following basis:

- a. All debt securities and redeemable preference shares are considered as 'held to maturity' and accordingly stated at historical cost, subject to amortisation of premium or accretion of discount over the period of maturity/holding on a constant yield basis.
- b. Listed equity shares are stated at fair value being the last quoted closing price on the National Stock Exchange (NSE) (or BSE, in case the investments are not listed on NSE).
- c. Mutual fund units are valued based on the previous day's net asset value.

Unrealised gains/losses arising due to changes in the fair value of listed equity shares and mutual fund units are taken to 'Revenue and other reserves' and 'Liabilities on policies in force' in the balance sheet for Shareholders' fund and Policyholders' fund respectively for life insurance business.

In the case of general insurance business, valuation of investments is done on the following basis:

- a. All debt securities including government securities and non-convertible preference shares are considered as 'held to maturity' and accordingly stated at amortised cost determined after amortisation of premium or accretion of discount on a constant yield basis over the holding/maturity period.
- b. Listed equities and convertible preference shares at the balance sheet date are stated at fair value, being the last quoted closing price on the NSE and in case these are not listed on NSE, then based on the last quoted closing price on the BSE.
- c. Mutual fund investments (other than venture capital fund) are stated at fair value, being the closing net asset value at balance sheet date.



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Investments other than mentioned above are valued at cost.

Unrealised gains/losses arising due to changes in the fair value of listed equity shares and mutual fund units are taken to 'Revenue and other reserves' in the balance sheet for general insurance business.

Insurance subsidiaries assess at each balance sheet date whether there is any indication that any investment may be impaired. If any such indication exists, the carrying value of such investment is reduced to its recoverable amount and the impairment loss is recognised in the revenue(s)/profit and loss account.

The total proportion of investments for which subsidiaries have applied accounting policies different from the Bank as mentioned above, is approximately 21.50% of the total investments at March 31, 2017.

#### 14. Provisions/write-offs on loans and other credit facilities

- i) Loans and other credit facilities of the Bank are accounted for in accordance with the extant RBI guidelines as given below:
  - a) The Bank classifies its loans and investments, including at overseas branches and overdues arising from crystallised derivative contracts, into performing and NPAs in accordance with RBI guidelines. Loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI.

In the case of corporate loans and advances, provisions are made for sub-standard and doubtful assets at rates prescribed by RBI. Loss assets and the unsecured portion of doubtful assets are provided/written-off as per the extant RBI guidelines. For loans and advances booked in overseas branches, which are standard as per the extant RBI guidelines but are classified as NPAs based on host country guidelines, provisions are made as per the host country regulations. For loans and advances booked in overseas branches, which are NPAs as per the extant RBI guidelines and as per host country guidelines, provisions are made at the higher of the provisions required under RBI regulations and host country regulations. Provisions on homogeneous retail loans and advances, subject to minimum provisioning requirements of RBI, are assessed on the basis of the ageing of the loans in the non-performing category. In respect of loans classified as fraud, the entire amount, without considering the value of security, is provided for over a period of four quarters starting from the quarter in which fraud has been detected. In accounts where there has been delay in reporting the fraud to the RBI, the entire amount is provided immediately. In respect of borrowers classified as non-cooperative borrowers, wilful defaulters and NPAs covered under distressed assets framework of RBI, the Bank makes accelerated provisions as per extant RBI guidelines.

The Bank holds specific provisions against non-performing loans and advances, and against certain performing loans and advances in accordance with RBI directions. The Bank also holds provisions on loans under SDR, S4A and change in management outside SDR schemes of RBI. The assessment of incremental specific provisions is made after taking into consideration the existing specific provision held. The specific provisions on retail loans and advances held by the Bank are higher than the minimum regulatory requirements.

- b) Provision due to diminution in the fair value of restructured/rescheduled loans and advances is made in accordance with the applicable RBI guidelines.
  - In respect of non-performing loans and advances accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e. a period of one year after the date when first payment of interest or of principal, whichever is later, falls due, subject to satisfactory performance of the account during the period. A standard restructured loan is upgraded to the standard category when satisfactory payment performance is evidenced during the specified period and after the loan reverts to the normal level of standard asset provisions/risk weights.
- c) Amounts recovered against debts written-off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the profit and loss account.

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- d) The Bank maintains general provision on performing loans and advances in accordance with the RBI guidelines, including provisions on loans to borrowers having unhedged foreign currency exposure and provision on exposures to step-down subsidiaries of Indian companies. For performing loans and advances in overseas branches, the general provision is made at higher of host country regulations requirement and RBI requirement.
- e) In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposures including indirect country risk (other than for home country exposure). The countries are categorised into seven risk categories namely insignificant, low, moderately low, moderately high, high and very high, and provisioning is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 25%. For exposures with contractual maturity of less than 180 days, provision is required to be held at 25% of the rates applicable to exposures exceeding 180 days. The indirect exposure is reckoned at 50% of the exposure. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is required on such country exposure.
- f) The Bank makes floating provision as per a Board approved policy, which is in addition to the specific and general provisions made by the Bank. The floating provision is utilised, with the approval of Board and RBI, in case of contingencies which do not arise in the normal course of business and are exceptional and non-recurring in nature and for making specific provision for impaired loans as per the requirement of extant RBI guidelines or any regulatory guidance/instructions. The floating provision is netted-off from advances.
- ii) In the case of the Bank's housing finance subsidiary, loans and other credit facilities are classified as per the NHB guidelines into performing and non-performing assets. Further, NPAs are classified into sub-standard, doubtful and loss assets based on criteria stipulated by NHB. Additional provisions are made against specific non-performing assets over and above what is stated above, if in the opinion of the management, increased provisions are necessary.
- iii) In the case of the Bank's overseas banking subsidiaries, loans are stated net of allowance for credit losses. Loans are classified as impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition on the loan (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the loans that can be reliably estimated. An allowance for impairment losses is maintained at a level that management considers adequate to absorb identified credit related losses as well as losses that have occurred but have not yet been identified.

The total proportion of loans for which subsidiaries have applied accounting policies different from the Bank as mentioned above, is approximately 8.26% of the total loans at March 31, 2017.

#### 15. Transfer and servicing of assets

The Bank transfers commercial and consumer loans through securitisation transactions. The transferred loans are de-recognised and gains/losses are accounted for, only if the Bank surrenders the rights to benefits specified in the underlying securitised loan contract. Recourse and servicing obligations are accounted for net of provisions.

In accordance with the RBI guidelines for securitisation of standard assets, with effect from February 1, 2006, the Bank accounts for any loss arising from securitisation immediately at the time of sale and the profit/premium arising from securitisation is amortised over the life of the securities issued or to be issued by the special purpose vehicle to which the assets are sold. With effect from May 7, 2012, the RBI guidelines require the profit/premium arising from securitisation to be amortised over the life of the transaction based on the method prescribed in the guidelines.

In accordance with RBI guidelines, in case of non-performing/special mention account-2 loans sold to securitisation company (SC)/reconstruction company (RC), the Bank reverses the excess provision in profit and loss account in the year in which amounts are received. Any shortfall of sale value over the net book value on sale of such assets is recognised by the Bank in the year in which the loan is sold.



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The Canadian subsidiary has entered into securitisation arrangements in respect of its originated and purchased mortgages. ICICI Bank Canada either retains substantially all the risk and rewards or retains control over these mortgages, hence these arrangements do not qualify for de-recognition accounting under their local accounting standards. It continues to recognise the mortgages securitised as "Loans and Advances" and the amounts received through securitisation are recognised as "Other borrowings".

#### 16. Property, Plant and Equipment

Property, Plant and Equipment (PPE), other than premises of the Bank, are carried at cost less accumulated depreciation and impairment, if any. In case of the Bank and its housing finance subsidiary, premises are carried at revalued amount, being fair value at the date of revaluation less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Depreciation is charged over the estimated useful life of PPE on a straight-line basis. The useful life of the groups of PPE for domestic group companies is based on past experience and expectation of usage, which for some categories of PPE, is different from the useful life as prescribed in Schedule II to the Companies Act, 2013.

Assets purchased/sold during the period are depreciated on a pro-rata basis for the actual number of days the asset has been capitalised.

In case of the Bank, items costing up to ₹ 5,000/- are depreciated fully over a period of 12 months from the date of purchase. Further, profit on sale of premises by the Bank is appropriated to capital reserve, net of transfer to Statutory Reserve and taxes, in accordance with RBI guidelines.

In case of revalued/impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised asset values. In case of premises, which are carried at revalued amounts, the depreciation on the excess of revalued amount over historical cost is transferred from Revaluation Reserve to General Reserve annually.

### Non-banking assets

Non-banking assets (NBAs) acquired in satisfaction of claims are carried at lower of net book value and net realisable value.

### 17. Accounting for derivative contracts

The Group enters into derivative contracts such as interest rate and currency options, interest rate and currency futures, interest rate and currency swaps, credit default swaps and cross currency interest rate swaps.

The swap contracts entered to hedge on-balance sheet assets and liabilities are structured such that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is co-related with the movement of underlying assets and liabilities and accounted pursuant to the principles of hedge accounting. Hedge swaps are accounted for on an accrual basis and are not marked to market unless their underlying transaction is marked to market, except in the case of the Bank's overseas banking subsidiaries. In overseas subsidiaries, in case of fair value hedge, the hedging transactions and the hedged items (for the risks being hedged) are measured at fair value with changes recognised in the profit and loss account and in case of cash flow hedges, changes in the fair value of effective portion of the cash flow hedge are taken to 'Revenue and other reserves' and ineffective portion, if any, are recognised in the profit and loss account.

Foreign currency and rupee derivative contracts entered into for trading purposes are marked to market and the resulting gain or loss, is accounted for in the profit and loss account. Pursuant to RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed through the profit and loss account.

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#### 18. Impairment of assets

The immovable fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is treated as impaired when its carrying amount exceeds its recoverable amount. The impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the impaired assets exceeds their recoverable value.

#### 19. Lease transactions

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss account over the lease term on straight-line basis.

#### 20. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares issued by the group outstanding during the year, except where the results are anti-dilutive.



#### **Consolidated Financial Statements**

## **SCHEDULES**

forming part of the Consolidated Accounts (Contd.)

#### **SCHEDULE 18**

#### Notes forming part of the accounts

The following additional disclosures have been made taking into account the requirements of Accounting Standards (ASs) and Reserve Bank of India (RBI) guidelines in this regard.

#### 1. Earnings per share

Basic and diluted earnings per equity share are computed in accordance with AS 20–Earnings per share. Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. The diluted earnings per equity share is computed using the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year.

The following table sets forth, for the periods indicated, the computation of earnings per share.

|   | ₹ in million, except per share data |                |                       |
|---|-------------------------------------|----------------|-----------------------|
|   | Year ended Year e                   |                | Year ended Year ended |
|   | March 31, 2017                      | March 31, 2016 |                       |
| Basic   |                                     |                |                       |
| Weighted average no. of equity shares outstanding | 5,818,851,357                       | 5,807,339,489  |                       |
| Net profit  | 101,883.8                           | 101,799.6      |                       |
| Basic earnings per share (₹)                      | 17.51                               | 17.53          |                       |
| Diluted   |                                     |                |                       |
| Weighted average no. of equity shares outstanding | 5,842,890,835                       | 5,840,224,893  |                       |
| Net profit  | 101,837.1                           | 101,703.1      |                       |
| Diluted earnings per share (₹)                    | 17.43                               | 17.41          |                       |
| Nominal value per share (₹)                       | 2.00                                | 2.00           |                       |

The dilutive impact is due to options granted to employees by the Group.

#### 2. Related party transactions

The Group has transactions with its related parties comprising associates/other related entities and key management personnel and relatives of key management personnel.

#### I. Related parties

#### Associates/other related entities

ICICI Merchant Services Private Limited, India Advantage Fund-III, India Advantage Fund-IV, India Infradebt Limited, I-Process Services (India) Private Limited, NIIT Institute of Finance Banking and Insurance Training Limited, Comm Trade Services Limited, ICICI Foundation for Inclusive Growth and Catalyst Management Services Private Limited.

Akzo Nobel India Limited and FINO PayTech Limited ceased to be related parties effective from April 30, 2016 and January 5, 2017 respectively.

#### Key management personnel

Ms. Chanda Kochhar, Mr. N. S. Kannan, Ms. Vishakha Mulye<sup>1</sup>, Mr. Vijay Chandok<sup>2</sup>, Mr. Anup Bagchi<sup>3</sup>, Mr. K. Ramkumar<sup>4</sup> and Mr. Rajiv Sabharwal<sup>5</sup>.

