



July 12, 2016

Mr. Girish Joshi  
Senior General Manager –  
Listing  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400 001

Mr. Avinash Kharkar  
Vice President  
National Stock Exchange of India Limited  
Exchange Plaza, 5th floor  
Plot No. C/1, G Block  
Bandra-Kurla Complex  
Bandra  
(East)

Mumbai 400 051

Dear Sir,

**Subject: Submission of Annual Report**

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the Annual Report of ICICI Bank Limited ('the Bank') for FY2015-16, as approved and adopted in the Annual General Meeting of the Bank held on July 11, 2016.

Please take the above information on record.

Yours faithfully,

A handwritten signature in black ink, appearing to read "V. Shanthi".

Shanthi Venkatesan  
Deputy General Manager

Encl: as above

# Leadership in banking through technology

22<sup>ND</sup> ANNUAL REPORT AND ACCOUNTS  
2015-2016

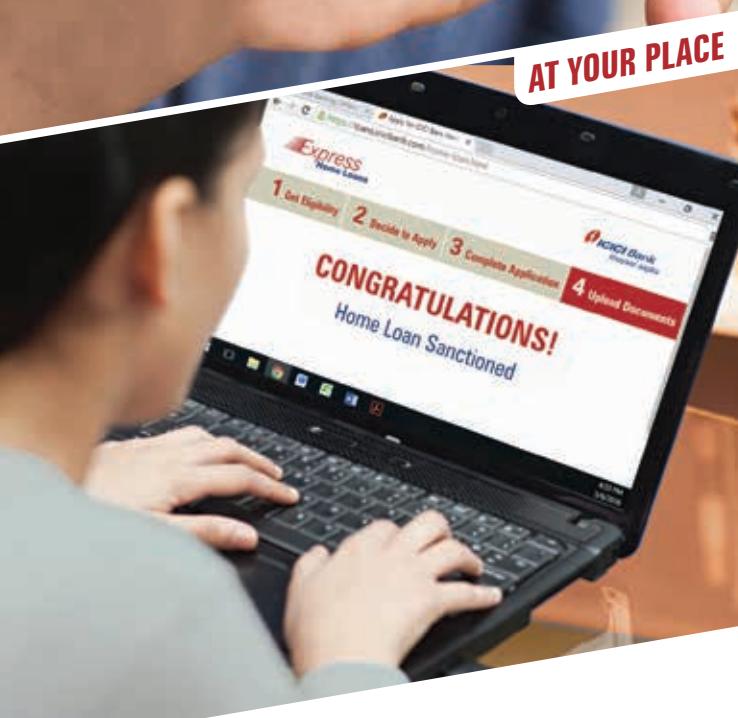
ON THE MOVE



AT OUR PLACE



AT YOUR PLACE



**i** **ICICI Bank**  
*khayaal aapka*

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## ENCLOSURES

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- Notice
- Attendance Slip and Form of Proxy

### REGISTERED OFFICE

Landmark  
Race Course Circle  
Vadodara 390 007  
Tel : +91-265-3263701  
CIN : L65190GJ1994PLC021012

### CORPORATE OFFICE

ICICI Bank Towers  
Bandra-Kurla Complex  
Mumbai 400 051  
Tel : +91-22-33667777  
Fax : +91-22-26531122

### STATUTORY AUDITORS

B S R & CO. LLP  
1st Floor, Lodha Excelus  
Apollo Mills Compound  
N. M. Joshi Marg  
Mahalaxmi  
Mumbai 400 011

### REGISTRAR AND TRANSFER AGENTS

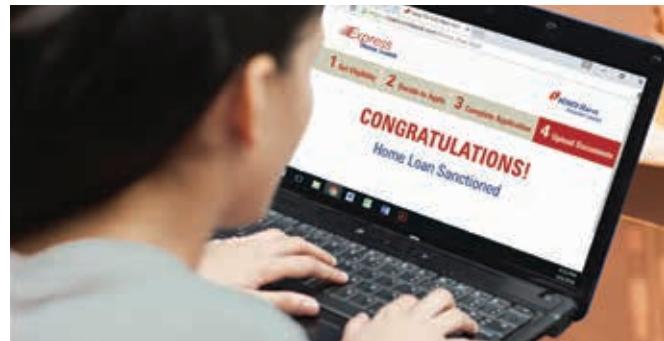
3i Infotech Limited  
International Infotech Park  
Tower 5, 3rd Floor  
Vashi Railway Station Complex  
Vashi, Navi Mumbai 400 703

# LEADERSHIP THROUGH TECHNOLOGY...

Digital technology is transforming the way we lead our lives today. The banking and financial services industry is a clear representation of this transformation. Consumers are more mobile than ever before and expect services to be available at the time and place of their choice.

At ICICI Bank, we have always realised this need of our customers and developed technology-led offerings to deliver a seamless banking experience at all places of their choice, be it 'their place', 'our place' or while they are 'on the move'.

Our consistency and speed in introducing these offerings has been recognised at various national and international forums, through the years. Our zeal to improve the banking experience for customers continues to drive us to innovate and carry forward our leadership in delivering banking services using cutting-edge technology.



## ...AT YOUR PLACE

Be it home or office, over the years, we have successfully brought banking closer to the customers, at their place of choice. Our sales officers visit customers and use tablets to open their bank accounts. This service was an industry first and is now almost an industry standard. Innovations like Express Home Loans, where customers get their home loan sanctioned online within eight hours, shift the paradigm completely for a process that has always been considered cumbersome. Banking at the place of your choice was never so easy and simple.

...more on page 16

## ...ON THE MOVE

Recent advances in telecommunications have made today's world an 'always connected world' where people demand and consume products and services on the move. At ICICI Bank, we have always leveraged technology effectively to stay ahead of customer needs. iMobile, the first mobile banking application of the country was launched in 2008, way before smartphones were widely embraced, and continues to be the most comprehensive mobile banking app in the country. Pockets, launched just over a year ago, is India's first and largest digital wallet launched by a bank.

...more on page 12



## ...AT OUR PLACE

The banking experience at our branches today is a confluence of personalised human connect and technology-enabled services. Wait times are now history with customers either servicing themselves at Insta Banking kiosks or pre-processing part of their transactions on their iMobile app in advance. Smart Vault, our state-of-the-art locker facility, uses robotic technology to enable customers to access their valuables 24x7, with multi-layer security systems using biometrics. These services represent seamless integration of the digital and physical.

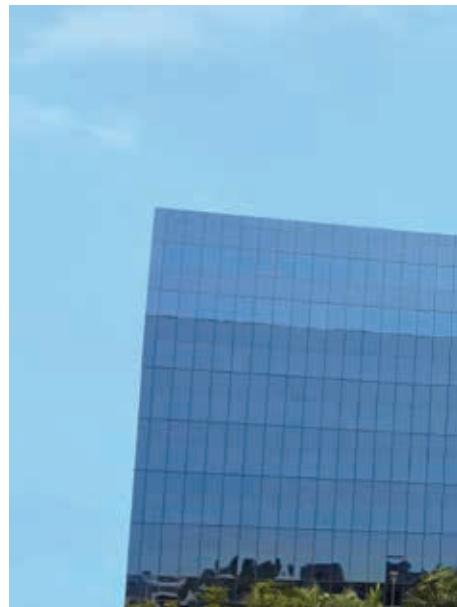
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# ICICI Bank at a Glance

**ICICI Bank, the country's largest private sector bank, offers a comprehensive range of products and services through a multi-channel delivery network.**

ICICI Bank continues to be at the forefront of technological innovation to provide simplicity and convenience in banking, in line with its philosophy of *khayaal aapka*. This has helped the Bank to build a robust pipeline of innovative products and services and consolidate its leadership position. With its cutting-edge technology, wide distribution network and energetic workforce, the Bank continues to stay ahead of competition.





# 95%

Close to 95% of all savings account transactions happen outside the branches

# 3.6 MILLION

Pockets, largest wallet launched by a bank, has recorded over 3.6 million downloads

# ₹ 1 TRILLION

First private sector bank to cross mortgage portfolio of ₹ 1 trillion

# 18,216

Largest retail network of 18,216 branches and ATMs among private sector banks



# 150+ SERVICES

iMobile, the most comprehensive banking app in India, offers over 150 services



# ₹ 3 TRILLION

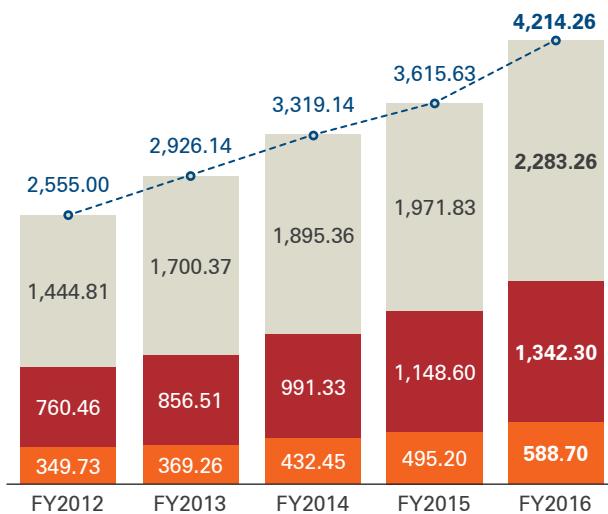
Digital channels recorded over ₹ 3 trillion worth of transactions in fiscal 2016



# Financial Highlights

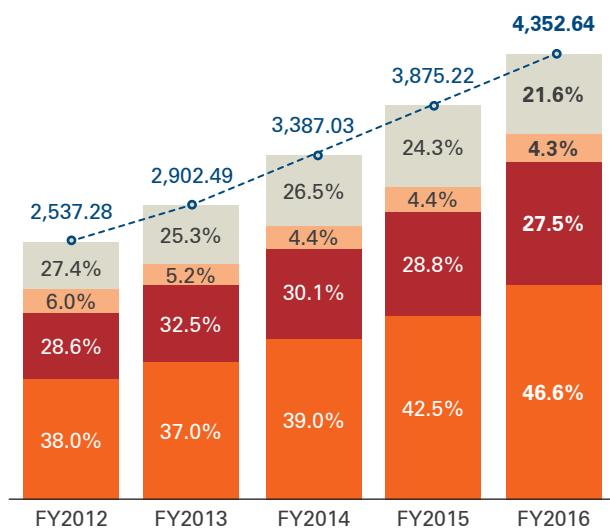
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## Total Deposits



█ Current Accounts (₹ in billion)    ---o--- Total (₹ in billion)  
█ Savings Accounts (₹ in billion)  
█ Term Deposits (₹ in billion)

## Total Advances



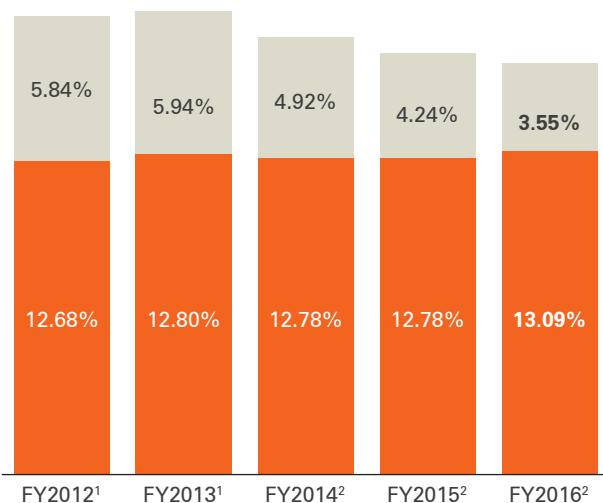
█ Retail  
█ Domestic corporate  
█ SMEAG    ---o--- Total (₹ in billion)  
█ Overseas

## Total Assets



█ Total Assets (₹ in billion)

## Capital Adequacy Ratio



█ Tier I    █ Tier II

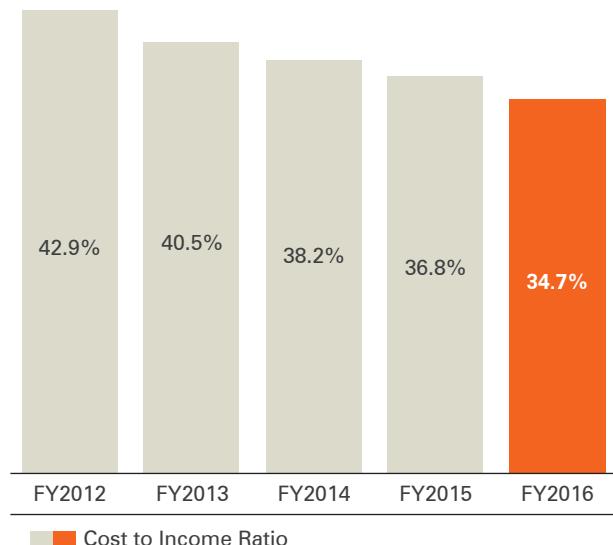
1. In accordance with Basel II guidelines of RBI

2. In accordance with Basel III guidelines of RBI

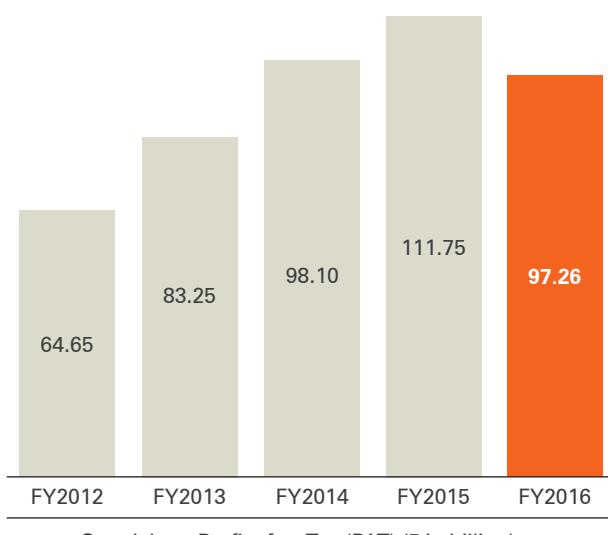
## NII & NIM



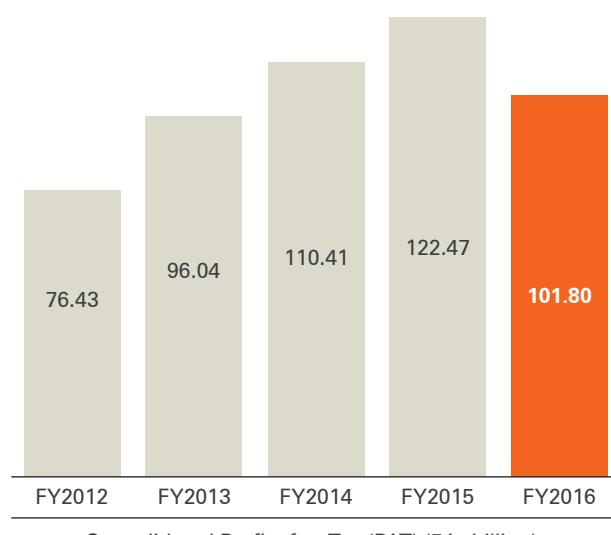
## Cost to Income Ratio



## Standalone PAT



## Consolidated PAT



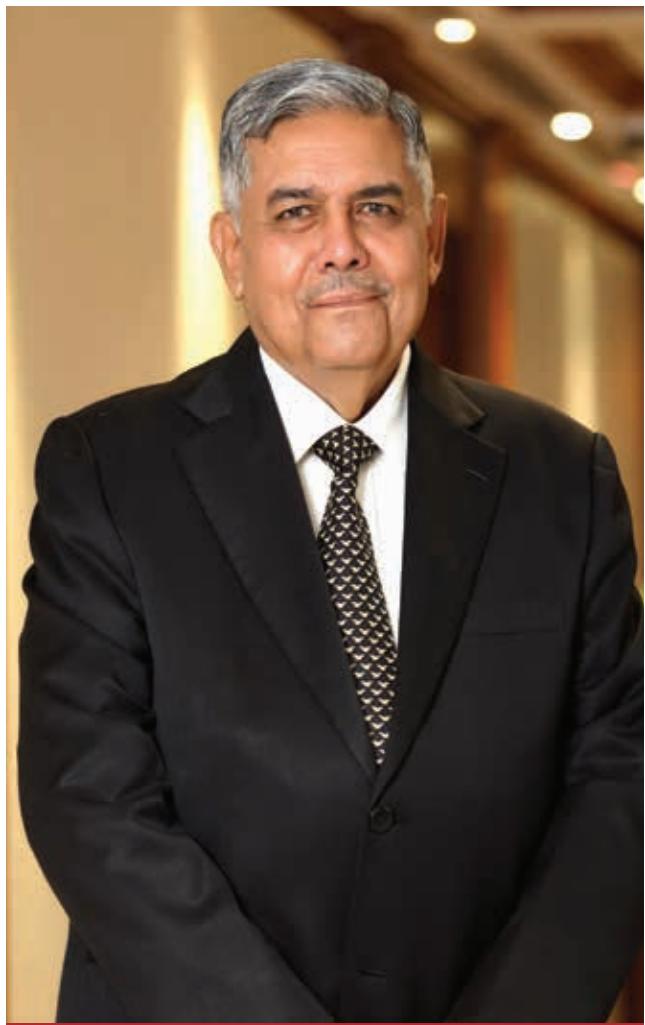
■ Standalone Profit after Tax (PAT) (₹ in billion)

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



# Message from the Chairman

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It is a pleasure to be addressing my first message to the shareholders of ICICI Bank as the Chairman of the Board of Directors. I have had a long prior association with the Bank as an independent Director on the Board, and I am honoured by the confidence the Board and shareholders have reposed in me in appointing me as the Chairman. On behalf of the Board, I would like to express our appreciation of Mr. K. V. Kamath, who made an invaluable contribution to the ICICI Group first as the CEO from 1996 to 2009, and then as the Chairman of the Board for six years.

The ICICI Group is a financial conglomerate with a long and rich history of leadership, of service to the nation and of partnership in its growth. Founded as a development finance institution in 1955, the Group has been on a

continuous journey of transformation, diversification and expansion to become a truly universal bank. The Group seeks to address every aspect of the financial services needs – savings, investments, credit, protection and payments – of each and every customer segment – large corporations, small & medium enterprises, urban customers, farming and non-farming rural communities and the under-privileged who have thus far been excluded from access to financial services. ICICI Bank 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.

The Indian banking sector is passing through a phase that is both challenging and exciting. The growth slowdown that the economy experienced from 2012 onwards has led to stress on the corporate sector, resulting in both pressure on asset quality as well as limited new growth opportunities in the corporate segment for the banking sector. At the same time, there are robust growth opportunities in the retail segment and in rural areas; and in the continuing opportunities for transformation led by technology. The policy measures put in place over the last two years have also led to a substantial improvement in macro-economic parameters and are laying the foundation for new opportunities for the corporate sector.

Over the last few years, ICICI Bank has substantially strengthened its retail and rural business, as evidenced both by its strong deposit franchise and funding profile, the robust growth in its retail loan portfolio and healthy and stable asset quality in this segment. It has continued to innovate using technology to enhance the customer proposition. The Bank has calibrated growth and reoriented the strategy of its international operations in line with the new global environment. The corporate segment, where the Bank had in earlier years supported industrial and infrastructure investment critical to India's growth, has experienced challenges. The Bank has calibrated growth in its corporate loan portfolio as the economic pressures emerged. It is addressing the risks in this segment in a focused manner, by working closely with clients to ensure deleveraging, by ensuring that the Bank's interests are protected and by reformulating its risk appetite and risk management framework to rebalance the portfolio mix towards a lower risk profile. Underpinning the Bank's strategy and approach are its operating earnings and very strong capital base, which enable it to absorb risks while capitalising on growth opportunities. During fiscal 2016,

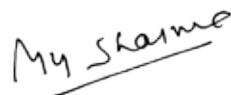
given the elevated risks in certain sectors, the Bank on a prudent basis made a collective contingency and related reserve towards its exposure to these sectors, thereby further strengthening the balance sheet.

The ICICI Group franchise is unique in that it extends beyond banking to outstanding franchises in every segment of financial services. It is a matter of great satisfaction that the value created by the insurance businesses of the Group was demonstrated during the year through investments in each of the subsidiaries. This further adds to the Group's financial strength and its platform for capitalising on the vast growth potential for financial services in India.

The Board of Directors is fully committed to maintaining the highest standards of corporate governance, with a view to ensuring that the Bank is well-placed to address risks as well as capitalise on growth opportunities, within

a framework of regulatory compliance and adherence to the highest ethical standards. The executive management team led by the Managing Director & CEO has set out a growth path based on the defined risk appetite and risk management and capital allocation framework, while focusing on addressing stress in the portfolio and maintaining a strong balance sheet. The ICICI Group has substantial depth of leadership talent, and is well-placed to execute its strategy. I am confident that the coming years will see the Group maintain and enhance its strength and capitalise on the diverse growth opportunities that our country presents.