- 1. Identified as related party effective from January 19, 2016.
- 2. Identified as related party effective from July 28, 2016.
- 3. Identified as related party effective from February 1, 2017.
- 4. Mr. K. Ramkumar ceased to be the whole-time director of the Bank effective from April 30, 2016.
- Mr. Rajiv Sabharwal ceased to be the whole-time director of the Bank effective from January 31, 2017.

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#### Relatives of key management personnel

Mr. Deepak Kochhar, Mr. Arjun Kochhar, Ms. Aarti Kaji, Mr. Mahesh Advani, Ms. Rangarajan Kumudalakshmi, Ms. Aditi Kannan, Ms. Sudha Narayanan, Mr. Raghunathan Narayanan, Mr. Rangarajan Narayanan, Mr. Vivek Mulye<sup>1</sup>, Ms. Vriddhi Mulye<sup>1</sup>, Mr. Gauresh Palekar<sup>1</sup>, Ms. Shalaka Gadekar<sup>1</sup>, Ms. Manisha Palekar<sup>1</sup>, Ms. Poonam Chandok<sup>2</sup>, Ms. Saluni Chandok<sup>2</sup>, Ms. Simran Chandok<sup>2</sup>, Mr. C. V. Kumar<sup>2</sup>, Ms. Shad Kumar<sup>2</sup>, Ms. Sanjana Gulati<sup>2</sup>, Ms. Mitul Bagchi<sup>3</sup>, Mr. Aditya Bagchi<sup>3</sup>, Mr. Shishir Bagchi<sup>3</sup>, Ms. Jaya Ramkumar<sup>4</sup>, Mr. R. Shyam<sup>4</sup>, Ms. R. Suchithra<sup>4</sup>, Mr. K. Jayakumar<sup>4</sup>, Mr. R. Krishnaswamy<sup>4</sup>, Ms. J. Krishnaswamy<sup>4</sup>, Ms. Pushpa Muralidharan<sup>4</sup>, Ms. Malathi Vinod<sup>4</sup>, Ms. Sangeeta Sabharwal<sup>5</sup>, Mr. Kartik Sabharwal<sup>5</sup>, Mr. Arnav Sabharwal<sup>5</sup> and Mr. Sanjiv Sabharwal<sup>5</sup>.

- 1. Identified as related party effective from January 19, 2016.
- 2. Identified as related party effective from July 28, 2016.
- 3. Identified as related party effective from February 1, 2017.
- 4. Mr. K. Ramkumar ceased to be the whole-time director of the Bank effective from April 30, 2016.
- 5. Mr. Rajiv Sabharwal ceased to be the whole-time director of the Bank effective from January 31, 2017.

#### II. Transactions with related parties

The following table sets forth, the significant transactions between the Group and its related parties for the periods indicated.

|  |                  | ₹ in million   |
|--|------------------|----------------|
| Particulars  | Year ended       | Year ended     |
| Falticulars  | March 31, 2017   | March 31, 2016 |
| Interest income  |                  |                |
| Associates/others  | 188.8            | 118.5          |
| Key management personnel                                       | 10.7             | 1.6            |
| Relatives of key management personnel                          | 0.2              | 0.8            |
| Total  | 199.7            | 120.9          |
| Fee, commission and other income                               |                  |                |
| Associates/others  | 26.0             | 21.1           |
| Key management personnel                                       | 2.4              | 0.3            |
| Relatives of key management personnel                          | 0.0 <sup>1</sup> | 0.1            |
| Total  | 28.4             | 21.5           |
| Commission income on guarantees issued                         |                  |                |
| Associates/others  | 0.01             | _              |
| Key management personnel                                       | _                | _              |
| Relatives of key management personnel                          | _                | -              |
| Total  | 0.01             | -              |
| Insurance premium received                                     |                  |                |
| Associates/others  | 52.8             | 42.1           |
| Key management personnel                                       | 4.0              | 3.3            |
| Relatives of key management personnel                          | 3.1              | 2.0            |
| Total  | 59.9             | 47.4           |
| Income on custodial services                                   |                  |                |
| Associates/others  | 1.1              | 1.5            |
| Key management personnel                                       | _                |                |
| Relatives of key management personnel                          | _                | _              |
| Total  | 1.1              | 1.5            |
| Recovery of lease of premises, common corporate and facilities |                  |                |
| expenses   |                  |                |
| Associates/others  | 96.5             | 87.1           |
| Key management personnel                                       | _                | _              |
| Relatives of key management personnel                          | _                | _              |
| Total  | 96.5             | 87.1           |



forming part of the Consolidated Accounts (Contd.)

|   |                | ₹ in million   |
|---|----------------|----------------|
| Particulars   | Year ended     | Year ended     |
| Recovery of secondment of employees                     | March 31, 2017 | March 31, 2016 |
| Associates/others                                       | 8.0            | 10.7           |
| Key management personnel                                | -              | 10.7           |
| Relatives of key management personnel                   | _              |                |
| Total   | 8.0            | 10.7           |
| Interest expenses                                       |                |                |
| Associates/others                                       | 15.6           | 97.6           |
| Key management personnel                                | 6.7            | 3.8            |
| Relatives of key management personnel                   | 2.9            | 3.3            |
| Total   | 25.2           | 104.7          |
| Remuneration to whole-time directors <sup>2</sup>       |                |                |
| Associates/others                                       | _              | _              |
| Key management personnel                                | 223.5          | 219.0          |
| Relatives of key management personnel                   | _              | _              |
| Total   | 223.5          | 219.0          |
| Reimbursement of expenses to related parties            |                |                |
| Associates/others                                       | 0.2            | _              |
| Key management personnel                                | _              | _              |
| Relatives of key management personnel                   | _              | _              |
| Total   | 0.2            | _              |
| Insurance claims paid                                   |                |                |
| Associates/others                                       | 5.6            | 22.1           |
| Key management personnel                                | _              | _              |
| Relatives of key management personnel                   | _              | _              |
| Total   | 5.6            | 22.1           |
| Brokerage, fee and other expenses                       |                |                |
| Associates/others                                       | 6,248.2        | 5,338.7        |
| Key management personnel                                | _              | _              |
| Relatives of key management personnel                   | _              | _              |
| Total   | 6,248.2        | 5,338.7        |
| Donation given  |                |                |
| Associates/others                                       | 975.9          | 861.6          |
| Key management personnel                                | _              | -              |
| Relatives of key management personnel                   | _              | -              |
| Total   | 975.9          | 861.6          |
| Dividend paid   |                |                |
| Associates/others                                       | _              | _              |
| Key management personnel                                | 18.1           | 13.8           |
| Relatives of key management personnel                   | 0.01           | 0.01           |
| Total   | 18.1           | 13.8           |
| Investments in the securities issued by related parties |                |                |
| Associates/others                                       | 9,759.5        | 4,242.0        |
| Key management personnel                                | _              | -              |
| Relatives of key management personnel                   | _              | -              |
| Total   | 9,759.5        | 4,242.0        |

forming part of the Consolidated Accounts (Contd.)

|                                       |                | ₹ in million   |
|---------------------------------------|----------------|----------------|
| Particulars                           | Year ended     | Year ended     |
| Falticulars                           | March 31, 2017 | March 31, 2016 |
| Redemption/buyback of securities      |                |                |
| Associates/others                     | 267.7          | 899.4          |
| Key management personnel              | -              | _              |
| Relatives of key management personnel | -              | -              |
| Total                                 | 267.7          | 899.4          |

<sup>1.</sup> Insignificant amount.

#### III. Material transactions with related parties

The following table sets forth for the periods indicated, the material transactions between the Group and its related parties. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

|      |  |                | ₹ in million   |
|------|--|----------------|----------------|
| Dort | iculars  | Year ended     | Year ended     |
| rait | iculais  | March 31, 2017 | March 31, 2016 |
| Inte | erest income   |                |                |
| 1.   | India Infradebt Limited  | 153.9          | 70.2           |
| 2.   | ICICI Merchant Services Private Limited                              | 34.9           | 48.1           |
| Fee  | , commission and other income  |                |                |
| 1.   | India Infradebt Limited  | 22.2           | 17.2           |
| 2.   | ICICI Merchant Services Private Limited                              | 3.7            | 3.4            |
| Cor  | nmission income on guarantees issued                                 |                |                |
| 1.   | NIIT Institute of Finance Banking and Insurance Training Limited     | 0.01           | -              |
| Inst | urance premium received  |                |                |
| 1.   | ICICI Foundation for Inclusive Growth                                | 30.2           | 22.5           |
| 2.   | FINO PayTech Limited <sup>2</sup>                                    | 16.7           | 13.3           |
| Inco | ome on custodial services  |                |                |
| 1.   | India Advantage Fund-III   | 0.6            | 0.8            |
| 2.   | India Advantage Fund-IV  | 0.5            | 0.6            |
| Rec  | overy of lease of premises, common corporate and facilities expenses |                |                |
| 1.   | ICICI Foundation for Inclusive Growth                                | 58.3           | 57.1           |
| 2.   | FINO PayTech Limited <sup>2</sup>                                    | 31.9           | 23.2           |
| Rec  | overy of secondment of employees                                     |                |                |
| 1.   | I-Process Services (India) Private Limited                           | 8.0            | 7.5            |
| 2.   | ICICI Foundation for Inclusive Growth                                | -              | 3.2            |
| Inte | erest expenses   |                |                |
| 1.   | India Infradebt Limited  | 11.1           | 88.0           |
| 2    | Ms. Chanda Kochhar   | 5.3            | 1.8            |
| Ren  | nuneration to wholetime directors <sup>3</sup>                       |                |                |
| 1.   | Ms. Chanda Kochhar   | 58.7           | 68.8           |
| 2.   | Mr. N. S. Kannan   | 40.7           | 47.2           |
| 3.   | Ms. Vishakha Mulye <sup>4</sup>                                      | 36.7           | 10.1           |

<sup>2.</sup> Excludes the perquisite value on account of employee stock options exercised.



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|  |                | ₹ in million   |
|--|----------------|----------------|
| Particulars  | Year ended     | Year ended     |
| Particulars  | March 31, 2017 | March 31, 2016 |
| 4. Mr. Vijay Chandok⁵  | 26.1           | N.A.           |
| 5. Mr. Anup Bagchi <sup>6</sup>                                  | 8.5            | N.A.           |
| 6. Mr. K. Ramkumar <sup>7</sup>                                  | 11.1           | 48.1           |
| 7. Mr. Rajiv Sabharwal <sup>8</sup>                              | 41.7           | 44.8           |
| Reimbursement of expenses to related parties                     |                |                |
| NIIT Institute of Finance Banking and Insurance Training Limited | 0.2            | -              |
| Insurance claims paid  |                |                |
| 1. FINO PayTech Limited <sup>2</sup>                             | 4.3            | 12.7           |
| 2. Akzo Nobel India Limited <sup>9</sup>                         | 1.2            | 9.2            |
| Brokerage, fees and other expenses                               |                |                |
| I-Process Services (India) Private Limited                       | 3,646.6        | 2,915.9        |
| ICICI Merchant Services Private Limited                          | 2,432.1        | 2,341.3        |
| Donation given   |                |                |
| ICICI Foundation for Inclusive Growth                            | 975.9          | 861.6          |
| Dividend paid  |                |                |
| 1. Ms. Chanda Kochhar  | 11.7           | 11.1           |
| 2. Mr. N. S. Kannan  | 2.4            | 2.1            |
| 3. Ms. Vishakha Mulye <sup>4</sup>                               | 2.6            | -              |
| 4. Mr. Vijay Chandok⁵  | _              | N.A.           |
| 5. Mr. Anup Bagchi <sup>6</sup>                                  | -              | N.A.           |
| 6. Mr. Rajiv Sabharwal <sup>8</sup>                              | 1.4            | 0.6            |
| Investments in the securities issued by related parties          |                |                |
| 1. India Infradebt Limited                                       | 9,759.5        | 4,242.0        |
| Redemption/buyback of securities                                 |                |                |
| 1. India Advantage Fund-IV                                       | 168.1          | 445.8          |
| 2. India Advantage Fund-III                                      | 99.6           | 453.6          |

- 1. Insignificant amount.
- 2. FINO PayTech Limited ceased to be a related party effective from January 5, 2017.
- 3. Excludes the perquisite value on account of employee stock options exercised.
- 4. Identified as related party effective from January 19, 2016.
- 5. Identified as related party effective from July 28, 2016.
- 6. Identified as related party effective from February 1, 2017.
- 7. Mr. K. Ramkumar ceased to be the whole-time director of the Bank effective from April 30, 2016.
- 8. Mr. Rajiv Sabharwal ceased to be the whole-time director of the Bank effective from January 31, 2017.
- 9. Akzo Nobel India Limited ceased to be a related party effective from April 30, 2016.