With best wishes,



**M. K. Sharma**



# Message from the Managing Director & CEO



The global economy experienced challenging conditions in fiscal 2016, with weak growth and divergent monetary policies in advanced economies, slowdown in China and significant decline in commodity prices. The Indian economy continued to make progress during the year, with improvement in key macroeconomic parameters and focused government initiatives to drive sustainable growth. However, the corporate sector continued to experience challenges given the prolonged slowdown in growth in earlier years and the global environment. Credit growth in the banking sector was moderate, with robust retail loan demand being offset by muted demand from the corporate sector. While retail asset quality was healthy and stable, the challenges facing the corporate sector impacted the asset quality metrics and profitability of banks. Other segments of financial services, like insurance and mutual funds, witnessed healthy growth.

Against this backdrop, at ICICI Bank, we focused on capitalising on growth opportunities while at the same time taking necessary steps to address challenges in the environment. We continued to enhance our franchise, and maintained our financial strength with robust capital levels. I would like to share some highlights for the Bank during the year.

- We sustained robust growth in our retail loan portfolio which grew by 23.3% and now constitutes 46.6% of total loans.
- We selectively grew our corporate portfolio focusing on higher rated clients, with a revised limit framework aimed at reducing concentration risk in the portfolio.
- We maintained our healthy funding profile, with an addition of ₹ 193.70 billion to savings deposits and ₹ 93.50 billion to current account deposits, and a CASA ratio of 45.8%. We expanded our network to 4,450 branches and 13,766 ATMs.
- We continued to be at the forefront of leveraging technology to improve the customer experience. We were the first bank in India to introduce contactless mobile payments using smartphones. We introduced Express Home Loans, the country's first fully online process for sanctioning home loans. Our digital wallet, Pockets, has had over 3.6 million downloads. Our banking application, iMobile, is the most comprehensive banking app in the country, offering over 150 services, many of which are industry firsts.
- With our focus on core operating parameters, we achieved an operating profit of ₹ 238.63 billion, a year-on-year growth of 21.0%.
- In view of the challenges being experienced by certain sectors of the economy, the Bank further strengthened its balance sheet by creating a collective contingency and related reserve of ₹ 36.00 billion on a prudent basis. This is over and above provisions made for non-performing and restructured loans as per Reserve Bank of India guidelines.
- The Bank's standalone profit before the above collective contingency and related reserve and tax was ₹ 157.96 billion. Even after taking into account the above prudent reserving and provision for tax, the Bank achieved a standalone profit after tax of ₹ 97.26 billion and a consolidated profit after tax of ₹ 101.80 billion.

- We demonstrated the substantial value created by our subsidiaries, with a 6% stake sale in ICICI Prudential Life Insurance Company at a company valuation of ₹ 325.00 billion and a 9% stake sale in ICICI Lombard General Insurance Company at a company valuation of ₹ 172.25 billion.
- The Bank maintained a very strong capital position, with Tier-1 capital adequacy of 13.09% and total capital adequacy of 16.64%, well above regulatory requirements.
- The profits and the strong capital position enabled the Bank to maintain a healthy proposed dividend of ₹ 5 per equity share.

We continued to strengthen our position across the financial sector. Our insurance subsidiaries maintained their leadership position among private sector players. ICICI Prudential Asset Management Company became the largest mutual fund in India, with assets under management of over ₹ 1.8 trillion.

We continued to partner the nation in its journey of inclusive growth. ICICI Foundation for Inclusive Growth scaled up the ICICI Academy for Skills to 22 skill training centres across the country and imparted training to over 25,000 youth, including 10,000 women. Through the Academy and our Rural Self Employment Training Institutes in Rajasthan, ICICI Foundation has trained over 60,000 youth, and we are targeting the milestone of training 100,000 youth by March 2017. We continued to focus on rural development through financial inclusion. At the end of fiscal 2016, the Bank had 20.7 million basic savings bank accounts. The Bank actively participated in the government schemes launched under the Jan Suraksha Yojana and was among the first to initiate enrollments for insurance schemes through SMS.

Our strategic priorities going forward are summarised below as the 4 x 4 Agenda:

#### **Portfolio quality**

1. Proactive monitoring of loan portfolios across businesses;
2. Improvement in credit mix driven by focus on retail lending and lending to higher rated corporates;
3. Reduction of concentration risk; and

4. Resolution of exposures through asset sales by borrowers, change in management and working with stakeholders to ensure that companies are able to operate at an optimal level and generate cash flows.

#### **Continuing to enhance the franchise**

1. Sustaining the robust funding profile;
2. Maintaining digital leadership and a strong customer franchise;
3. Continued focus on cost efficiency; and
4. Focus on capital efficiency and further unlocking of value in subsidiaries.

The Indian economy is poised to build on the progress made in the last two years to move ahead on its growth path. The ICICI Group is well-positioned to address the challenges in certain sectors and capitalise on the opportunities that will arise out of India's growth and transformation. I look forward to your continued support in this journey.

With best wishes,



**Chanda Kochhar**

# Board and Management

## BOARD OF DIRECTORS



**M. K. Sharma**  
*Chairman*



**Chanda Kochhar**  
*Managing Director & CEO*



**M. S. Ramachandran**



**Homi Khusrokhani**



**V. Sridar**



**Tushaar Shah**



**Dileep Choksi**



**V. K. Sharma**



**Alok Tandon**



**N. S. Kannan**  
*Executive Director*



**Rajiv Sabharwal**  
*Executive Director*



**Vishakha Mulye**  
*Executive Director*



**Vijay Chandok**  
*Executive Director (Designate)  
Subject to RBI approval*

## GROUP EXECUTIVES

Rakesh Jha *Chief Financial Officer*  
Maninder Juneja

Shilpa Kumar

## SENIOR GENERAL MANAGERS

Sanjay Chougule *Head-Group Internal Audit*  
Sudhir Dole  
K. M. Jayarao  
Anita Pai  
T. K. Srirang  
Kumar Ashish  
Abonty Banerjee  
Anindya Banerjee  
Prathit Bhobe  
Partha Dey  
Sujit Ganguli  
Ajay Gupta  
Sriram H.

Anirudh Kamani  
Anil Kaul  
Ravi Narayanan  
Amit Palta  
Murali Ramakrishnan  
Kusal Roy  
Anup Saha  
P. Sanker *Company Secretary*  
Supritha Shetty *Group Compliance Officer*  
Saurabh Singh  
G. Srinivas  
Rahul Vohra

## BOARD COMMITTEES

### Audit Committee

Homi Khusrokhani *Chairman*  
Dileep Choksi *Alternate Chairman*  
M. S. Ramachandran  
V. Sridar

### Board Governance, Remuneration & Nomination Committee

Homi Khusrokhani *Chairman*  
M. K. Sharma  
M. S. Ramachandran

### Corporate Social Responsibility Committee

M. S. Ramachandran *Chairman*  
Tushaar Shah  
Alok Tandon  
Chanda Kochhar

### Credit Committee

Chanda Kochhar *Chairperson*  
Homi Khusrokhani  
M. S. Ramachandran

### Customer Service Committee

M. S. Ramachandran *Chairman*  
V. Sridar  
Alok Tandon  
Chanda Kochhar

### Fraud Monitoring Committee

V. Sridar *Chairman*  
Dileep Choksi  
Homi Khusrokhani  
V. K. Sharma  
Chanda Kochhar  
Rajiv Sabharwal

### Information Technology Strategy Committee

Homi Khusrokhani *Chairman*  
V. Sridar  
Chanda Kochhar

### Risk Committee

M. K. Sharma *Chairman*  
Dileep Choksi  
Homi Khusrokhani  
V. K. Sharma  
V. Sridar  
Alok Tandon  
Chanda Kochhar

### Stakeholders Relationship Committee

Homi Khusrokhani *Chairman*  
V. Sridar  
N. S. Kannan

## Messages from Executive Directors



**N. S. Kannan**  
Executive Director

Fiscal 2016 was marked by a weak global economic environment, sharp downturn in the commodity prices, gradual nature of the domestic economic recovery and high corporate leverage. Against this backdrop, we continued to maintain and enhance the strength of our balance sheet with granularity in funding, efficiency in capital usage and proactive reserving. With subdued corporate loan demand, we increased the momentum in retail lending. The monetisation transactions in insurance subsidiaries during the year demonstrated the significant value creation in the Group. We have continued to build on our franchise through a robust funding mix, cost efficiency, digital leadership and large physical footprint. We believe that, given our strong core earnings, healthy capital position, large customer base, talented management team and substantial value in subsidiaries, we will be able to enhance our franchise further and capitalise on growth opportunities.



**Rajiv Sabharwal**  
Executive Director

Providing exemplary customer service across channels continues to be our top priority. We have made significant investments in Big Data Analytics, Multi-channel Architecture and best-in-class Customer Relationship Management tools to ensure we have a 360 degree view of our customers and can offer best suited products and services to them. In future, we will leverage new technologies like Artificial Intelligence to drive customer engagement. We continue to innovate to empower our customers - we dematerialised credit and debit cards on our digital bank, Pockets, to allow NFC payments through mobile, introduced self-service kiosks and gave India its first 24x7 robotic lockers (Smart Vaults). Additionally, we added to our branch and ATM network – we are now closer to our customers with 4,450 branches and have the largest number of 13,766 ATMs across all private banks.



**Vishakha Mulye**  
Executive Director

In fiscal 2016, the operating environment for the corporate sector remained challenging due to high leverage, shortfalls in cash flow generation, continued weak corporate investment activity and decline in commodity prices which had an impact on borrowers in commodity-linked sectors such as iron and steel. During the year, we explored new income streams while proactively monitoring our existing exposure and further strengthening our frameworks for exposure and risk management. We focused on further enhancing our commercial banking franchise and incremental disbursements were largely to higher rated corporates. In the new financial year, the Wholesale Banking Group will continue to focus on enhancing the quality of the portfolio and the quality of earnings by further developing our expertise in products, processes and technology to meet client requirements and leverage growth opportunities in the market.



**Vijay Chandok**  
Executive Director  
(Designate), Subject  
to RBI approval

During fiscal 2016, our focus was to balance risks in the global economy - arising out of monetary tightening in the US, continuing growth concerns in China and the sharp drop in commodity prices - with the growth momentum in India. In this context, the Bank identified growth opportunities in select areas with enhanced controls, while repatriating surplus capital and profits from its overseas businesses. Accordingly, the Bank continued to leverage its strong brand, service culture and technological capabilities to grow its franchise with multinational companies and non-resident Indians. ICICI Bank became the first bank in India to launch its online Money2World service for its customers. In the SME segment in India, the Bank continued to leverage its presence to grow in a more granular manner and enabled a larger number of entrepreneurs to participate in the emerging economic opportunities.

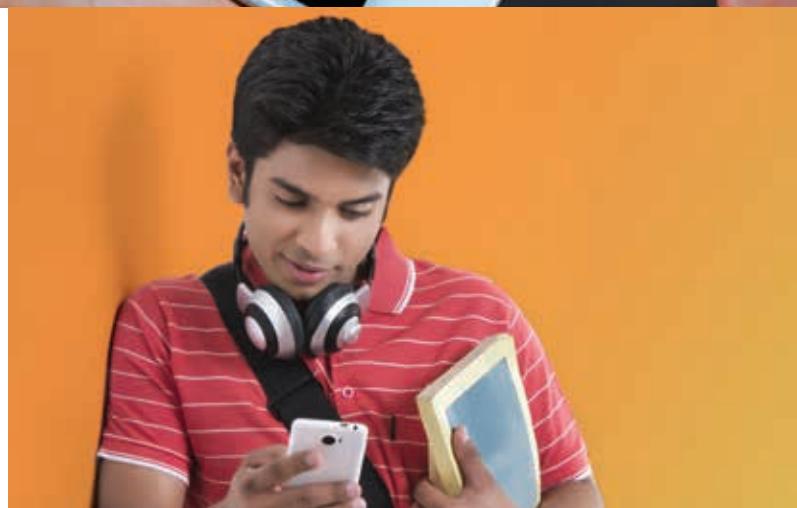
## Leadership Through Technology

# BANKING ON THE MOVE

**3.6 million**  
downloads of Pockets,  
India's largest digital  
wallet by a bank



**Consumers today are increasingly demanding more and more services on the move. ICICI Bank continues to deploy cutting-edge technology to deliver innovative banking solutions on mobile devices.**





## Touch & Pay

India's first contactless mobile payment solution that allows payments at over 60,000 merchant outlets

### mVisa

service allows customers to scan a QR code at merchant outlets and make a payment

60%

of savings account transactions are done through mobile and internet banking

Smartphones are redefining every aspect of life today. Banking is no exception. Today, mobile banking is mainstream. Over the years, we have played a leading role in this transformation: educating customers and showing the way to the rest of the industry to join along.

From money transfers to contactless payments to loan applications, the Bank has made virtually every transaction possible on the move, so customers are no longer constrained by time or place.

In February 2015, we launched Pockets, India's first digital wallet by a bank, which can be used by customers and non-customers alike. Users, especially the young generation who may not have access to a traditional bank account, can download the Pockets app instantly on their phone, fund it and start transacting immediately. Within the first year of its launch, Pockets has garnered over 3.6 million downloads. In an industry ruled by discounts and cashbacks, the Pockets app ranks among the top digital wallets of the country, despite limited spends on promotions.

In today's fast paced world, customers like to complete their transactions quickly and pay in a jiffy. Realising this, the all-new Pockets app now sports a revolutionary feature. Touch & Pay, India's first contactless mobile payment solution, enables secure payments through smartphones at retail stores and does away with the need to carry physical cards. All ICICI Bank credit and debit card users can use this feature to make payments at over 60,000 merchant outlets across the country. They simply need to wave their phones on Near Field Communication (NFC) enabled merchant terminals to make the payment.

Pockets is increasingly growing to become a comprehensive payments app. mVisa, a service launched in partnership with Visa earlier in the year, allows customers to use their Pockets app to make cashless payments at merchant outlets. Customers can use mVisa to scan a QR code available at the merchant outlet, enter the bill amount and confirm the payment by entering their debit card PIN. A first-of-its-kind service in the world, mVisa ensures that the transactions are faster and more convenient.

# Leadership Through Technology

## BANKING ON THE MOVE



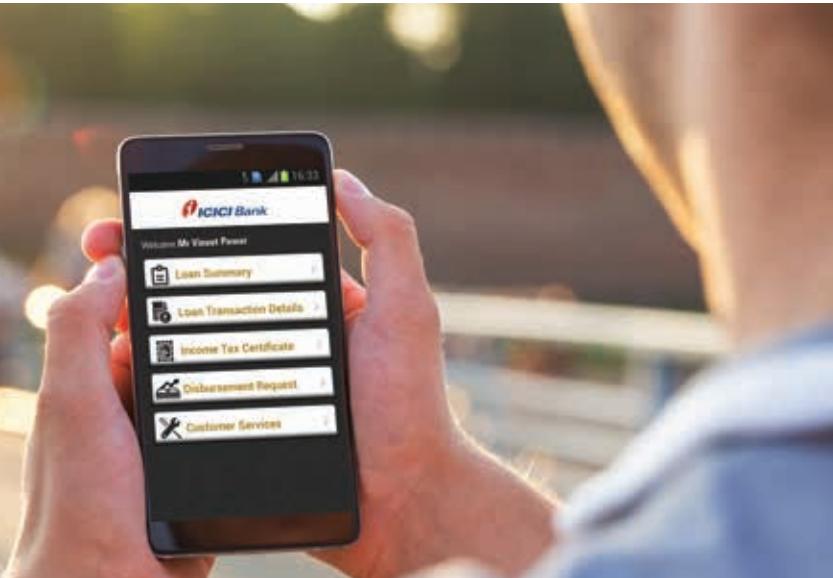
### eftCheques

replicates the cheque-writing experience on customers' smartphones. Recipients can encash these cheques using their phone.

Leadership through technology is about continuous improvement and evolution. In early 2008, when ICICI Bank launched iMobile, India's first mobile banking app, smartphones were still at their nascence in the country. ICICI Bank foresaw the potential of mobile applications early and provided this convenient way of banking to its customers much ahead of others! iMobile today has evolved to become India's most comprehensive mobile banking application, which brings 150+ banking services on a single platform. It offers a range of essential banking features such as funds transfer, bill payment, checking account balance and opening fixed and recurring deposits. In addition, users can also now add payees, personalise their debit cards with an image of their choice and even book railway tickets. iMobile today also bridges the digital and the physical world. For customers writing physical cheques for payments, it offers additional security measures through

Positive Pay where they click an image of the cheque and upload it over their iMobile app. Once received at our back-office, the physical cheque is verified against the image uploaded, eliminating any chance of fraudulent encashment.

Electronic payments have become ubiquitous today. Millions of money transfers take place every day electronically. However, we realise that there are many customers who still derive comfort from writing a physical cheque. We leveraged technology to make this process easier for such customers. The eftCheques app by the Bank replicates the cheque writing experience on customers' smartphones. Customers can flip open a virtual cheque book on their eftCheques app and write a cheque to any person from their phone-book. The recipient receives a web-link over SMS and can encash the cheque into a bank account of his or her choice instantly. Cheques can be written



## iLoans

An app that makes it easy for customers to track and access all their loan-related details while on the move

### iMobile

the first mobile banking app in India is also the most comprehensive banking app in India

and encashed any time of the day, all days of the week including holidays, without the need to walk into a branch. Another feature of eftCheques allows customers to scan a cheque they have received and upload the image before depositing the cheque in a nearby branch. This eliminates the cheque-scanning activity at our back-office and saves a few hours in the cheque-clearing process, thereby benefiting the customers.

The overwhelming adoption of iMobile has clearly indicated high customer appetite for accessing banking services on smartphones. With this insight, the Bank created a comprehensive app for its asset products, iLoans – an app that makes it easy for customers to track and access all their loan-related details while on the move. As an industry first, the app also allows customers to submit a request for the disbursement of a new tranche of an existing home loan from the comfort of their phones and enjoy a seamless, fast and easy disbursement experience.

Consumers have for long struggled to track and conveniently make bill

payments to merchants who may not have elaborate online payment systems, such as schools and housing societies. An innovative online solution, aptly named Eazypay was launched this year to ease such payments for customers, while reducing collection overheads for merchants. Merchants can upload bills of their customers and simply link the bills to the mobile number of the customer. Customers can log on to the Eazypay portal, submit their phone numbers and view and pay all their bills from various merchants. The service is bank-agnostic: customers of all banks can use it to make their bill payments. Initiatives like Eazypay not only strengthen our leadership status in the sector, but also boost the usage of electronic payments in the country.

The world as we see today is fast evolving into a place where consumers are increasingly demanding more and more services on the move. By deploying cutting-edge technology to deliver innovative banking solutions on mobile devices, ICICI Bank continues to be a trendsetter for the banking industry.

### Eazypay

enables customers of all banks to pay merchants online without any registration

## Leadership Through Technology

# BANKING AT YOUR PLACE

4.2 million

bank accounts opened  
through Tab Banking  
since inception



From opening bank accounts to transferring money anywhere in the world, the Bank's technology solutions empower customers to fulfil their banking needs, without stepping out of their homes or offices.





## Money2World

**India's first fully online service  
aimed at resident Indians  
enabling them to send money  
overseas**

### Voice Biometric

enables us to recognise our customers' voices over the phone, allowing them to access their accounts

At ICICI Bank, we realised very early that customers would soon wish to carry out banking transactions from the comfort of their homes. We popularised our internet banking services in the early part of this century, much before e-commerce took root in the country. We also innovated to launch several other solutions which enable customers to carry out their key banking activities from their homes or offices.

One such revolutionary initiative is Tab Banking, an example of how the physical and digital worlds can converge without losing the human connect. Our sales officers use a tablet today to complete the entire account-opening activity, including scanning of the KYC documents, at a location of the customer's choice. Since its launch in 2013, we have opened over 4.2 million bank accounts through Tab Banking. An industry first, the service has now become almost a standard across many leading Indian banks.

As another first in the banking industry, our Voice Biometric solution enables us to recognise our customers by their voices over the phone and then allow them to conduct banking transactions with enhanced security. By deploying a

sophisticated technology that matches the customer's voice with their pre-recorded samples, we have eliminated passwords and PINs from this activity.

Express Home Loans is another such implementation of technology to disrupt the traditional home loan sanction process, which has always involved a large amount of paperwork and multiple branch visits. ICICI Bank was the first to launch a fully online sanction process, wherein customers can fill in their details, upload relevant documents and get a home loan sanctioned within eight working hours.

The Bank has always been a leader in inward remittances. This year we launched Money2World, India's first fully online service enabling resident Indians to send money abroad from any bank in India to any bank overseas, within one international working day. The service is available round the clock and funds can be transferred in 16 currencies.

From opening bank accounts to transferring money anywhere in the world, the Bank's technology solutions empower customers to fulfil their banking needs, without stepping out of their homes or offices.