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#### IV. Related party outstanding balances

The following table sets forth for the periods indicated, the balance payable to/receivable from related parties.

|   |                | ₹ in million   |
|---|----------------|----------------|
| Items                                       | At             | At             |
|   | March 31, 2017 | March 31, 2016 |
| Deposits with the Group                     |                |                |
| Associates/others                           | 3,749.2        | 1,004.3        |
| Key management personnel                    | 145.2          | 35.8           |
| Relatives of key management personnel       | 56.2           | 63.6           |
| Total                                       | 3,950.6        | 1,103.7        |
| Payables                                    |                |                |
| Associates/others                           | 731.4          | 730.4          |
| Key management personnel                    | 0.01           | _              |
| Relatives of key management personnel       | 0.01           | -              |
| Total                                       | 731.4          | 730.4          |
| Investments of the Group in related parties |                |                |
| Associates/others                           | 7,112.8        | 5,362.6        |
| Key management personnel                    | _              | _              |
| Relatives of key management personnel       | _              | _              |
| Total                                       | 7,112.8        | 5,362.6        |
| Investments of related parties in the Group |                |                |
| Associates/others                           | _              | _              |
| Key management personnel                    | 8.7            | 7.2            |
| Relatives of key management personnel       | 0.01           | 0.01           |
| Total                                       | 8.7            | 7.2            |
| Advances                                    |                |                |
| Associates/others                           | _              | 0.4            |
| Key management personnel                    | 204.0          | 54.7           |
| Relatives of key management personnel       | 0.9            | 7.9            |
| Total                                       | 204.9          | 63.0           |
| Receivables                                 |                |                |
| Associates/others                           | 61.0           | 37.5           |
| Key management personnel                    | _              | _              |
| Relatives of key management personnel       | _              | _              |
| Total                                       | 61.0           | 37.5           |
| Guarantees issued by the Group              |                |                |
| Associates/others                           | 7.7            | 0.5            |
| Key management personnel                    | _              | _              |
| Relatives of key management personnel       | _              | -              |
| Total                                       | 7.7            | 0.5            |

Insignificant amount.
 At March 31, 2017, 31,201,400 (March 31, 2016: 29,811,500) employee stock options for key management personnel were outstanding.

<sup>3.</sup> During the year ended March 31, 2017, 1,014,300 (March 31, 2016: 723,500) employee stock options with total exercise price of ₹ 170.9 million (March 31, 2016: ₹ 75.3 million) were exercised by key management personnel.



forming part of the Consolidated Accounts (Contd.)

#### V. Related party maximum balances

The following table sets forth, the maximum balance payable to/receivable from related parties during the year ended March 31, 2017.

|  |                | ₹ in million   |
|--|----------------|----------------|
| ltama  | Year ended     | Year ended     |
| Items  | March 31, 2017 | March 31, 2016 |
| Deposits with the Group                                  |                |                |
| Key management personnel                                 | 293.7          | 192.8          |
| Relatives of key management personnel                    | 62.3           | 93.7           |
| Payables <sup>1</sup>                                    |                |                |
| Key management personnel                                 | 0.1            | 0.02           |
| Relatives of key management personnel                    | 0.02           | 0.02           |
| Investments of related parties in the Group <sup>1</sup> |                |                |
| Key management personnel                                 | 9.1            | 7.2            |
| Relatives of key management personnel                    | 0.02           | 0.02           |
| Advances   |                |                |
| Key management personnel                                 | 206.7          | 55.3           |
| Relatives of key management personnel                    | 8.6            | 15.0           |

Maximum balance is determined based on comparison of the total outstanding balances at each quarter end during the financial year.

#### 3. Employee Stock Option Scheme (ESOS)

In terms of the ESOS, as amended, the maximum number of options granted to any eligible employee in a financial year shall not exceed 0.05% of the issued equity shares of the Bank at the time of grant of the options and aggregate of all such options granted to the eligible employees shall not exceed 10% of the aggregate number of the issued equity shares of the Bank on the date(s) of the grant of options in line with SEBI regulations. Under the stock option scheme, eligible employees are entitled to apply for equity shares. In April 2016, exercise period was modified from 10 years from the date of grant or five years from the date of vesting, whichever is later, to 10 years from the date of vesting of options. The exercise price of the Bank's options, except mentioned below, is the last closing price on the stock exchange, which recorded highest trading volume preceding the date of grant of options. Hence, there was no compensation cost based on intrinsic value of options.

Options granted after March, 2014 vest in a graded manner over a three-year period with 30%, 30%, and 40% of the grant vesting in each year, commencing from the end of 12 months from the date of grant other than certain options granted in April 2014 which will vest to the extent of 50% on April 30, 2017 and the balance on April 30, 2018 and in September 2015 which will vest to the extent of 50% on April 30, 2018 and 50% on April 30, 2019. However, for the options granted in September 2015, if the participant's employment terminates due to retirement (including pursuant to any early/voluntary retirement scheme), the whole of the unvested options would lapse.

Options granted prior to March, 2014 vest in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting in each year, commencing from the end of 12 months from the date of grant. Options granted in April, 2009 vest in a graded manner over a five-year period with 20%, 20%, 30% and 30% of grant vesting each year, commencing from the end of 24 months from the date of grant. Options granted in September, 2011 vest in a graded manner over a five-years period with 15%, 20%, 20% and 45% of grant vesting each year, commencing from the end of 24 months from the date of the grant.

In February 2011, the Bank granted 15,175,000 options to eligible employees and whole-time Directors of the Bank and certain of its subsidiaries at an exercise price of ₹ 193.40. Of these options granted, 50% vested on April 30, 2014 and the balance 50% vested on April 30, 2015. Based on intrinsic value of options, compensation cost of Nil was recognised during the year ended March 31, 2017 (March 31, 2016: ₹ 0.8 million).

<sup>2.</sup> Insignificant amount.

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If the Bank had used the fair value of options based on binomial tree model, compensation cost in the year ended March 31, 2017 would have been higher by ₹ 5,107.5 million (March 31, 2016: ₹ 3,726.5 million) including additional cost of ₹ 1,393.1 million (March 31, 2016: Nil) due to change in exercise period and proforma profit after tax would have been ₹ 92,903.4 million (March 31, 2016: ₹ 93,536.3 million). Additional cost of ₹ 1,393.1 million at the date of modification reflects the difference between fair value of option calculated as per revised exercise period and fair value of option calculated as per original exercise period. On a proforma basis, the Bank's basic and diluted earnings per share would have been ₹ 15.97 (March 31, 2016: ₹ 16.11) and ₹ 15.90 (March 31, 2016: ₹ 16.02) respectively.

The key assumptions used to estimate the fair value of options granted during the year ended March 31, 2017 are given below.

| Risk-free interest rate | 7.43% to 7.77%     |
|-------------------------|--------------------|
| Expected life           | 3.89 to 5.89 years |
| Expected volatility     | 32.03% to 33.31%   |
| Expected dividend yield | 2.04% to 2.15%     |

Risk free interest rates over the expected term of the option are based on the government securities yield in effect at the time of the grant. The expected term of an option is estimated based on the vesting term as well as expected exercise behavior of the employees who receive the option. Expected term of option is estimated based on the historical stock option exercise pattern of the Bank. Expected volatility during the estimated expected term of the option is based on historical volatility determined based on observed market prices of the Bank's publicly traded equity shares. Expected dividends during the estimated expected term of the option are based on recent dividend activity.

The weighted average fair value of options granted during the year ended March 31, 2017 is ₹ 84.39 (March 31, 2016: ₹100.50).

The following table sets forth, for the periods indicated, the summary of the status of the Bank's stock option plan.

₹ except number of options

|  | Stock options outstanding  |        |              |                  |
|--|----------------------------|--------|--------------|------------------|
| Particulars                                      | Year ended March 31, 2017  |        | Year ended M | 1arch 31, 2016   |
|  | Number of Weighted average |        | Number of    | Weighted average |
|  | options exercise price     |        | options      | exercise price   |
| Outstanding at the beginning of the year         | 191,624,565                | 236.36 | 148,433,700  | 205.02           |
| Add: Granted during the year                     | 33,378,300                 | 244.30 | 64,904,500   | 289.28           |
| Less: Lapsed during the year, net of re-issuance | 9,189,995                  | 266.53 | 4,189,850    | 260.67           |
| Less: Exercised during the year                  | 9,707,705                  | 182.60 | 17,523,785   | 161.16           |
| Outstanding at the end of the year               | 206,105,165                | 238.83 | 191,624,565  | 236.36           |
| Options exercisable                              | 109,556,465                | 214.56 | 89,788,515   | 198.08           |

The following table sets forth, the summary of stock options outstanding at March 31, 2017.

| Range of exercise price<br>(₹ per share) | Number of shares arising out of options | Weighted average<br>exercise price<br>(₹ per share) | Weighted average<br>remaining contractual<br>life (number of years) |
|--|---|---|---|
| 60-99                                    | 2,140,950                               | 86.99   | 5.93  |
| 100-199                                  | 53,491,375                              | 180.97  | 5.64  |
| 200-299                                  | 120,115,440                             | 249.76  | 9.93  |
| 300-399                                  | 30,357,400                              | 308.26  | 10.15   |



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The following table sets forth, the summary of stock options outstanding at March 31, 2016.

| Range of exercise price Number of shares |            | Weighted average | Weighted average       |
|--|------------|------------------|------------------------|
| ·  |            | exercise price   | remaining contractual  |
| (₹ per share)                            |            | (₹ per share)    | life (number of years) |
| 60-99                                    | 2,556,700  | 86.96            | 3.03                   |
| 100-199                                  | 60,755,715 | 180.24           | 3.65                   |
| 200-299                                  | 96,037,150 | 251.67           | 7.85                   |
| 300-399                                  | 32,275,000 | 308.26           | 9.08                   |

The options were exercised regularly throughout the period and weighted average share price as per National Stock Exchange price volume data during the year ended March 31, 2017 was ₹ 257.82 (March 31, 2016: ₹ 273.37).

#### ICICI Life:

ICICI Prudential Life Insurance Company has formulated ESOS for their employees. There is no compensation cost for the year ended March 31, 2017 based on the intrinsic value of options. If the entity had used the fair value approach for accounting of options, there would not have been any incremental compensation cost for the year ended March 31, 2017 (for the year ended March 31, 2016: Nil).

The following table sets forth, for the periods indicated, a summary of the status of the stock option plan of ICICI Prudential Life Insurance Company.

₹ except number of options

|  |                           | Stock options  | tions outstanding |                           |        |                  |
|--|---------------------------|----------------|-------------------|---------------------------|--------|------------------|
| Particulars                              | Year ended March 31, 2017 |                | Year ended Ma     | Year ended March 31, 2016 |        |                  |
|  | Number Weighte            |                | Number            |                           | Number | Weighted average |
|  | of shares                 | exercise price | of shares         | exercise price            |        |                  |
| Outstanding at the beginning of the year | 5,999,175                 | 233.72         | 7,057,417         | 232.45                    |        |                  |
| Add: Granted during the year             | -                         | -              | -                 | _                         |        |                  |
| Less: Forfeited/lapsed during the year   | 578,575                   | 396.80         | 559,175           | 329.58                    |        |                  |
| Less : Exercised during the year         | 3,021,762                 | 108.33         | 499,067           | 108.40                    |        |                  |
| Outstanding at the end of the year       | 2,398,838                 | 352.49         | 5,999,175         | 233.72                    |        |                  |
| Options exercisable                      | 2,398,838                 | 352.49         | 5,999,175         | 233.72                    |        |                  |

The following table sets forth, summary of stock options outstanding of ICICI Prudential Life Insurance Company at March 31, 2017.

| Range of exercise price<br>(₹ per share) | Number of shares<br>arising out of options<br>(number of shares) | Weighted average<br>exercise price<br>(₹ per share) | Weighted average<br>remaining contractual<br>life (number of years) |
|--|--|---|---|
| 100-299                                  | 422,113  | 130.00  | 3.1   |
| 300-400                                  | 1,976,725  | 400.00  | 1.1   |

The following table sets forth, summary of stock options outstanding of ICICI Prudential Life Insurance Company at March 31, 2016.

| Range of exercise price<br>(₹ per share) | Number of shares arising out of options | Weighted average exercise price | Weighted average remaining contractual |
|--|---|---------------------------------|--|
|  | (number of shares)                      | (₹ per share)                   | life (number of years)                 |
| 30-99                                    | 1,006,225                               | 64.91                           | 2.9                                    |
| 100-299                                  | 2,445,850                               | 130.00                          | 4.1                                    |
| 300-400                                  | 2,547,100                               | 400.00                          | 2.1                                    |

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#### **ICICI General:**

ICICI Lombard General Insurance Company has formulated ESOS for their employees. There is no compensation cost for the year ended March 31, 2017 based on the intrinsic value of options. If the entity had used the fair value approach for accounting of options, there would not have been any incremental compensation cost for the year ended March 31, 2017 (for the year ended March 31, 2016: Nil).