### Express Home Loans

enables customers to get a home loan sanction online in just 8 working hours, for the first time in India

## Leadership Through Technology

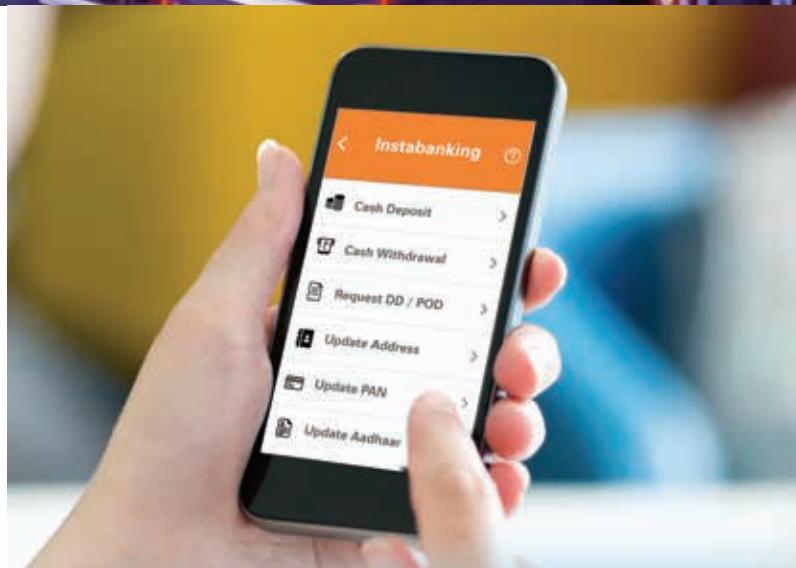
# BANKING AT OUR PLACE

1st

fully automated locker facility in India, Smart Vault is available round-the-clock



Fully automated, state-of-the-art branches available round-the-clock, kiosks that offer a complete suite of banking services and many other innovations are redefining the customer experience at ICICI Bank today.





# Touch Banking

**110 fully automated branches across 33 cities offer complete banking solutions round the clock**

**20%**  
of the transactions in  
Touch Banking branches  
happen on Sundays and  
holidays

At a time when officers tallying cash on physical ledgers and long waiting times at counters defined the banking experience in India, ICICI Bank revolutionised the industry with computers at the branches and ATMs in the neighbourhood. Since then, our journey in harnessing technology to deliver a quick and efficient customer experience at our premises has come a long way.

This year, we introduced Smart Vault, a fully automated state-of-the-art locker which is available 24x7, including weekends. The Smart Vault uses robotic technology to access the lockers from a safe vault and enables customers to conveniently operate their lockers in the comfort and privacy of a secure lounge, without any intervention of the branch staff. The enhanced security features of Smart Vault include biometric authentication, a direct call line to a central security team available round-the-clock, automatic alarms for sessions beyond a specified time, armed security, video patrolling and SMS alerts.

Our network of Touch Banking branches, India's first fully automated bank branches that we introduced a few years ago, continues to expand. These branches operate in self-service mode, round-the-clock, 365 days of the year. At 110 of

these branches across 33 cities in India, customers can deposit cash or cheques, print bank statements and do much more. They can also interact with our Bank staff through video-conference.

Usage of Touch Banking branches by a large number of customers encouraged us to design self-service kiosks. The Bank has deployed more than 1,800 self-service kiosks, which include Cash Deposit machines and Insta Banking kiosks, across its branches. A first-of-its-kind device in the country, Insta Banking kiosk enables customers to access their accounts, transfer funds, print statements, pay bills and avail many other banking services.

At bank branches, customers are required to fill in various forms to submit their transaction requests like depositing cash and requesting for a demand draft. Insta Banking, an innovative feature introduced in the iMobile app, now allows customers to fill in the requisite forms on their phones while on their way to the branch.

Branches, ATMs and kiosks, all physical touch points of ICICI Bank today employ cutting-edge technology to deliver a seamless and convenient banking experience.

# Promoting Inclusive Growth

## ICICI Foundation for Inclusive Growth

ICICI Foundation for Inclusive Growth (ICICI Foundation) was set up in early 2008 to build upon the ICICI Group's legacy of promoting inclusive growth. It works on high-impact projects that are sustainable and scalable in four key areas: skill development and sustainable livelihood, financial inclusion, elementary education and primary healthcare.

### FOCUS AREAS

#### 1. Skill Development & Sustainable Livelihood

In fiscal 2016, ICICI Foundation significantly enhanced the outreach of the ICICI Academy for Skills. ICICI Academy provides vocational training to youth from economically weaker sections to help them earn a sustainable livelihood. During the year, 11 new centres were opened with the most recent centre opened in Mumbai. In addition, ICICI Foundation further strengthened its activities under the Rural Self Employment Training Institutes (RSETIs) in Udaipur and Jodhpur districts of Rajasthan. During fiscal 2016, over 40,000 youth were trained through these initiatives.



Shri Devendra Fadnavis, Hon'ble Chief Minister of Maharashtra with Ms. Chanda Kochhar, MD & CEO, ICICI Bank Ltd, at Mumbai centre inauguration of ICICI Academy

#### (i) ICICI Academy for Skills

As of March 31, 2016, ICICI Academy for Skills had 22 centres, including 10 centres exclusively for women. The centres provide underprivileged youth with vocational training of 12-weeks duration on pro bono basis. These programmes enable the youth to earn a sustainable

livelihood. The centres exclusively for women are located in Bhubaneswar, Cochin, Lucknow, Kolkata, Mysore, Nagpur, New Delhi, Trichy, Vijayawada and Zirakpur. These centres offer courses in retail sales and office administration.

In fiscal 2016, ICICI Academy entered into a partnership with the Government of Madhya Pradesh to operate a vocational training centre at Indore. ICICI Foundation also entered into a Memorandum of Understanding with the Government of Maharashtra in fiscal 2016. Under this MoU, the state government will collaborate with ICICI Foundation to identify underprivileged youth to facilitate skill training.



Central air conditioning course at ICICI Academy

ICICI Academy added four new courses in fiscal 2016, namely: tractor mechanic, lab assistant at diagnostic centres, two & three wheeler service technician and retail sales. With these additions, ICICI Academy now offers training in 13 courses. It also provides training in soft skills like communication, etiquette & grooming and financial literacy, to help the youth adapt to an organised work environment.

Knowledge partners, who are leaders in their industry, guide ICICI Academy to develop curriculum and content, design laboratories and train the trainers. This helps to ensure the courses are industry relevant. ICICI Academy has tied up with over 800 industry partners to provide employment opportunities to the trained youth.

ICICI Bank and ICICI Foundation launched #GiftALivelihood, a referral programme for tapping deserving candidates for ICICI Academy through the website [www.giftalivelhood.com](http://www.giftalivelhood.com).

## Highlights - ICICI Academy

- Over 25,000 youth were trained in fiscal 2016 with women representation at 41%
- Over 10,000 women were trained during fiscal 2016 with 4,400 at the women-only centres
- Continued achievement of 100% placement of the trained youth

## Highlights - RSETI

- Over 15,000 youth were trained in fiscal 2016; with women representation at 50%
- Around 1,000 trainees were provided with credit facilities for starting their own enterprises
- 60 new women Self Help Groups were formed
- Trained 427 Bank Mitras (Business Correspondents)

### (ii) Rural Self Employment Training Institutes (RSETI)

ICICI Foundation operates RSETIs in Udaipur and Jodhpur. It also manages 13 satellite centres across these two districts, which impart skills in 33 diversified trades. The institutes also facilitate livelihood opportunities for the underprivileged youth.



Mobile repairing course at RSETI

ICICI RSETIs secured 'AA' grade under Category II in the grading exercise carried out by the Ministry of Rural Development, Government of India in July 2015.

### 2. Elementary Education

#### (i) School and Teacher Education Reform Programme

ICICI Foundation has partnered with the Governments of Rajasthan and Chhattisgarh to implement the School and Teacher Education Reform Programme (STERP) aimed at improving the quality of school education in government schools in these states. In fiscal 2016, the programme focused on strengthening District Institutes of Education & Training, capacity building and development of 250 demonstration schools (150 in Rajasthan and 100 in Chhattisgarh) to make them compliant as per Right to Education Act standards. In Rajasthan, 17 of these schools have been selected by the state government as model schools.

## Highlights – STERP Rajasthan

- Over 15,000 student teachers and 2,700 faculty members benefited from revised course material for the first year of Basic School Training Certificate
- 4,500 new and 850 drop-out students were enrolled in Standard I to VIII via the school enrollment campaigns organised under the Sarva Shiksha Abhiyan
- 20 new nodal-level Academic Resource Centres were added taking the total number to 55
- School Management Committees (SMCs) in 150 schools were made operational and 1,140 SMC members were trained

# Promoting Inclusive Growth



Use of Teaching Learning Material in classroom

## Highlights – STERP Chhattisgarh

- Under the Swachh Bharat - Swachh Vidyalaya programme, ICICI Foundation constructed toilets in 100 schools in Raipur, Bastar, Kawardha, Surguja and Mahasamund districts
  
- SMC members were trained in the upkeep and maintenance of toilets to ensure hygiene and proper utilisation

### 3. Primary Healthcare

#### (i) Strengthening Convergent Action for Reducing Child Under-nutrition, Rajasthan:

ICICI Foundation in partnership with the Government of Rajasthan implemented a three-year pilot project across 494 Anganwadi Centres (AWCs) in Shahabad and Kishanganj blocks of Baran district. It aimed to improve the nutrition level of children up to five years through prevention, management and treatment of under-nutrition. Mother and Child Health and Nutrition days were institutionalised across these 494 AWCs resulting in monitoring of the children's growth and referral of under-nourished children to Malnutrition Treatment Centres. In addition, 186 Village Health Sanitation Water and Nutrition Committees were made operational in the project area.

### Impact

An end-line study to assess the impact of the programme was completed. Some of the key results were:

- Severe underweight (SUW) children under 3 years reduced from 26% to 12%
- SUW children between 3-5 years reduced from 28% to 11%
- Growth monitoring of children between 6 months-3 years increased from 20% to 99%
- Increase in referral of pregnant and lactating women to AWCs for ante-natal and post-natal services from 1% to 70%



Growth monitoring at Anganwadi centre

### 4. Other Initiatives

#### ICICI Bank Limited

ICICI Bank continued to support ICICI Foundation in its efforts to promote inclusive growth. During fiscal 2016, the Bank has contributed ₹ 450.0 million to support initiatives in skill building, elementary education, healthcare and rural development.

A focus area for the Bank in promoting inclusive growth has been to support rural development. This involves adopting a holistic approach to improve livelihoods and enhance access to financial services. The Bank has developed an extensive network of branches and Business Correspondents (BCs) to strengthen efforts in this space. Training is provided to individuals to become self-employed and facilitate financial inclusion of a larger population. As on March 31, 2016, the Bank had 2,294 branches in rural and semi-urban locations, of which 573 branches were in unbanked villages. The Bank is working with over 265 BCs who have a network of about 8,200 Customer Service

Points (CSPs) covering over 15,800 villages. At the end of fiscal 2016, the Bank had opened 20.7 million Basic Savings Bank Deposit Accounts (BSBDA), of which, 2.9 million were opened under the Pradhan Mantri Jan-Dhan Yojana (PMJDY). The Bank also conducts financial literacy workshops called Gram Samvad across the country and uses innovative and engaging methods like comic books and audio/visual tools as a communication medium.