The following table sets forth, for the periods indicated, a summary of the status of the stock option plan of ICICI Lombard General Insurance Company.

₹ except number of options

| Particulars                              | Stock options outstanding |                |              |                           |  |  |
|--|---------------------------|----------------|--------------|---------------------------|--|--|
|  | Year ended Ma             | arch 31, 2017  | Year ended M | Year ended March 31, 2016 |  |  |
|  | Number Weighted average   |                | Number       | Weighted average          |  |  |
|  | of shares                 | exercise price | of shares    | exercise price            |  |  |
| Outstanding at the beginning of the year | 7,004,248                 | 113.71         | 8,121,462    | 109.32                    |  |  |
| Add: Granted during the year             | -                         | -              | -            | -                         |  |  |
| Less: Forfeited/ lapsed during the year  | 78,000                    | 193.85         | 200,200      | 148.90                    |  |  |
| Less : Exercised during the year         | 3,745,924                 | 101.75         | 917,014      | 67.12                     |  |  |
| Outstanding at the end of the year       | 3,180,324                 | 125.83         | 7,004,248    | 113.71                    |  |  |
| Options exercisable                      | 3,180,324                 | 125.83         | 7,004,248    | 113.71                    |  |  |

The following table sets forth, summary of stock options outstanding of ICICI Lombard General Insurance Company at March 31, 2017.

| Range of exercise price | Number of shares       | Weighted average | Weighted average           |
|-------------------------|------------------------|------------------|----------------------------|
| ·                       | arising out of options | exercise price   | remaining contractual life |
| (₹ per share)           | (number of shares)     | (₹ per share)    | (number of years)          |
| 35-99                   | 1,034,824              | 60.42            | 2.78                       |
| 100-200                 | 2,145,500              | 157.38           | 2.41                       |

The following table sets forth, summary of stock options outstanding of ICICI Lombard General Insurance Company at March 31, 2016.

| Range of exercise price | Number of shares       | Weighted average | Weighted average           |
|-------------------------|------------------------|------------------|----------------------------|
| (₹ per share)           | arising out of options | exercise price   | remaining contractual life |
|                         | (number of shares)     | (₹ per share)    | (number of years)          |
| 35-99                   | 3,251,898              | 57.23            | 3.50                       |
| 100-200                 | 3,752,350              | 162.66           | 3.03                       |

If the Group had used the fair value of options based on the binomial tree model, the compensation cost for the year ended March 31, 2017 would have been higher by ₹ 4,926.5 million (March 31, 2016: ₹ 3,585.0 million) including additional cost of ₹ 1,369.2 million (March 31, 2016: Nil) due to change in exercise period and the proforma consolidated profit after tax would have been ₹ 96,957.3 million (March 31, 2016: ₹ 98,214.6 million). On a proforma basis, the Group's basic earnings per share would have been ₹ 16.66 (March 31, 2016: ₹ 16.91) and diluted earnings per share would have been ₹ 16.59 (March 31, 2016: ₹ 16.80).



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## **SCHEDULES**

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#### 4. Fixed assets

The following table sets forth, for the periods indicated, the movement in software acquired by the Group, as included in fixed assets.

|                                       |                | ₹ in million   |
|---------------------------------------|----------------|----------------|
| Particulars                           | At             | At             |
| raticulais                            | March 31, 2017 | March 31, 2016 |
| At cost at March 31 of preceding year | 17,803.2       | 15,735.1       |
| Additions during the year             | 2,628.2        | 2,507.7        |
| Deductions during the year            | (82.8)         | (439.6)        |
| Depreciation to date                  | (15,941.1)     | (13,615.4)     |
| Net block                             | 4,407.5        | 4,187.8        |

#### 5. Assets on lease

#### Assets taken under operating lease

The following table sets forth, for the periods indicated, the details of future rentals payable on operating leases.

|   |                | ₹ in million   |
|---|----------------|----------------|
| Particulars                                       | At             | At             |
| Particulars                                       | March 31, 2017 | March 31, 2016 |
| Not later than one year                           | 455.2          | 470.7          |
| Later than one year and not later than five years | 1,385.9        | 1,195.4        |
| Later than five years                             | 353.7          | 568.8          |
| Total   | 2,194.8        | 2,234.9        |

The terms of renewal are those normally prevalent in similar agreements and there are no undue restrictions in the agreements.

#### 6. Preference shares

Certain government securities amounting to ₹ 3,219.6 million at March 31, 2017 (March 31, 2016: ₹ 3,189.8 million) have been earmarked against redemption of preference shares issued by the Bank, which fall due for redemption on April 20, 2018, as per the original terms of the issue.

#### 7. Provisions and contingencies

The following table sets forth, for the periods indicated, the break-up of provisions and contingencies included in profit and loss account.

|  |                | ₹ in million   |
|--|----------------|----------------|
| Particulars  | Year ended     | Year ended     |
| raticulais   | March 31, 2017 | March 31, 2016 |
| Provision for depreciation of investments                      | 9,364.2        | 2,985.1        |
| Provision towards non-performing and other assets <sup>1</sup> | 157,453.2      | 77,188.6       |
| Provision towards income tax                                   |                |                |
| - Current  | 31,375.6       | 67,365.4       |
| - Deferred   | (6,685.4)      | (33,590.4)     |
| Provision towards wealth tax                                   | -              | 0.2            |
| Collective contingency and related reserve                     | -              | 36,000.0       |
| Other provisions and contingencies <sup>2</sup>                | (992.6)        | 6,880.3        |
| Total provisions and contingencies                             | 190,515.0      | 156,829.2      |

During the year ended March 31, 2017, the Bank has utilised an amount of ₹ 36,000.0 million from collective contingency and related reserve.

<sup>2.</sup> Includes reversal of general provision towards standard assets amounting to ₹ 3,733.8 million (March 31, 2016: provision made ₹ 3,175.6 million).

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The Group has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Group recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial results. For insurance contracts booked in its life insurance subsidiary, reliance has been placed on the Appointed Actuary for actuarial valuation of "liabilities for policies in force". The Appointed Actuary has confirmed that the assumptions used in valuation of liabilities for policies in force are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI.

#### 8. Staff retirement benefits

#### **Pension**

The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for pension benefits.

| _   |                | ₹ in million   |
|---|----------------|----------------|
| Particulars   | Year ended     | Year ended     |
| rai liculai S   | March 31, 2017 | March 31, 2016 |
| Opening obligations   | 14,191.6       | 12,999.9       |
| Service cost  | 253.7          | 251.0          |
| Interest cost   | 1,116.5        | 1,034.7        |
| Actuarial (gain)/loss   | 2,436.0        | 1,594.7        |
| Liabilities extinguished on settlement  | (1,182.5)      | (1,554.0)      |
| Benefits paid   | (128.4)        | (134.7)        |
| Obligations at the end of year  | 16,686.9       | 14,191.6       |
| Opening plan assets, at fair value  | 13,191.6       | 10,103.4       |
| Expected return on plan assets  | 1,143.2        | 902.9          |
| Actuarial gain/(loss)   | 589.5          | (4.1)          |
| Assets distributed on settlement  | (1,313.9)      | (1,726.7)      |
| Contributions   | 3,406.1        | 4,050.8        |
| Benefits paid   | (128.4)        | (134.7)        |
| Closing plan assets, at fair value  | 16,888.1       | 13,191.6       |
| Fair value of plan assets at the end of the year  | 16,888.1       | 13,191.6       |
| Present value of defined benefit obligations at the end of the year                     | (16,686.9)     | (14,191.6)     |
| Amount not recognised as an asset (limit in Para 59(b) of AS 15 on 'employee benefits') | (68.4)         | -              |
| Asset/(liability)   | 132.8          | (1,000.0)      |
| Cost <sup>1</sup>   |                |                |
| Service cost  | 253.7          | 251.0          |
| Interest cost   | 1,116.5        | 1,034.7        |
| Expected return on plan assets  | (1,143.2)      | (902.9)        |
| Actuarial (gain)/loss   | 1,846.5        | 1,598.8        |
| Curtailments & settlements (gain)/loss  | 131.4          | 172.7          |
| Effect of the limit in para 59(b) of AS 15 on 'employee benefits'                       | 68.4           | -              |
| Net cost  | 2,273.3        | 2,154.3        |



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|  |                 | ₹ in million   |
|--|-----------------|----------------|
| Particulars                                | Year ended      | Year ended     |
| raticulars                                 | March 31, 2017_ | March 31, 2016 |
| Actual return on plan assets               | 1,732.7         | 898.8          |
| Expected employer's contribution next year | 3,000.0         | 3,000.0        |
| Investment details of plan assets          |                 |                |
| Insurer Managed Funds                      | 0.80%           | 1.04%          |
| Government of India securities             | 47.80%          | 48.64%         |
| Corporate Bonds                            | 39.38%          | 43.23%         |
| Equity securities in listed companies      | 6.02%           | 2.48%          |
| Others                                     | 6.00%           | 4.61%          |
| Assumptions                                |                 |                |
| Discount rate                              | 6.75%           | 7.95%          |
| Salary escalation rate:                    |                 |                |
| On Basic Pay                               | 1.50%           | 1.50%          |
| On Dearness Relief                         | 7.00%           | 7.00%          |
| Estimated rate of return on plan assets    | 8.00%           | 8.00%          |

<sup>1.</sup> Included in line item 'Payments to and provision for employees' of Schedule 16- Operating expenses.

Estimated rate of return on plan assets is based on our expectation of the average long-term rate of return on investments of the Fund during the estimated term of the obligations.

#### **Experience adjustment**

|   |                |                |                |                | ₹ in million   |
|---|----------------|----------------|----------------|----------------|----------------|
| Particulars                                 | Year ended     |
|   | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 |
| Plan assets                                 | 16,888.1       | 13,191.6       | 10,103.4       | 9,018.8        | 9,526.8        |
| Defined benefit obligations                 | (16,686.9)     | (14,191.6)     | (12,999.9)     | (10,209.9)     | (10,392.5)     |
| Amount not recognised as an asset (limit in |                |                |                |                |                |
| para 59(b) of AS 15 on 'employee benefits') | (68.4)         | _              | _              | _              | _              |
| Surplus/(deficit)                           | 132.8          | (1,000.0)      | (2,896.5)      | (1,191.1)      | (865.7)        |
| Experience adjustment on plan assets        | 589.5          | (4.1)          | 104.7          | (29.1)         | 102.3          |
| Experience adjustment on plan liabilities   | (80.0)         | 1,503.4        | 1,271.2        | 2,549.6        | 1,525.2        |

#### Gratuity

The following table sets forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for gratuity benefits of the Group.

|  |                | ₹ in million   |
|--|----------------|----------------|
| Particulars  | Year ended     | Year ended     |
| Falliculais  | March 31, 2017 | March 31, 2016 |
| Defined benefit obligation liability                           |                |                |
| Opening obligations  | 9,389.8        | 8,470.2        |
| Add: Adjustment for exchange fluctuation on opening obligation | (2.7)          | 4.4            |
| Adjusted opening obligations                                   | 9,387.1        | 8,474.6        |
| Service cost   | 954.6          | 834.9          |
| Interest cost  | 745.5          | 677.5          |
| Actuarial (gain)/loss  | 1,016.1        | 221.0          |
| Past service cost  | _              | _              |