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

ICICI Life supports ICICI Foundation in its efforts to promote inclusive growth and also independently undertakes programmes in the areas of consumer protection, healthcare, education and skill development.

The company continued with its consumer awareness and education programme 'Act early. Be prepared. Protect yourself.' Consumers were urged to be proactive in managing their health, protect themselves financially through the right financial planning and having an e-Insurance Account. As part of the programme, the company facilitated discounted health checkups for consumers.

ICICI Life initiated a programme with Tata Memorial Hospital to support the cancer treatment of 40 underprivileged children each year. The company also supports a healthcare programme for rural patients in Tamil Nadu for treatment of chronic diseases and primary healthcare issues. Over 6,500 patients have already received assistance through this programme. The company also supports the developmental needs of 730 underprivileged children across 15 Child Care Institutes (CCI) in Madhya Pradesh with the aim of enhancing their living conditions.

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

ICICI General supports ICICI Foundation and has undertaken activities in healthcare and sustainable livelihood. In addition, ICICI General conducted its annual employee volunteering initiative Caring Hands. The company's employees organised eye check-up camps for underprivileged children in 245 schools across 98 cities covering almost 29,000 children. More than 4,000 children diagnosed with poor vision were provided spectacles. The company also introduced a Ride to Safety campaign, to make roads safer for children. The company conducted over 100 workshops across Mumbai, Pune and Delhi through which it reached out to 15,000 children and parents. The company also distributed specially designed ISI mark helmets to 9,000 children.

### **Other Contributions**

#### **(i) Employee salary donation for Chennai relief**

In December 2015, Chennai faced unprecedented rainfall, which inundated several parts of the city. The ICICI Group contributed ₹ 100.0 million to the Chief Minister's Relief Fund to help the people affected by the floods. The donation comprised contribution from the salaries of the employees of ICICI Bank and its group companies, as well as the companies themselves.

#### **(ii) Daan Utsav**

The annual event organised by the Bank in partnership with Give India provided customers and employees of the ICICI Group an opportunity to donate towards education for underprivileged children through multiple channels such as ATMs and internet banking. A total amount of ₹ 12.0 million was mobilised through participation from 121,805 donors.

#### **(iii) Blood donation**

Over 4,800 Bank employees have participated in blood donation drives conducted by ICICI Foundation since 2011. This year, ICICI Foundation organised a blood donation camp at its Hyderabad office, in partnership with the NTR Trust Blood Bank. It was ICICI Foundation's first such initiative outside Mumbai. Around 800 employees donated blood in the drive.



Blood donation camp organised by ICICI Foundation

# Awards

## ICICI BANK RECEIVED SEVERAL AWARDS AND RECOGNITIONS IN FISCAL 2016, IN INDIA AND ABROAD. SOME OF THESE ARE:

**'Best Retail Bank in India' at the Asian Banker International Excellence in Retail Financial Services Awards 2016. The Bank has won this award three years in a row.**



**Winner in 'Best Use of Technology to Enhance Customer Experience' and runner up in 'Best Use of Digital and Channels Technology' at the IBA Banking Technology Awards 2016.**

- Best bank in the categories of 'Use of Technology for Fraud Prevention and NPA Management' and 'Evangelising Technology Adoption' among Large Banks at the annual IDRBT Banking Technology Excellence Awards.
- First in India in the Euromoney Private Banking & Wealth Management Survey, in four categories: Net-worth-specific services, Philanthropic Advice, Socially Responsible Investing/Social Impact Investing and Innovative Technology - Client Experience.
- First among private sector banks in The Economic Times Brand Equity's Most Trusted Brands survey 2015.
- Gold awards in the 'Bank' and 'Credit card issuing Bank' segments under Finance category in the Reader's Digest Trusted Brand 2016 Survey.
- 'Best Bank - Innovation' in the Business Today - KPMG survey. The Bank was ranked second in the category of 'Bank of the Year' among large banks.
- First in The Brand Trust Report, India Study 2016 by Trust Research Advisory under the 'Banking Financial Services and Insurance' category.
- 'Best Local Trade Finance Bank in India' at Global Trade Review Asia Leaders in Trade Awards 2015.
- 'Best Foreign Exchange Bank' in India, at FinanceAsia's 2015 Country Banking Achievement Awards.
- 'Best Private Sector Bank' under 'Global Business' category at the Dun & Bradstreet Banking Awards 2015.
- Five awards in the categories of BI/Analytics, Enterprise Security, Virtualisation, Social Media and Social Cause, at the Dataquest Business Technology Awards.
- 'Best Website Design' in Asia-Pacific at Global Finance: 2015 World's Best Digital Bank Awards.
- Winner in the 'Sustainable Business' category and second runner up in the 'Big Data & Analytics' category at the EFMA Accenture Innovation Awards in Amsterdam.
- 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.
- Winner at the National Energy Conservation Awards 2015 under the 'Office Buildings' category (energy consumption of over 1 million units per annum).
- Second prize for the ICICI Bank – BKC Tower in the 'Service' category at 12th - CII (Western Region) Safety, Health and Environment Excellence Award 2015 -16.
- Runner up in the categories of 'Immediate Payment Service', 'Cheque Truncation System' and 'National Financial Switch' at the National Payments Excellence Awards 2015 organised by the National Payments Corporation of India. The Bank was also felicitated with a special award for issuing the largest number of RuPay Platinum cards.

# Directors' Report

Your Directors have pleasure in presenting the Twenty-Second Annual Report of ICICI Bank Limited along with the audited financial statements for the year ended March 31, 2016.

## FINANCIAL HIGHLIGHTS

The financial performance for fiscal 2016 is summarised in the following table:

₹ in billion, except percentages	Fiscal 2015	Fiscal 2016	% change
Net interest income and other income	312.16	<b>365.46</b>	17.1%
Operating expenses	114.96	<b>126.83</b>	10.3%
Provisions & contingencies (excluding collective contingency and related reserve) <sup>1</sup>	39.00	<b>80.67</b>	106.8%
Profit before collective contingency and related reserve and tax	158.20	<b>157.96</b>	–
Collective contingency and related reserve <sup>2</sup>	–	<b>36.00</b>	–
Profit before tax	158.20	<b>121.96</b>	(22.9)%
Profit after tax	111.75	<b>97.26</b>	(13.0)%

1. Excludes provision for taxes.

2. Refer detailed note no. 39 in schedule 18 'Notes to Accounts' of the financial statements.

₹ in billion, except percentages	Fiscal 2015	Fiscal 2016	% change
Consolidated profit before collective contingency and related reserve, tax and minority interest	183.39	<b>179.04</b>	(2.4)%
Collective contingency and related reserve <sup>1</sup>	–	<b>36.00</b>	–
Consolidated profit before tax and minority interest	183.39	<b>143.04</b>	(22.0)%
Consolidated profit after tax and minority interest	122.47	<b>101.80</b>	(16.9)%

1. Refer note no. 7 in schedule 18 'Notes to Accounts' of the consolidated financial statements.

## Appropriations

The profit after tax of the Bank for fiscal 2016 is ₹ 97.26 billion after provisions and contingencies of ₹ 116.67 billion (including collective contingency and related reserve amounting to ₹ 36.00 billion), provision for taxes of ₹ 24.70 billion and all expenses. The disposable profit is ₹ 269.87 billion, taking into account the balance of ₹ 172.61 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 2016 and in line with the Bank's dividend policy, your Directors are pleased to recommend a dividend of ₹ 5.00 per equity share for the year ended March 31, 2016 and have appropriated the disposable profit as follows:

₹ in billion	Fiscal 2015	Fiscal 2016
To Statutory Reserve, making in all ₹ 187.52 billion	27.94	<b>24.32</b>
To Special Reserve created and maintained in terms of Section 36(1)(viii) of the Income Tax Act, 1961, making in all ₹ 79.29 billion	11.00	<b>13.50</b>
To Capital Reserve, making in all ₹ 49.67 billion <sup>1</sup>	2.92	<b>23.82</b>
To/(from) Investment Reserve Account, making in all Nil	(1.27)	–
To Revenue and other reserves, making in all ₹ 31.48 billion <sup>2,3</sup>	0.01	<b>5.01</b>
Dividend for the year (proposed)		
– On equity shares @ ₹ 5.00 per share of face value ₹ 2.00 each (@ ₹ 5.00 per share of face value ₹ 2.00 each for fiscal 2015) <sup>4</sup>	29.02	<b>29.11</b>
– On preference shares @ ₹ 100.00 per preference share (@ ₹ 100.00 per preference share for fiscal 2015) (₹)	35,000	<b>35,000</b>
– Corporate dividend tax	2.71	<b>2.79</b>
Leaving balance to be carried forward to the next year	172.61	<b>171.32</b>

# Directors' Report

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1. *Includes transfer of ₹ 19.47 billion on account of sale of part of equity investment in the Bank's insurance subsidiaries during fiscal 2016.*
2. *Includes transfer of ₹ 9.3 million to Reserve Fund for fiscal 2016 (₹ 7.7 million for fiscal 2015) in accordance with regulations applicable to the Sri Lanka branch.*
3. *During fiscal 2015, an amount of ₹ 9.29 billion was utilised with approval of Reserve Bank of India (RBI) to provide for outstanding Funded Interest Term Loan related to accounts restructured prior to the issuance of RBI guidelines in 2008. Refer detailed note no. 25 in schedule 18 'notes to accounts' of the financial statements.*
4. *Includes dividend for the prior year paid on shares issued after the balance sheet date and prior to the record date.*

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The provisions of Section 186(4) of the Companies Act, 2013 requiring disclosure in the financial statements of the full particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security is not applicable to a banking company.

## SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

3i Infotech Limited, which was considered as an associate under Section 2(6) of the Companies Act, 2013, ceased to be an associate of the Bank effective May 13, 2015.

The particulars of subsidiary and associate companies as on March 31, 2016 have been included in Form MGT-9 which is annexed to this report as Annexure D.

## PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The performance and financial position of subsidiaries and associates of the Bank as on March 31, 2016 has been annexed to this report as Annexure A.

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 ([www.icicibank.com](http://www.icicibank.com)) 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. A summary of key financials of the Bank's subsidiaries is also included in this Annual Report.

## 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 of future operations of the Bank.

## DIRECTORS AND OTHER KEY MANAGERIAL PERSONNEL

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

K. V. Kamath ceased to be a Director on the Board of the Bank effective close of business hours on June 30, 2015. The Board placed on record its deep appreciation of K. V. Kamath's leadership of the ICICI Group as the CEO of ICICI Bank till 2009, and as Chairman of the Bank's Board thereafter for a period of six years.