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|   |                | ₹ in million   |
|---|----------------|----------------|
| Particulars   | Year ended     | Year ended     |
| a diculai s   | March 31, 2017 | March 31, 2016 |
| Obligations transferred from/to other companies   | 17.4           | 8.7            |
| Benefits paid   | (948.1)        | (826.9)        |
| Obligations at the end of year  | 11,172.6       | 9,389.8        |
| Opening plan assets, at fair value  | 8,361.6        | 7,862.7        |
| Expected return on plan assets  | 632.3          | 597.1          |
| Actuarial gain/(loss)   | 542.2          | (398.1)        |
| Contributions   | 1,838.0        | 1,118.1        |
| Assets transfer from/to other companies   | 17.4           | 8.7            |
| Benefits paid   | (948.1)        | (826.9)        |
| Closing plan assets, at fair value  | 10,443.4       | 8,361.6        |
| Fair value of plan assets at the end of the year  | 10,443.4       | 8,361.6        |
| Present value of the defined benefit obligations at the end of the year                 | (11,172.6)     | (9,389.8)      |
| Unrecognised past service cost  | _              | _              |
| Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee benefits') | _              | _              |
| Asset/(liability)   | (729.2)        | (1,028.2)      |
| Cost for the year <sup>1</sup>  |                |                |
| Service cost  | 954.6          | 834.9          |
| Interest cost   | 745.5          | 677.5          |
| Expected return on plan assets  | (632.3)        | (597.1)        |
| Actuarial (gain)/loss   | 473.9          | 619.1          |
| Past service cost   | _              | _              |
| Losses/(gains) on "Acquisition/Divestiture"   | _              | -              |
| Exchange fluctuation loss/(gain)  | (2.7)          | 4.3            |
| Effect of the limit in para 59(b) of AS 15 on 'employee benefits'                       | _              | _              |
| Net cost  | 1,539.0        | 1,538.7        |
| Actual return on plan assets  | 1,174.2        | 199.0          |
| Expected employer's contribution next year  | 1,838.0        | 745.0          |
| Investment details of plan assets   |                |                |
| Insurer managed funds   | 18.03%         | 23.19%         |
| Government of India securities  | 16.15%         | 25.77%         |
| Corporate bonds   | 42.56%         | 20.06%         |
| Special Deposit schemes   | 2.79%          | 3.48%          |
| Equity  | 12.23%         | 11.22%         |
| Others  | 8.24%          | 16.28%         |
| Assumptions   |                |                |
| Discount rate   | 6.75%-7.55%    | 7.50%-8.05%    |
| Salary escalation rate  | 7.00%-10.00%   | 7.00%–10.00%   |
| Estimated rate of return on plan assets   | 7.50%-8.00%    | 7.50%-8.50%    |

<sup>1.</sup> Included in line item 'Payments to and provision for employees' of Schedule 16- Operating expenses.

Estimated rate of return on plan assets is based on the expectation of the average long-term rate of return on investments of the Fund during the estimated term of the obligations.



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#### **Experience adjustment**

₹ in million

|            | _  |   |  |   |
|------------|--|---|--|---|
| Year ended | Year ended   | Year ended  | Year ended   | Year ended  |
| March 31,  | March 31,  | March 31,   | March 31,  | March 31,   |
| 2017       | 2016   | 2015  | 2014   | 2013  |
| 10,443.4   | 8,361.6  | 7,862.7   | 6,744.3  | 6,394.9   |
| (11,172.6) | (9,389.8)  | (8,470.2)   | (7,252.6)  | (6,887.3)   |
|            |  |   |  |   |
| -          | _  | _   | (0.1)  | (0.5)   |
| (729.2)    | (1,028.2)  | (607.5)   | (508.4)  | (492.9)   |
| 542.2      | (398.1)  | 699.4   | (8.4)  | 51.0  |
| 269.8      | 171.4  | 70.6  | 308.7  | 216.0   |
|            | March 31,<br>2017<br>10,443.4<br>(11,172.6)<br>-<br>(729.2)<br>542.2 | March 31,         March 31,           2017         2016           10,443.4         8,361.6           (11,172.6)         (9,389.8)           -         -           (729.2)         (1,028.2)           542.2         (398.1) | March 31, 2016         March 31, 2016         March 31, 2015           10,443.4         8,361.6         7,862.7           (11,172.6)         (9,389.8)         (8,470.2)           -         -         -           (729.2)         (1,028.2)         (607.5)           542.2         (398.1)         699.4 | March 31, 2017         March 31, 2016         March 31, 2014         March 31, 2014           10,443.4         8,361.6         7,862.7         6,744.3           (11,172.6)         (9,389.8)         (8,470.2)         (7,252.6)           -         -         -         (0.1)           (729.2)         (1,028.2)         (607.5)         (508.4)           542.2         (398.1)         699.4         (8.4) |

The estimates of future salary increases, considered in actuarial valuation, take into consideration inflation, seniority, promotion and other relevant factors.

#### **Provident Fund (PF)**

As there is no liability towards interest rate guarantee on exempt provident fund on the basis of actuarial valuation, the Group has not made any provision for the year ended March 31, 2017 (March 31, 2016: Nil).

The following tables set forth, for the periods indicated, movement of present value of the defined benefit obligation, fair value of plan assets and other details for provident fund of the Group.

|   |                | ₹ in million   |
|---|----------------|----------------|
| Destinutes:   | Year ended     | Year ended     |
| Particulars   | March 31, 2017 | March 31, 2016 |
| Opening obligations   | 23,209.5       | 20,683.7       |
| Service cost  | 1,225.8        | 1,044.9        |
| Interest cost   | 1,800.7        | 1,614.4        |
| Actuarial (gain)/loss   | 310.6          | 252.5          |
| Employees contribution  | 2,379.6        | 2,150.8        |
| Obligations transferred from/to other companies                         | 141.0          | 68.1           |
| Benefits paid   | (2,868.4)      | (2,604.9)      |
| Obligations at end of the year  | 26,198.8       | 23,209.5       |
| Opening plan assets   | 23,209.5       | 20,683.7       |
| Expected return on plan assets  | 2,119.6        | 1,839.8        |
| Actuarial gain/(loss)   | (8.3)          | 27.1           |
| Employer contributions  | 1,225.8        | 1,044.9        |
| Employees contributions   | 2,379.6        | 2,150.8        |
| Assets transfer from/to other companies                                 | 141.0          | 68.1           |
| Benefits paid   | (2,868.4)      | (2,604.9)      |
| Closing plan assets   | 26,198.8       | 23,209.5       |
| Plan assets at the end of the year                                      | 26,198.8       | 23,209.5       |
| Present value of the defined benefit obligations at the end of the year | (26,198.8)     | (23,209.5)     |
| Asset/(liability)   | _              | _              |
| Cost for the year <sup>1</sup>  |                |                |
| Service cost  | 1,225.8        | 1,044.9        |
| Interest cost   | 1,800.7        | 1,614.4        |
| Expected return on plan assets  | (2,119.6)      | (1,839.8)      |
| Actuarial (gain)/loss   | 318.9          | 225.4          |
| Net cost  | 1,225.8        | 1,044.9        |
| Actual return on plan assets  | 2,111.3        | 1,866.9        |

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|   |                | ₹ in million   |
|---|----------------|----------------|
| Particulars   | Year ended     | Year ended     |
| raticulars  | March 31, 2017 | March 31, 2016 |
| Expected employer's contribution next year                      | 1,313.0        | 1,119.3        |
| Investment details of plan assets                               |                |                |
| Government of India securities                                  | 43.93%         | 42.48%         |
| Corporate Bonds   | 49.50%         | 52.49%         |
| Special deposit scheme  | 2.08%          | 2.35%          |
| Others  | 4.49%          | 2.67%          |
| Assumptions   |                |                |
| Discount rate   | 6.75%-7.45%    | 7.65%-7.95%    |
| Expected rate of return on assets                               | 7.90%-9.09%    | 8.22%-9.03%    |
| Discount rate for the remaining term to maturity of investments | 7.00%-7.20%    | 7.68%-7.95%    |
| Average historic yield on the investment                        | 8.20%-8.99%    | 8.14%-9.01%    |
| Guaranteed rate of return                                       | 8.65%          | 8.75%          |

<sup>1.</sup> Included in line item 'Payments to and provision for employees' of Schedule 16- Operating expenses.

#### Experience adjustment

|  |            |            |            | ₹ in million |
|--|------------|------------|------------|--------------|
|  | Year ended | Year ended | Year ended | Year ended   |
| Particulars  | March 31,  | March 31,  | March 31,  | March 31,    |
|  | 2017       | 2016       | 2015       | 2014         |
| Plan assets  | 26,198.8   | 23,209.5   | 20,683.7   | 18,352.7     |
| Defined benefit obligations                                      | (26,198.8) | (23,209.5) | (20,683.7) | (18,356.2)   |
| Amount not recognised as an asset (limit in para 59(b)) AS 15 on |            |            |            |              |
| 'employee benefits')   | -          | -          | _          |              |
| Surplus/(deficit)  | -          | _          | _          | (3.5)        |
| Experience adjustment on plan assets                             | (8.3)      | 27.1       | 347.0      | (136.3)      |
| Experience adjustment on plan liabilities                        | 310.5      | 252.5      | 325.7      | (9.9)        |

The Group has contributed ₹ 2,432.9 million to provident fund including Government of India managed employees provident fund for the year ended March 31, 2017 (March 31, 2016: ₹ 2,167.6 million), which includes compulsory contribution made towards employee pension scheme under Employees Provident Fund and Miscellaneous Provisions Act, 1952.

#### 9. Provision for income tax

The provision for income tax (including deferred tax) for the year ended March 31, 2017 amounted to ₹ 24,690.2 million (March 31, 2016: ₹ 33,775.0 million).

The Group has a comprehensive system of maintenance of information and documents required by transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. The management is of the opinion that all international transactions are at arm's length so that the above legislation will not have material impact on the financial statements.



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#### 10. Deferred tax

At March 31, 2017, the Group has recorded net deferred tax assets of ₹ 56,128.0 million (March 31, 2016: ₹ 49,611.9 million), which have been included in other assets.

The following table sets forth, for the periods indicated, the break-up of deferred tax assets and liabilities into major items.

|   |                | ₹ in million   |
|---|----------------|----------------|
| Particulars                                       | At             | At             |
|   | March 31, 2017 | March 31, 2016 |
| Deferred tax asset                                |                |                |
| Provision for bad and doubtful debts              | 79,581.1       | 70,339.8       |
| Capital loss                                      | _              | _              |
| Foreign currency translation reserve <sup>1</sup> | 5,721.3        | 5,877.5        |
| Others  | 6,231.6        | 6,232.7        |
| Total deferred tax asset                          | 91,534.0       | 82,450.0       |
| Deferred tax liability                            |                |                |
| Special reserve deduction                         | 27,811.3       | 26,632.2       |
| Mark-to-market gains <sup>1</sup>                 | 354.0          | 715.4          |
| Depreciation on fixed assets                      | 5,354.0        | 5,329.4        |
| Interest on refund of taxes <sup>1</sup>          | 1,559.6        |                |
| Others  | 327.1          | 161.1          |
| Total deferred tax liability                      | 35,406.0       | 32,838.10      |
| Total net deferred tax asset/(liability)          | 56,128.0       | 49,611.9       |

<sup>1.</sup> These items are considered in accordance with the requirements of Income Computation and Disclosure Standards.

During the year ended March 31, 2017, pursuant to the press release dated July 6, 2016 issued by the Ministry of Finance, the tax provision and corresponding deferred tax created for the year ended March 31, 2016 was reversed on account of Income Computation and Disclosure Standards (ICDS). As the ICDS are applicable from the year ended March 31, 2017, the tax provision and deferred tax for the year ended March 31, 2017 have been computed after considering their impact.

#### 11. Information about business and geographical segments

#### A. Business Segments

The business segments of the Group have been presented as follows:

- i. Retail banking includes exposures of the Bank which satisfy the four criteria of orientation, product, granularity and low value of individual exposures for retail exposures laid down in Basel Committee on Banking Supervision document "International Convergence of Capital Measurement and Capital Standards: A Revised Framework". This segment also includes income from credit cards, debit cards, third party product distribution and associated cost.
- **ii.** Wholesale banking includes all advances to trusts, partnership firms, companies and statutory bodies, by the Bank which are not included under Retail banking.
- iii. Treasury includes the entire investment and derivative portfolio of the Bank, ICICI Equity Fund (upto September 30, 2015) and ICICI Strategic Investments Fund.
- iv. Other banking includes leasing operations and other items not attributable to any particular business segment of the Bank. Further, it includes the Bank's banking subsidiaries i.e. ICICI Bank UK PLC and ICICI Bank Canada.
- v. Life insurance represents results of ICICI Prudential Life Insurance Company Limited.
- vi. General insurance represents results of ICICI Lombard General Insurance Company Limited.