Pursuant to the approval granted by Reserve Bank of India (RBI), M. K. Sharma was appointed as the independent non-executive (part-time) Chairman on the Board of the Bank effective July 1, 2015 upto June 30, 2018. The appointment was approved by the Members through a postal ballot on April 22, 2016.

The Board of Directors at their Meeting held on November 16, 2015 approved the appointment of Vishakha Mulye as wholotime Director (designated as executive Director) for a period of five years effective from the date of receipt of RBI approval. Pursuant to approval granted by RBI, Vishakha Mulye was appointed as an executive Director on the Board of the Bank effective January 19, 2016 for a period of three years. The Members through a postal ballot on April 22, 2016 approved the appointment of Vishakha Mulye for a period of five years effective January 19, 2016 upto January 18, 2021.

K. Ramkumar, executive Director stepped down from his position as an executive Director effective close of business hours on April 29, 2016 consequent to his decision to opt for early retirement to pursue other interests. The Board placed on record its appreciation of K. Ramkumar's immense contribution to the Bank.

### **Appointment subject to regulatory approvals**

Vijay Chandok was appointed as an executive Director by the Board of the Bank at its Meeting held on April 29, 2016 for a period of five years subject to approval of RBI and Members and other approvals, as may be applicable.

The appointment of Vijay Chandok as an executive Director would be effective from the date of receipt of RBI approval. Approval of the Members is being sought for Vijay Chandok's appointment in the Notice of the forthcoming Annual General Meeting *vide* item nos. 8 and 9.

### **Independent Directors**

The Board of the Bank at March 31, 2016 consisted of 13 Directors, out of which seven are independent Directors, one is a Government Nominee Director and five are wholotime Directors.

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 29, 2016.

### **Retirement by rotation**

In terms of Section 152 of the Companies Act, 2013, Rajiv Sabharwal and N. S. Kannan would retire by rotation at the forthcoming AGM and are eligible for re-appointment. Rajiv Sabharwal and N. S. Kannan have offered themselves 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 Reserve Bank of India (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 2017. Their appointment for fiscal 2017 has been approved by RBI. The appointment is accordingly proposed in the Notice of the forthcoming AGM *vide* item no. 6 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, 2016. 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.

# Directors' Report

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## 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 during fiscal 2016.

## 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 <http://www.icicibank.com/managed-assets/docs/personal/general-links/related-party-transactions-policy.pdf>. The Bank also has a Board approved Group Arms' 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, 2016, 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, 2016 is annexed as 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 (<http://www.icicibank.com/aboutus/annual.html>). 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 wide range of Bank-specific and market (systemic) 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, compliance with RBI guidelines pertaining to credit, market and operational risk management systems 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 threshold limits.

- 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 is responsible for managing liquidity and interest rate risk and reviewing the asset-liability position of the Bank.

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

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 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/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 and Operational Risk Management 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, 2016 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

# Directors' Report

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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 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 ([www.icicibank.com](http://www.icicibank.com)). 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 (<http://www.icicibank.com/managed-assets/docs/investor/policy-for-determining-material-subsidiaries/policy-for-determining-material-subsidiaries.pdf>).

## ***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: (<http://www.icicibank.com/managed-assets/docs/about-us/board-of-directors/familiarisation-programme-for-independent-directors.pdf>).

## ***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, 2016, 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 ten Meetings of the Board during fiscal 2016 - on April 27, June 9, June 29, July 31, September 16, October 30 and November 16 in 2015 and January 28, March 9 and March 31-April 1 in 2016.

At March 31, 2016, 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, 2016 are set out in the following table.

Name of Director	Board Meetings attended during the year	Attendance at last AGM (June 29, 2015)	Number of other directorships		Number of other committee <sup>3</sup> memberships
			of Indian public limited companies <sup>1</sup>	of other companies <sup>2</sup>	
<b>Independent Directors</b>					
M. K. Sharma, <i>Chairman (w.e.f. July 1, 2015)</i> (DIN: 00327684)	7/7	N.A.	4	3	5(1)
K. V. Kamath ( <i>upto close of business hours on June 30, 2015</i> )* (DIN: 00043501)	2/3	Present	N.A.	N.A.	N.A.
Dileep Choksi (DIN: 00016322)	10/10	Present	8	2	8(5)
Homi Khusrokhani (DIN: 00005085)	10/10	Present	3	1	2(1)
M. S. Ramachandran (DIN: 00943629)	10/10	Present	5	2	2(1)
Tushaar Shah* (DIN: 03055738)	7/10	Present	–	–	–
V. K. Sharma* (DIN : 02449088)	7/10	Present	3	3	–
V. Sridar* (DIN: 02241339)	9/10	Present	7	–	7(4)
<b>Government Nominee Director</b>					
Alok Tandon (DIN: 01841717)	2/10	Absent	2	3	2(1)
<b>Wholetime/executive Directors</b>					
Chanda Kochhar (DIN: 00043617)	10/10	Present	4	2	–
N. S. Kannan (DIN: 00066009)	10/10	Absent	4	2	1
K. Ramkumar* (DIN: 00244711)	8/10	Present	2	–	1
Vishakha Mulye ( <i>w.e.f. January 19, 2016</i> ) (DIN: 00203578)	3/3	N.A.	2	–	–
Rajiv Sabharwal (DIN: 00057333)	10/10	Present	2	–	–

\* Participated in one Meeting 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.

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.

# Directors' Report

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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 2016 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, recommendation of appointment, terms of appointment and removal of central and branch statutory auditors and chief internal auditor and fixation of their remuneration, 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, review of functioning of Whistle Blower Policy, review of the quarterly and annual financial statements before submission to the Board, 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, approval of transactions with related parties or any subsequent modifications, review of statement of significant related party transactions, review of management letter/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 and 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, 2016, the Audit Committee comprised of four independent Directors and was chaired by Homi Khusrokhani, an independent Director. There were eight 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 Khusrokhani, <i>Chairman</i>	8/8
Dileep Choksi, <i>Alternate Chairman</i>	8/8
M. S. Ramachandran	8/8
V. Sridar	7/8

## 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, 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 the Bank's stock options to employees and WTDs of the Bank and its subsidiary companies.

### **Composition**

At March 31, 2016, the Board Governance, Remuneration & Nomination Committee comprised of three independent Directors and was chaired by Homi Khusrokhani, an independent Director. There were eight 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 Khusrokhani, Chairman	8/8
K. V. Kamath ( <i>upto close of business hours on June 30, 2015</i> ) <sup>1</sup>	3/4
M. K. Sharma ( <i>w.e.f. July 1, 2015</i> )	4/4
M. S. Ramachandran	8/8

1. Participated in one Meeting through tele-conference.

### **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 Board at its Meeting held on September 16, 2015, 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) subject to the approval of Members. Accordingly, this proposal is being placed for approval of the Members *vide* item no. 10 of the Notice of the Annual General Meeting.

# Directors' Report

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 and the Board were undertaken through circulation of two questionnaires, one for the Directors and the other for the Board which assessed the performance of the Board 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 process for wholotime 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 2016:

	Details of Remuneration (₹)				
	Chanda Kochhar	N. S. Kannan	K. Ramkumar	Vishakha Mulye <sup>3</sup>	Rajiv Sabharwal
Basic	23,192,040	15,321,360	15,321,360	5,065,934	14,481,840
Performance bonus for fiscal 2016	—	—	—	—	—
Allowances and perquisites <sup>2</sup>	16,578,411	12,466,572	13,367,997	4,448,443	12,998,352
Contribution to provident fund	2,783,043	1,838,568	1,838,568	607,912	1,737,816
Contribution to superannuation fund	3,478,810	2,298,204	2,298,204	—	2,172,278
Contribution to gratuity fund	1,931,897	1,276,269	1,276,269	421,992	1,206,337
Stock options <sup>4</sup> (Numbers)					
Fiscal 2016 <sup>1</sup>	1,375,000	685,000	685,000	685,000	685,000
Fiscal 2015	1,450,000	725,000	725,000	—	655,000
Fiscal 2014	1,450,000	725,000	725,000	—	725,000

1. Options granted for fiscal 2016 are subject to Reserve Bank of India (RBI) approval.
2. Allowances and perquisites exclude stock options exercised during fiscal 2016 which does not constitute remuneration paid to the wholetime Directors for fiscal 2016.
3. Vishakha Mulye has joined the services of the Bank on December 2, 2015. Pursuant to approval granted by RBI vide its letter dated January 15, 2016 Vishakha Mulye assumed office as executive Director with effect from January 19, 2016.
4. The above table excludes special grant of stock options approved by RBI in November 2015 aggregating to 2,100,000 for Chanda Kochhar and 1,000,000 each for N. S. Kannan, K. Ramkumar and Rajiv Sabharwal.

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 and Vishakha Mulye, executive Directors would be within the range of ₹ 950,000 – ₹ 1,700,000 and Rajiv Sabharwal, executive Director would be within the range of ₹ 900,000 – ₹ 1,600,000. 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 and Vishakha Mulye, executive Directors would be within the range of ₹ 675,000 - ₹ 1,225,000 and for Rajiv Sabharwal, executive Director would be within the range of ₹ 650,000 - ₹ 1,200,000. 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 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. This remuneration range was also approved by the Members through a postal ballot resolution dated April 22, 2016. 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.

Information on the total sitting fees paid to each non-executive Director during fiscal 2016 for attending Meetings of the Board and its Committees is set out in the following table:

Name of Director	Amount (₹)
M. K. Sharma ( <i>w.e.f July 1, 2015</i> )	860,000
K. V. Kamath ( <i>upto close of business hours on June 30, 2015</i> )	380,000
Dileep Choksi	1,420,000
Homi Khusrokhan	2,200,000
M. S. Ramachandran	1,940,000
Tushaar Shah	700,000
V. K. Sharma	860,000
V. Sridar	1,600,000
Alok Tandon <sup>1</sup>	–
<b>Total</b>	<b>9,960,000</b>

1. Being a Government Nominee Director, not entitled to receive sitting fees.

# Directors' Report

The details of shares and convertible instruments of the Bank, held by the non-executive Directors as at March 31, 2016 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 Khusrokhani	Equity	3,500 <sup>1</sup>
M. S. Ramachandran	Equity	1,300
Tushaar Shah	-	-
V. K. Sharma	-	-
V. Sridar	-	-
Alok Tandon	-	-

1. *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 wholotime 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 wholotime/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 wholotime 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 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, 2016.

##### ■ 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 its Meeting held on September 16, 2015, 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, 2016 was 72,175.