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vii. Others includes ICICI Home Finance Company Limited, ICICI Venture Funds Management Company Limited, ICICI International Limited, ICICI Securities Primary Dealership Limited, ICICI Securities Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Prudential Asset Management Company Limited, ICICI Prudential Trust Limited, ICICI Investment Management Company Limited, ICICI Trusteeship Services Limited, I-Ven Biotech Limited (upto December 31, 2015) and ICICI Prudential Pension Funds Management Company Limited.

Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

All liabilities of the Bank are transfer priced to a central treasury unit, which pools all funds and lends to the business units at appropriate rates based on the relevant maturity of assets being funded after adjusting for regulatory reserve requirements.

The transfer pricing mechanism of the Bank is periodically reviewed. The segment results are determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

The results of reported segments for the year ended March 31, 2017 are not comparable with that of reported segments for the year ended March 31, 2016 to the extent new entities have been consolidated and entities that have been discontinued from consolidation.



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|     |                                   |                   |                      |              |                              |                   |               |               |                                  | ₹ in million |
|-----|-----------------------------------|-------------------|----------------------|--------------|------------------------------|-------------------|---------------|---------------|----------------------------------|--------------|
| Sr. | Sr.<br>No.                        | Retail<br>banking | Wholesale<br>banking | Treasury     | Other<br>banking<br>business | Life<br>insurance | General       | Others        | Inter-<br>segment<br>adjustments | Total        |
| -   | Revenue                           | 453,911.8         | 306,405.7            | 542,908.7    | 38,400.8                     | 270,526.5         | 84,339.3      | 55,312.1      | (617,828.6)                      | 1,133,976.3  |
| 7   | Segment results                   | 53,853.0          | (74,341.1)           | 120,814.5    | 3,021.7                      | 17,848.6          | 9,101.0       | 21,764.3      | (13,968.5)                       | 138,093.5    |
| က   | Unallocated expenses              |                   |                      |              |                              |                   |               |               |                                  | 1            |
| 4   | Operating profit (2) – (3)        |                   |                      |              |                              |                   |               |               |                                  | 138,093.5    |
| 2   | Income tax expenses (net)/        |                   |                      |              |                              |                   |               |               |                                  |              |
|     | (net deferred tax credit)         |                   |                      |              |                              |                   |               |               |                                  | 24,690.2     |
| 9   | Net profit <sup>1</sup> (4) – (5) |                   |                      |              |                              |                   |               |               |                                  | 113,403.3    |
|     | Other information                 |                   |                      |              |                              |                   |               |               |                                  |              |
| 7   | Segment assets                    | 2,136,950.4       | 2,612,652.8          | 2,748,508.8  | 643,246.1                    | 1,244,377.1       | 230,609.9     | 257,375.8     | (132,377.1)                      | 9,741,343.8  |
| ∞   | Unallocated assets <sup>2</sup>   |                   |                      |              |                              |                   |               |               |                                  | 119,082.8    |
| 6   | Total assets (7) + (8)            |                   |                      |              |                              |                   |               |               |                                  | 9,860,426.6  |
| 10  | Segment liabilities               | 3,678,085.9       | 1,495,191.4          | 2,511,263.23 | $568,308.2^3$                | $1,247,425.2^3$   | $233,508.8^3$ | $259,021.0^3$ | $(132,377.1)^3$                  | 9,860,426.6  |
| 1   | Unallocated liabilities           |                   |                      |              |                              |                   |               |               |                                  | 1            |
| 12  | Total liabilities (10) + (11)     |                   |                      |              |                              |                   |               |               |                                  | 9,860,426.6  |
| 13  | Capital expenditure               | 6,547.3           | 616.2                | 19.4         | 77.5                         | 4,324.1           | 629.5         | 333.3         | 1                                | 12,547.3     |
| 14  | 14 Depreciation                   | 6,396.2           | 1,108.6              | 15.6         | 145.0                        | 578.3             | 547.6         | 341.5         | (16.4)                           | 9,116.4      |

The following table sets forth, the business segment results for the year ended March 31, 2017.

Includes share of net profit of minority shareholders. Includes tax paid in advance/tax deducted at source (net), deferred tax asset (net). Includes share capital and reserves and surplus. 7.0.8

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8,945.3 Total 1,013,958.5 9,102,630.9 9,187,562.00 9,187,562.0 9,187,562.0 ₹ in million 143,044.1 33,775.2 109,268.9 84,931.1 8,431.1 143,044.1 (574,879.1) (16.5)(146,320.0)Inter- segment adjustments (15,476.3) $(146,320.0)^3$ Others 351.8 349.6 279,392.0 46,484.7 14,251.9 281,390.93 7,076.9 153,745.8 464.5 565.4 66,995.2 156,758.43 General insurance 539.4 455.4 231,798.6 17,715.8 1,046,996.2 insurance 1,048,622.53 banking 799,535.9 166.9 6,790.0 750,871.63 327.1 Other business 39,343.1 11.2 14.9 483,414.5 86,162.7 2,580,816.4 2,764,452.73 Treasury banking 1,197,853.2 937.0 1,016.3 328,923.5 Wholesale 2,663,659.1 (12,454.3)1,724,805.5 Retail banking 38,977.4 391,878.0 6,474.5 3,133,932.7 Income tax expenses (net)/(net Total liabilities (10) + (11) Operating profit (2) – (3) Total assets (7) + (8) Other information Unallocated expenses **Unallocated liabilities** Net profit (4) - (5) Capital expenditure Unallocated assets<sup>2</sup> deferred tax credit) Segment results Segment liabilities Segment assets Depreciation Particulars Revenue 12 14 10 13 က 4 9

The following table sets forth, the business segment results for the year ended March 31, 2016.

Includes share of net profit of minority shareholders.

<sup>2.</sup> Includes tax paid in advance/tax deducted at source (net), deferred tax asset (net).

Includes share capital and reserves and surplus.



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#### B. Geographical segments

The Group has reported its operations under the following geographical segments.

- 1. Domestic operations comprise branches and subsidiaries/joint ventures in India.
- 2. Foreign operations comprise branches and subsidiaries/joint ventures outside India and offshore banking unit in India.

The Group conducts transactions with its customers on a global basis in accordance with their business requirements, which may span across various geographies.

The following tables set forth, for the periods indicated, the geographical segment results.

|                     |                | ₹ in million   |
|---------------------|----------------|----------------|
| D                   | Year ended     | Year ended     |
| Revenue             | March 31, 2017 | March 31, 2016 |
| Domestic operations | 1,059,385.7    | 932,781.3      |
| Foreign operations  | 74,590.6       | 81,177.2       |
| Total               | 1,133,976.3    | 1,013,958.5    |

|                     |                | ₹ in million   |
|---------------------|----------------|----------------|
| A                   | At             | At             |
| Assets              | March 31, 2017 | March 31, 2016 |
| Domestic operations | 8,303,117.5    | 7,321,480.0    |
| Foreign operations  | 1,438,226.3    | 1,781,150.9    |
| Total               | 9,741,343.8    | 9,102,630.9    |

Note: Segment assets do not include tax paid in advance/tax deducted at source (net) and deferred tax asset (net).

The following table sets forth, for the periods indicated, capital expenditure and depreciation thereon for the geographical segments.

|                     |                |                        |                     | ₹ in million   |  |
|---------------------|----------------|------------------------|---------------------|----------------|--|
| Particulars         | Capital ex     | Capital expenditure De |                     | oreciation     |  |
| rai liculais        | incurred o     | luring the             | provided during the |                |  |
|                     | Year ended     | Year ended             | Year ended          | Year ended     |  |
|                     | March 31, 2017 | March 31, 2016         | March 31, 2017      | March 31, 2016 |  |
| Domestic operations | 12,437.2       | 8,687.2                | 8,958.2             | 8,270.7        |  |
| Foreign operations  | 110.1          | 258.1                  | 158.2               | 160.4          |  |
| Total               | 12,547.3       | 8,945.3                | 9,116.4             | 8,431.1        |  |

#### 12. Penalties/fines imposed by banking regulatory bodies

The penalty imposed by RBI and other banking regulatory bodies during the year ended March 31, 2017 was Nil (March 31, 2016: Nil).

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#### 13. Additional information to consolidated accounts

Additional information to consolidated accounts at March 31, 2017 (Pursuant to Schedule III of the Companies Act, 2013)

|   |                       |                  |                       | ₹ in million |
|---|-----------------------|------------------|-----------------------|--------------|
|   | Net asse              | ets <sup>1</sup> | Share in profit       | or loss      |
| Name of the entity  | % of total net assets | Amount           | % of total net profit | Amount       |
| Parent  |                       |                  |                       |              |
| ICICI Bank Limited  | 95.5%                 | 999,510.7        | 96.2%                 | 98,010.9     |
| Subsidiaries  |                       |                  |                       |              |
| Indian  |                       |                  |                       |              |
| ICICI Securities Primary Dealership Limited               | 0.9%                  | 9,435.2          | 4.0%                  | 4,116.0      |
| ICICI Securities Limited                                  | 0.5%                  | 4,850.5          | 3.3%                  | 3,376.1      |
| ICICI Home Finance Company Limited                        | 1.5%                  | 16,071.7         | 1.8%                  | 1,832.6      |
| ICICI Trusteeship Services Limited                        | 0.0%2                 | 5.9              | 0.0%2                 | 0.6          |
| ICICI Investment Management Company Limited               | 0.0%2                 | 108.9            | (0.0%)2               | (6.6)        |
| ICICI Venture Funds Management Company Limited            | 0.2%                  | 2,068.3          | 0.1%                  | 92.7         |
| ICICI Prudential Life Insurance Company Limited           | 6.1%                  | 64,080.4         | 16.5%                 | 16,822.3     |
| ICICI Lombard General Insurance Company Limited           | 4.2%                  | 44,025.4         | 6.9%                  | 7,018.8      |
| ICICI Prudential Trust Limited                            | 0.0%2                 | 13.0             | 0.0%2                 | 0.5          |
| ICICI Prudential Asset Management Company Limited         | 0.7%                  | 7,331.7          | 4.7%                  | 4,804.7      |
| ICICI Prudential Pension Funds Management                 |                       | ·                |                       |              |
| Company Limited   | 0.0%2                 | 269.9            | (0.0%)2               | (5.7)        |
| Foreign   |                       |                  | , ,                   |              |
| ICICI Bank UK PLC   | 3.3%                  | 34,580.0         | (1.1%)                | (1,078.8)    |
| ICICI Bank Canada   | 2.9%                  | 30,459.7         | (1.7%)                | (1,686.4)    |
| ICICI International Limited                               | 0.0%2                 | 87.7             | (0.0%)2               | (4.2)        |
| ICICI Securities Holdings Inc.                            | 0.0%2                 | 127.0            | (0.0%)2               | 0.02         |
| ICICI Securities Inc.                                     | 0.0%2                 | 135.9            | 0.0%2                 | 10.2         |
| Other consolidated entities                               |                       |                  |                       |              |
| Indian  |                       |                  |                       |              |
| ICICI Strategic Investments Fund                          | 0.0%2                 | 227.2            | 0.1%                  | 95.5         |
| Foreign   |                       |                  |                       |              |
| NIL   | _                     | _                | _                     | _            |
| Minority interests  | (4.6%)                | (48,653.1)       | (11.3%)               | (11,519.4)   |
| Associates  | (11070)               | (10/00011/       | (111070)              | (11/01011)   |
| Indian  |                       |                  | <u> </u>              |              |
| Fino Pay Tech Limited                                     |                       |                  | (0.0%)2               | (14.9)       |
| I-Process Services (India) Private Limited                |                       |                  | (0.0%) <sup>2</sup>   | (5.0)        |
| NIIT Institute of Finance Banking and Insurance           |                       |                  | (0.0 /0)              | (5.0)        |
|   |                       |                  | (0.00/ \2             | (4.2)        |
| Training Limited  ICICI Merchant Services Private Limited |                       |                  | (0.0%)2               | (4.2)        |
| India Infradebt Limited                                   |                       |                  | 0.1%                  | 149.1        |
| India Advantage Fund III                                  |                       |                  | (0.1%)                | (91.0)       |
| India Advantage Fund IV                                   |                       |                  | (0.1%)                | (75.8)       |
| Foreign   |                       |                  | (0.170)               | (75.0)       |
| NIL NIL   |                       |                  |                       |              |
| Joint Ventures  |                       |                  |                       | _            |
| NIL NIL   |                       |                  |                       |              |
|   | (11.2%)               | (118,416.0)      | (19.4%)               | (10.054.2)   |
| Inter-company adjustments                                 |                       |                  |                       | (19,954.2)   |
|   | 100.0%                | 1,046,320.0      | 100.0%                | 101,883.8    |

Total assets minus total liabilities.
 Insignificant.



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Additional information to consolidated accounts at March 31, 2016 (Pursuant to Schedule III of the Companies Act, 2013)

|  |            |             |                         | ₹ in million |
|--|------------|-------------|-------------------------|--------------|
| _  | Net ass    | sets1       | Share in profit or loss |              |
| Name of the entity   | % of total | Amount      | % of total              | Amount       |
|  | net assets | 7 tillount  | net profit              | 7 (1110 (111 |
| Parent   |            |             |                         |              |
| ICICI Bank Limited   | 95.4%      | 897,355.9   | 95.5%                   | 97,262.9     |
| Subsidiaries   |            |             |                         |              |
| Indian   |            |             |                         |              |
| ICICI Securities Primary Dealership Limited                      | 0.9%       | 8,668.6     | 1.9%                    | 1,954.7      |
| ICICI Securities Limited   | 0.4%       | 3,942.3     | 2.3%                    | 2,357.4      |
| ICICI Home Finance Company Limited                               | 1.6%       | 15,292.1    | 1.8%                    | 1,798.5      |
| ICICI Trusteeship Services Limited                               | 0.0%2      | 5.3         | 0.0%2                   | 0.5          |
| ICICI Investment Management Company Limited                      | 0.0%2      | 115.5       | (0.0%)2                 | (18.5)       |
| ICICI Venture Funds Management Company Limited                   | 0.2%       | 1,975.6     | (0.2%)                  | (212.3)      |
| ICICI Prudential Life Insurance Company Limited                  | 5.9%       | 55,116.6    | 16.2%                   | 16,504.6     |
| ICICI Lombard General Insurance Company Limited                  | 3.7%       | 34,846.6    | 5.0%                    | 5,074.5      |
| ICICI Prudential Trust Limited                                   | 0.0%2      | 12.8        | 0.0%2                   | 0.3          |
| ICICI Prudential Asset Management Company Limited                | 0.7%       | 6,372.5     | 3.2%                    | 3,256.9      |
| ICICI Prudential Pension Funds Management Company Limited        | 0.0%2      | 255.6       | (0.0%)2                 | (3.2)        |
| Foreign  |            |             |                         | · · ·        |
| ICICI Bank UK PLC  | 3.8%       | 36,143.9    | 0.0%2                   | 35.5         |
| ICICI Bank Canada  | 4.0%       | 37,789.8    | 1.1%                    | 1,120.5      |
| ICICI International Limited                                      | 0.0%2      | 93.7        | (0.0%)2                 | (4.8)        |
| ICICI Securities Holdings Inc.                                   | 0.0%2      | 127.7       | (0.5%)                  | (477.5)      |
| ICICI Securities Inc.  | 0.0%2      | 128.9       | 0.0%2                   | 28.3         |
| Other consolidated entities                                      |            |             | ,                       |              |
| Indian   |            |             |                         |              |
| ICICI Strategic Investments Fund                                 | 0.1%       | 482.0       | (0.1%)                  | (108.7)      |
| Foreign  |            |             | (0.1.70)                | (10011)      |
| NIL  |            |             |                         |              |
| Minority interests   | (3.6%)     | (33,556.4)  | (7.3%)                  | (7,469.3)    |
| Associates   | (3.0 70)   | (55,550.4)  | (7.570)                 | (7,403.0)    |
|  |            |             | <u> </u>                |              |
| Indian  Fine Day Tech Limited                                    |            |             | 0.0%2                   | 10.7         |
| Fino Pay Tech Limited  |            |             |                         | 13.7         |
| I-Process Services (India) Private Limited                       |            |             | (0.0%)2                 | (4.4)        |
| NIIT Institute of Finance Banking and Insurance Training Limited |            |             | 0.0%2                   | 12.2         |
| ICICI Merchant Services Private Limited                          |            |             | 0.0%2                   | 0.0          |
| India Infradebt Limited  |            |             | 0.1%<br>0.1%            | 90.6         |
| India Advantage Fund III   |            |             |                         | 79.5         |
| India Advantage Fund IV  |            |             | (0.0%)2                 | (17.6)       |
| Foreign  |            |             |                         |              |
| NIL  | _          |             | _                       | -            |
| Joint Ventures   |            |             |                         |              |
| NIL  | -          | -           | -                       | -            |
| Inter-company adjustments  | (13.1%)    | (124,061.9) | (19.1%)                 | (19,474.7)   |
| Total  | 100.0%     | 941,107.1   | 100.0%                  | 101,799.6    |

<sup>1.</sup> Total assets minus total liabilities.

<sup>2.</sup> Insignificant

forming part of the Consolidated Accounts (Contd.)

#### 14. Sale of equity shareholding in insurance subsidiaries

During the year ended March 31, 2017, the Bank sold approximately 12.63% of its shareholding in ICICI Prudential Life Insurance Company Limited (ICICI Life) in the initial public offer (IPO) for a total consideration of ₹ 60,567.9 million. The consolidated financial results include a gain (before tax and after IPO related expenses) of ₹ 51,298.8 million on this sale.

During the year ended March 31, 2016, the Bank sold 6% shareholding in ICICI Life and 9% shareholding in ICICI Lombard General Insurance Company Limited (ICICI General). The consolidated financial results include a gain (before tax) of ₹ 16,148.8 million and ₹ 12,348.5 million respectively on this sale.

#### 15. Divergence in asset classification and provisioning for NPAs

In terms of the Reserve Bank of India circular no. DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements.

The following table sets forth for the period indicated, details of divergence in the asset classification and provisioning of the Bank as per RBI's annual supervisory process for the year ended March 31, 2016:

|            |  | ₹ in million      |
|------------|--|-------------------|
| Sr.<br>No. | Particulars  | At March 31, 2016 |
| 1.         | Gross NPAs as reported by the Bank   | 262,212.5         |
| 2.         | Gross NPAs as assessed by RBI <sup>(1)</sup>   | 313,258.6         |
| 3.         | Divergence in gross NPAs (2)-(1)   | 51,046.1          |
| 4.         | Net NPAs as reported by the Bank   | 129,630.7         |
| 5.         | Net NPAs as assessed by RBI  | 169,965.6         |
| 6.         | Divergence in net NPAs (5)-(4)   | 40,334.9          |
| 7.         | Provisions for NPAs as reported by the Bank  | 132,581.7         |
| 8.         | Provisions for NPAs as assessed by RBI <sup>(1)</sup>  | 143,292.9         |
| 9.         | Divergence in provisioning (8)-(7)   | 10,711.2          |
| 10.        | Reported net profit after tax of the Bank for the year ended March 31, 2016                  | 97,262.9          |
| 11.        | Adjusted (notional) net profit after tax of the Bank for the year ended March 31, 2016 after |                   |
|            | taking into account the divergence in provisioning <sup>(1)</sup>                            | 90,258.6          |

<sup>1.</sup> Excludes investment in shares of  $\ \ 1,072.9$  million with an additional provision requirement of  $\ \ \ 164.8$  million, and an impact of  $\ \ \ \ 108.0$  million on net profit after tax for the year ended March 31, 2016.

The impact of changes in classification and provisioning arising out of the RBI's annual supervisory process for the year ended March 31, 2016 have been fully given effect to in the audited financial statements of the Bank for the year ended March 31, 2017.

#### 16. Revaluation of fixed assets

The Bank and its housing finance subsidiary follow the revaluation model for its premises (land and buildings) as per AS 10 - 'Property, Plant and Equipment'. The Bank had initially revalued its premises at March 31, 2016 and its housing finance subsidiary revalued its premises at March 31, 2017. In accordance with the policy, annual revaluation was carried out by the Bank through external valuers, using methodologies such as direct comparison method and income generation method and the incremental amount has been taken to revaluation reserve. The revalued amount at March 31, 2017 was ₹ 57,940.4 million (March 31, 2016: ₹ 55,405.2 million) as compared to the historical cost less accumulated depreciation of ₹ 27,291.5 million (March 31, 2016: ₹ 27,230.5 million).

The Revaluation Reserve is not available for distribution of dividend.

#### 17. Specified bank notes

The disclosure requirement on specified bank notes is not applicable to banks, as clarified by RBI through its letter dated April 13, 2017. Disclosures by the subsidiary companies, wherever applicable, have been made in their respective financial statements.



forming part of the Consolidated Accounts (Contd.)

#### 18. Proposed dividend and issue of bonus shares

#### Proposal to issue bonus shares

The Board of Directors at its meeting held on May 3, 2017 approved issue of bonus shares, in the proportion of 1:10, i.e. 1 (One) bonus equity share of ₹ 2 each for every 10 (Ten) fully paid-up equity shares held (including shares underlying ADS) as on the record date, subject to approval by the Members of the Company. Subsequent to the bonus issue, the ratio of ADSs to equity shares will remain unaffected and each ADS after the bonus issue will continue to represent two equity share of par value of ₹ 2 per share.

#### Proposed dividend- equity and preference shares

The Board of Directors of the Bank at its meeting held on May 3, 2017 has recommended a dividend of ₹ 2.50 per equity share for the year ended March 31, 2017 (March 31, 2016: ₹ 5.00 per equity share). The declaration and payment of dividend is subject to requisite approvals.

The Board of Directors of the Bank has also recommended a dividend of ₹ 100.00 per preference share for the year ended March 31, 2017 (March 31, 2016: ₹ 100.00 per preference share). The declaration and payment of dividend is subject to requisite approvals.

According to the revised AS 4 - 'Contingencies and events occurring after the balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not accounted proposed dividend (including tax) as a liability for the year ended March 31, 2017. However, the Bank has reckoned proposed dividend in determining capital funds in computing capital adequacy ratio at March 31, 2017.

#### 19. Additional disclosure

Additional statutory information disclosed in the separate financial statements of the Bank and subsidiaries having no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements.

#### 20. Comparative figures

Figures of the previous year have been re-grouped to conform to the current year presentation.

Signatures to Schedules 1 to 18

For and on behalf of the Board of Directors As per our Report of even date.

For BSR&Co.LLP **Chartered Accountants** ICAI Firm Registration no.: 101248W/W-100022

Venkataramanan Vishwanath Partner

Membership no.: 113156

Place: Mumbai

Date: May 3, 2017

M. K. Sharma Homi Khusrokhan Chanda Kochhar Managing Director & CEO Chairman Director

N. S. Kannan **Executive Director** 

Vishakha Mulye **Executive Director** 

Rakesh Jha

Vijay Chandok **Executive Director**  Anup Bagchi **Executive Director** 

P. Sanker Senior General Manager (Legal) & Company Secretary

**Ajay Mittal** Chief Financial Officer Chief Accountant

## **PURSUANT TO SECTION 129 STATEMENT COMPANIES ACT, 2013**

Part "A": Subsidiaries

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF

SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

|     |   |                                |  |                              |   |   |   |   |  |  |  |                                      |  |   |  | ₹ in million  |
|-----|---|--------------------------------|--|------------------------------|---|---|---|---|--|--|--|--------------------------------------|--|---|--|---|
| S g | ICICI<br>Securities<br>Primary<br>Dealership<br>Limited | ICICI<br>Securities<br>Limited | ICICI<br>Securities<br>Holdings<br>Inc. <sup>1</sup> | ICICI<br>Securities<br>Inc.¹ | ICICI Home<br>Finance<br>Company<br>Limited | ICICI<br>Trusteeship<br>Services<br>Limited | ICICI<br>Investment<br>Management<br>Company<br>Limited | ICICI<br>Venture<br>Funds<br>Management<br>Company<br>Limited | ICICI<br>Prudential<br>Life<br>Insurance<br>Company<br>Limited | ICICI<br>Lombard<br>General<br>Insurance<br>Company<br>Limited | ICICI<br>International<br>Limited <sup>2</sup> | ICICI<br>Bank UK<br>PLC <sup>2</sup> | ICICI<br>Bank<br>Canada <sup>3,4,5</sup> | ICICI<br>Prudential<br>Trust<br>Limited | ICICI<br>Prudential<br>Asset<br>Management<br>Company<br>Limited | ICICI<br>Prudential<br>Pension Funds<br>Management<br>Company<br>Limited <sup>1</sup> |
| လွ  | September<br>15, 1993                                   | March<br>9, 1995               | June<br>12, 2000                                     | June<br>13, 2000             | November<br>1, 1999                         | September<br>1, 1999                        | March<br>9, 2000  | March<br>25, 1998   | October<br>1, 2000   | July<br>1, 2001  | February<br>27, 1998                           | August<br>19, 2003                   | October<br>13, 2003                      | August<br>26, 2005                      | August<br>26, 2005   | April 22, 2009  |
|     | 1,563.4   | 1,610.7                        | 728.2  | 571.7                        | 10,987.5                                    | 0.5   | 100.0   | 10.0  | 14,353.5   | 4,511.5  | 58.4   | 27,243.2                             | 34,776.1                                 | 1.0                                     | 176.5  | 290.0   |
|     | 7,871.8   | 3,239.8                        | (601.2)  | (435.8)                      | 5,084.2                                     | 5.4   | 8.9   | 2,058.3   | 49,726.9   | 39,513.9   | 29.3   | 7,336.8                              | 2,559.1                                  | 12.0                                    | 7,155.2  | (20.1)  |
|     | 131,703.7   | 20,401.6                       | 127.3  | 208.1                        | 94,274.0                                    | 0.9   | 109.9   | 3,878.0   | 1,247,425.2  | 233,508.8  | 94.5   | 225,662.8                            | 324,977.2                                | 15.2                                    | 9,973.3  | 279.0   |
|     | 122,268.5   | 15,551.1                       | 0.3  | 72.2                         | 78,202.3                                    | 0.1   | 1.0   | 1,809.7   | 1,183,344.8  | 189,483.4  | 6.8  | 191,082.8                            | 287,642.0                                | 2.2                                     | 2,641.6  | 9.1   |
|     | 94,925.0  | 454.8                          | 94.5   | Ξ                            | 1,060.3                                     | 3.3   | 94.7  | 2,363.7   | 1,215,859.7  | 150,789.0  | #  | 44,312.4                             | 27,818.6                                 | 11.9                                    | 6,486.6  | 59.7  |
|     | 16,262.5  | 14,039.0                       | 0.4  | 164.4                        | 10,486.8                                    | 0.4   | 12.7  | 654.4   | 223,540.0  | 109,604.6  | 9.7  | 8,545.5                              | 10,671.5                                 | 5.2                                     | 13,008.6   | 1.0   |
|     | 6,340.0   | 5,209.8                        | 0.3  | 10.7                         | 2,782.7                                     | 0.8   | (6.6)   | 98.6  | 17,850.1   | 9,101.0  | (4.0)  | (1,205.5)                            | (2,485.6)                                | 0.5                                     | 7,346.9  | (2.9)   |
|     | 2,224.0   | 1,833.7                        | 0.3  | 0.5                          | 950.1                                       | 0.2   | #   | 5.9   | 1,027.8  | 2,082.2  | ΙΪΝ  | (162.6)                              | (642.2)                                  | #                                       | 2,542.2  | (0.2)   |
|     | 4,116.0   | 3,376.1                        | #  | 10.2                         | 1,832.6                                     | 9.0   | (6.6)   | 92.7  | 16,822.3   | 7,018.8  | (4.0)  | (1,042.9)                            | (1,843.4)                                | 0.5                                     | 4,804.7  | (5.7)   |
|     | 3,349.4   | 2,467.7                        | Ë  | Ϊ                            | 1,282.7                                     | Nii   | Ï   | III   | 6,647.0  | 1,890.8  | III<br>N                                       | III<br>N                             | 924.2                                    | 0.2                                     | 3,845.5  | Nii   |
|     | 100.00%   | 100.00%                        | 100.00%  | 100.00%                      | 100.00%                                     | 100.00%                                     | 100.00%   | 100.00%   | 24.89%   | 63.31%   | 100.00%  | 100.00%                              | 100.00%                                  | %08.09                                  | 51.00%   | 100.00%   |

amount less than 0.1 million

ICICI Securities Holdings Inc. is awholly owned subsidiary of ICICI Securities Limited. ICICI Securities Holdings Inc. is a wholly owned subsidiary of ICICI Securities Holdings Inc.

ICICI Prudential Pension Funds Management Company Limited is a wholly owned subsidiary of ICICI Prudential Life Insurance Company Limited.

The financial information of ICICI Bank UK PLC and ICICI International Limited has been translated into Indian Rupees at the closing rate at March 31, 2017 of 1 USD =  $\frac{7}{2}$  64.8500. ď

The financial information of ICICI Bank Canada is for the period January 1, 2016 to December 31, 2016, being their financial year. The paid-up share capital of ICICI Bank Canada includes paid-up preference share capital of ₹ 2,803.6 million.

The financial information of ICICI Bank Canada has been translated into Indian Rupees at the closing rate at December 31, 2016 of 1 CAD = ₹ 50.3900.

6.4.6.0.00

Paid-up share capital does not include share application money. Investments include securities held as stock in trade.

Includes dividend paid on preference shares and interim dividend on equity shares paid during the year.

Names of subsidiaries which are yet to commence operations : None Names of subsidiaries which have been liquidated or sold during the year: None



India Infradebt Limited

ICICI Merchant Services

NIIT Institute of Finance Banking and

Part "B": Associate companies and joint ventures

# **OMPANIES ACT, 2013** Note 4 Note 5 N A During FY2017, ICICI Group ceased to exercise significant influence over FINO PayTech Limited and therefore, FINO PayTech Limited has ceased to be an ₹ in million 314.3 26.39% 20,445,177 N.A. Falcon Tyres Limited March 31, 2015 December 4, 2014

## **SECTION** URSUANT TO 129

331.9

149.1

Ē

9.5

(2.6)

1,326.9

N.A

Note 3

Note 3

Note 3

N.A. (11.1)

Networth attributable to shareholding as per latest audited balance sheet

Profit/(loss) for the year ended March 31, 2017

Considered in consolidation

Reason of non-consolidation of the associate/joint venture

Description of significant influence

Extent of holding (%)

12.7

N.A.

N.A. 229.2

19.01%

1,326.9 31.00% Note 4

93,000,000

75,582,000 400.1

1,900,000

088'6 Ē 19.00%

Shares of associate companies/joint ventures held by ICICI Group at March 31, 2017

Amount of investment in associate companies/joint ventures<sup>2</sup>

Number of equity shares

Date on which the Associate or Joint Venture was associated or acquired

Latest audited balance sheet date

21.8 18.79%

November 27, 2012

December 31, 2009

March 31, 2016

Insurance Training Limited March 31, 2016 August 7, 2006

(India) Private Limited

I-Process Services

Name of associate companies/joint ventures

March 31, 2016 October 4, 2005

March 31, 2017

# (401.6) 39.7 (10.9) Not considered in consolidation Notes:

The above statement has been prepared based on the principles of Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India (ICAI), and therefore does not include the companies where ICICI Group does not have any significant influence as defined under AS 23, although the group holds more than 20.00% of total share capital in those companies.

Represents carrying value.

In terms of AS 23, issued by ICAI, ICICI Group is deemed to have significant influence through its equity shareholding and representation on the Board of directors of the investee company. c/ ω

In terms of AS 23, issued by ICAI, ICICI Group is deemed to have significant influence due to its holding being more than 20.00% of the equity shares in The investment in Falcon Tyres Limited is temporary in nature. the investee company. 9

Names of associates or joint ventures which are yet to commence operations: None associate company.

Names of associates or joint ventures which have been liquidated or sold during the year: None

For and on behalf of the Board of Directors

|                         | <b>Anup Bagchi</b><br>Executive Director    |
|-------------------------|---|
| Managing Director & CEO | Vijay Chandok<br>Executive Director         |
| Director                | <b>Vishakha Mulye</b><br>Executive Director |
| Chairman                | N. S. Kannan<br>Executive Director          |

Rakesh Jha Chief Financial Officer (Legal) & Company Secretary Senior General Manager P. Sanker Date: May 3, 2017 Place: Mumbai

Chief Accountant Ajay Mittal

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## **BASEL PILLAR 3 DISCLOSURES**

at March 31, 2017

Pillar 3 disclosures at March 31, 2017 as per Basel III guidelines of RBI have been disclosed separately on the Bank's website under 'Regulatory Disclosures Section' on the home page. The link to this section is http://www.icicibank.com/regulatory-disclosure.page.

The section contains the following disclosures:

- Qualitative and quantitative disclosures at March 31, 2017
  - Scope of Application
  - Capital adequacy
  - Credit risk
  - Securitisation exposures
  - Market risk
  - Operational risk
  - Interest rate risk in the banking book (IRRBB)
  - Liquidity risk
  - Counterparty credit risk
  - Risk management framework of non-banking group companies
  - Disclosure requirements for remuneration
  - Equities Disclosure for Banking Book Positions
  - Leverage ratio
- Composition of capital
- Composition of capital reconciliation requirements
- Main features of regulatory capital instruments
- Full terms and conditions of regulatory capital instruments



## **GLOSSARY OF TERMS**

| Earnings per share                           | Net profit after tax divided by weighted average number of equity shares outstanding during the year   |
|--|--|
| Interest income to working funds             | Interest income divided by working funds   |
| Non-interest income to working funds         | Non-interest income divided by working funds   |
| Operating profit to working funds            | Operating profit divided by working funds  |
| Return on assets                             | Net profit after tax divided by average total assets   |
| Net profit per employee                      | Net profit after tax divided by number of employees  |
| Business per employee                        | Average deposits plus average advances divided by number of employees  |
| Working funds                                | Average of total assets as reported in form X to RBI   |
| Average total assets                         | For the purpose of business ratio, represents averages of total assets as reported in form X to RBI  |
| Operating profit                             | Profit before provisions and contingencies   |
| Number of employees                          | Quarterly average of number of employees. The number of employees includes sales executives, employees on fixed term contracts and interns   |
| Business                                     | Total of average deposits plus average advances as reported in form A to RBI   |
| Average deposits                             | Average of deposits as reported in form A to RBI   |
| Average advances                             | Average of advances as reported in form A to RBI   |
| Capital to risk weighted assets ratio (CRAR) | Capital divided by risk weighted assets  |
| Capital (for CRAR)                           | Capital includes share capital, reserves and surplus (revaluation reserve and foreign currency translation reserve are considered at discounted amount), capital instruments and general provisions                                  |
| Risk weighted assets (RWAs)                  | RWAs are computed by assigning risk weights as per the RBI Basel III guidelines to various classes of assets like cash and bank balance, investments, loans and advances, fixed assets, other assets and off-balance sheet exposures |
| Liquidity coverage ratio                     | Stock of unencumbered high quality liquid assets divided by total net cash outflows estimated for the next 30 calendar days  |
| High quality liquid assets                   | Stock of liquid assets which can be readily sold at little or no loss of value or used as collateral to obtain funds   |
| Provision coverage ratio                     | Provision for non-performing advances divided by gross non-performing advances   |
| Average equity                               | Quarterly average of equity share capital and reserves   |
| Average assets                               | For the purpose of performance analysis, represents averages of daily balances, except averages of foreign branches which are fortnightly averages   |
| Return on average equity                     | Net profit after tax divided by average equity   |
| Return on average assets                     | Net profit after tax divided by average assets   |
| Net interest income                          | Total interest earned less total interest paid   |
| Net interest margin                          | Total interest earned less total interest paid divided by average interest earning assets  |
| Average yield                                | Yield on interest earning assets   |
| Average cost of funds                        | Cost of interest bearing liabilities   |
| Interest spread                              | Average yield less average cost of funds   |
| Book value per share                         | Share capital plus reserves divided by outstanding number of equity shares   |

# DEDICATING 100 DIGITAL VILLAGES TO THE NATION



Shri Arun Jaitley, Hon'ble Minister of Finance, Defence and Corporate Affairs with Ms. Chanda Kochhar, MD & CEO, ICICI Bank during the inauguration of '100 ICICI Digital Villages' in New Delhi.



READY FOR YOU. READY FOR TOMORROW.

### **ICICI BANK LIMITED**

ICICI Bank Towers Bandra-Kurla Complex Mumbai 400 051 www.icicibank.com

BNPL A/C NO MR/DA-NM/702/16-19 BOOKED AT: BPC VASHI – 400703

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- in linkedin.com/company/icici-bank