**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.

■ **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**

The Bank's Compensation Policy was reviewed by the BGRNC and the Board on April 27, 2015. The section on 'Effective Governance of Compensation' in the Compensation Policy was then modified pursuant to the 'Guidelines for Implementation of Countercyclical Capital Buffer (CCCB)'. The Compensation Policy was further modified by the BGRNC and the Board at its Meeting held on September 16, 2015 to include the aspects relating to Compensation to non-executive part-time Chairman and to non-executive Directors (other than part-time Chairman and Government Nominee).

■ **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.

# Directors' Report

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- **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 the 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.

*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.

**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 President.

Particulars	At March 31, 2015	At March 31, 2016
■ Number of meetings held by the BGRNC during the financial year	5	8
■ Remuneration paid to its members during the financial year (₹ in million) (sitting fees)	0.3	0.5
Number of employees having received a variable remuneration award during the financial year	6	Nil
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>	172.6	201.7
■ Variable	65.0	Nil
■ Deferred	–	–
■ Non-deferred	65.0	–
■ Share-linked instruments <sup>2</sup>	4,395,000	4,610,000
Total amount of outstanding deferred remuneration		
■ Cash (₹ in million)	54.3	23.4
■ Shares (nos.)	Nil	Nil
■ Shares-linked instruments <sup>3</sup>	13,057,500	16,725,000
■ Other forms	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 Vishakha Mulye and Zarin Daruwala for fiscal 2016.*
2. *The share-linked instruments (ESOPs) are at a face value of ₹ 2.00. Excludes special grant of stock options approved by RBI in November 2015, aggregating to 5.8 million and grant of 1.0 million options to Vishakha Mulye.*
3. *Comprises special grants, including grant to Vishakha Mulye.*

# Directors' Report

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## 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.

- (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	100:1
N. S. Kannan	67:1
K. Ramkumar	67:1
Vishakha Mulye	67:1
Rajiv Sabharwal	64:1

- (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 74,096. Out of this, the number of employees on permanent rolls of the company is 72,175, including employees in overseas locations.

- (v) ***The explanation on the relationship between average increase in remuneration and company performance;***

The Bank follows prudent remuneration practices under the guidance of the Board and the BGRNC. The Bank's approach to remuneration is intended to drive meritocracy within the framework of prudent risk management. Remuneration is linked to corporate performance, business performance and individual performance.

The Bank has a judicious and prudent approach to compensation and does not use compensation as the sole lever to attract and retain employees. Employee compensation takes into account a mix of external market pay and internal equity. The total compensation is a prudent mix of fixed pay and variable pay. The proportion of variable pay to total compensation is higher at senior levels and lower at junior levels.

The increase in remuneration is a function of factors outlined above. The performance of the company has bearing on the quantum of variable pay declared for employees across levels.

The profit before collective contingency and related reserve and tax was ₹ 157.96 billion for fiscal 2016 compared to ₹ 158.20 billion for fiscal 2015. The average increase in the remuneration of employees was around 9.0% in fiscal 2016 compared to 10.0% in fiscal 2015. Further the senior management of the Bank did not receive performance bonus for fiscal 2016. Performance bonus was paid to employees in the grades of Deputy General Manager and below only.

In fiscal 2016, the weak global economic environment, the sharp downturn in the commodity cycle and the gradual nature of the domestic economic recovery has adversely impacted the borrowers in certain sectors like iron and steel, mining, power, rigs and cement. While the banks are working towards resolution of stress on certain borrowers in these sectors, it may take some time for solutions to be worked out, given the weak operating and recovery environment. In view of the above, the Bank has on a prudent basis made a collective contingency and related reserve of ₹ 36.00 billion towards exposures to these sectors. This is over and above provisions made for non-performing and restructured loans as per Reserve Bank of India (RBI) guidelines.

In view of the above, the Bank's profit after tax (PAT) was ₹ 97.26 billion in FY2016 compared to ₹ 111.75 billion in FY2015.

**(vi) Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the company;**  
For the FY2016, the KMPs were paid around 0.22% of the PAT.

**(vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies;**

	March 31, 2015	March 31, 2016
Market capitalisation (₹ in billion)	1,829.03	1,376.06
Price/Earnings multiple <sup>1</sup>	16.33	14.13
Increase in the market quotations of the equity shares in comparison to the rate at which the last public offer made in August 2007	67.8%	25.9%

1. Price earnings multiple is the ratio of market price per share to earnings per share.

**(viii) 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 in the salaries of total employees other than the Key Managerial Personnel for fiscal 2016 was around 9.0%, while the average increase in the remuneration of the Key Managerial Personnel was in the range of 12.0% to 15.0%.

**(ix) Comparison of each remuneration of the Key Managerial Personnel against the performance of the company;**

The ratio of the remuneration of each KMP to the PAT of the Bank is given below:

Chanda Kochhar, Managing Director & CEO	0.049%
N. S. Kannan	0.033%
K. Ramkumar	0.033%
Vishakha Mulye	0.033%
Rajiv Sabharwal	0.031%
Rakesh Jha, Chief Financial Officer	0.021%
P. Sanker, Company Secretary	0.018%

**(x) The key parameters for any variable component of remuneration availed by the directors;**

The Bank's compensation policy and practices are in line with the guidelines issued by the RBI in January 2012. The Bank undertakes an annual strategic planning exercise where the KPIs are fixed for the WTDs by the BGRNC. These KPIs, in addition to financial parameters, include parameters related to risk and compliance. At the end of the financial year, the performance of the Bank as well as performance of each WTD based on their respective KPIs (including those pertaining to compliance and risk) is presented to the BGRNC. Based on the performance assessment by the BGRNC, the variable component of the remunerations for the WTDs is recommended to and approved by the Board.

**(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;**

Not applicable

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

Yes

# Directors' Report

## 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, 2016, the Corporate Social Responsibility Committee comprised four Directors including two independent Directors, the Government Nominee Director 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 <sup>1</sup>	Please refer Note
Alok Tandon	1/3
Chanda Kochhar	3/3

1. Participated in all the Meetings through tele-conference.

### **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 <http://www.icicibank.com/managed-assets/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, 2016, 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 23 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 w.e.f. July 1, 2015</i> )	23/23
K. V. Kamath ( <i>upto close of business hours on June 30, 2015</i> )	2/5
Homi Khusrokhani	23/23
M. S. Ramachandran	21/23

## 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, 2016, the Customer Service Committee comprised four Directors including two independent Directors, the Government Nominee Director 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
K. V. Kamath ( <i>upto close of business hours on June 30, 2015</i> )	0/1
V. Sridar	6/6
Alok Tandon	0/6
Chanda Kochhar	6/6

## 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, 2016, the Fraud Monitoring Committee comprised six Directors including four independent Directors, one executive Director 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>	7/7
Dileep Choksi	6/7
K. V. Kamath ( <i>upto close of business hours on June 30, 2015</i> )	1/1
Homi Khusrokhani	6/7
V. K. Sharma	4/7
Chanda Kochhar	6/7
Rajiv Sabharwal	7/7

# Directors' Report

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## 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, 2016, the IT Strategy Committee comprised three Directors including two independent Directors and the Managing Director & CEO and was chaired by Homi Khusrokhhan, an independent Director. There were four 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 Khusrokhhan, <i>Chairman</i>	4/4
K. V. Kamath ( <i>upto close of business hours on June 30, 2015</i> )	1/1
V. Sridar	4/4
Chanda Kochhar	4/4

## 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 and 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, 2016, the Risk Committee comprised seven Directors including five independent Directors, the Government Nominee Director 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 w.e.f. July 1, 2015</i> )	4/4
Dileep Choksi	7/7
K. V. Kamath ( <i>upto close of business hours on June 30, 2015</i> )	2/3
Homi Khusrokhhan	6/7
V. K. Sharma	4/7
V. Sridar	7/7
Alok Tandon	0/7
Chanda Kochhar	7/7

## 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, 2016, 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>	4/4
V. Sridar	4/4
N. S. Kannan	3/4

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. 76 shareholder complaints received in fiscal 2016 were processed. At March 31, 2016, 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 wholotime 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 the 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, Asset Liability Management Committee, Committee for Identification of Wilful Defaulters/Non Co-operative Borrowers, Committee of Senior Management (comprising certain wholotime 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.

# Directors' Report

## 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-First AGM	Monday, June 29, 2015	12:00 noon	Sir Sayajirao Nagargruh, Vadodara Mahanagar Seva Sadan, Near GEB Colony, Old Padra Road, Akota, Vadodara 390 020
Twentieth AGM	Monday, June 30, 2014	1:00 p.m.	
Nineteenth AGM	Monday, June 24, 2013	1:15 p.m.	

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

General Body Meeting	Day, Date	Resolution
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	1) Amendment to Articles of Association of the Bank pursuant to The Banking Laws (Amendment) Act, 2012 2) Borrowing limits under Section 180(1)(c) of the Companies Act, 2013 3) Private placement of securities under Section 42 of the Companies Act, 2013

## Postal Ballot

Special Resolution was passed through postal ballot during fiscal 2016 *vide* Postal Ballot Notice dated March 10, 2016 under Section 110 of the Companies Act, 2013 pertaining to amendment to the Employees Stock Option Scheme.

The Bank followed the procedure as prescribed under the Companies (Management and Administration), Rules, 2014, as amended and Secretarial Standard 2 issued by the Institute of Company Secretaries of India. The Members were provided the facility to cast their votes through electronic voting (e-voting) or through postal ballot. The Board of Directors of the Company, appointed Alwyn D'souza of Alwyn D'souza & Co., Company Secretaries, as the Scrutinizer for conducting the postal ballot voting process. The scrutinizer submitted 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 was approved on April 22, 2016. The results were declared on April 25, 2016 and communicated to the stock exchanges and displayed on the Bank's website [www.icicibank.com](http://www.icicibank.com). The details of the voting pattern is given below:

Resolution	Total number of votes polled	% of votes polled on outstanding shares	Votes cast in favour of the Resolution	Votes cast against the Resolution	% of Votes in favour on votes polled	% of votes against on votes polled	Invalid votes
Amendment to the Employees Stock Option Scheme	3,602,690,566	61.97	3,457,458,223	145,232,343	95.97	4.03	188,617

At present, no special resolution is proposed to be passed through postal ballot.

## 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.
- 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.
- 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 ([www.icicibank.com](http://www.icicibank.com)) 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 BSE Limited (BSE), New York Stock Exchange (NYSE), Singapore Stock Exchange, Japan Securities Dealers Association and SIX Swiss Exchange AG 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 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-Second AGM	Monday, July 11, 2016 12:00 noon	Sir Sayajirao Nagargruh, Vadodara Mahanagar Seva Sadan, Near GEB Colony, Old Padra Road, Akota, Vadodara 390 020
Financial Year	: April 1, 2015 to March 31, 2016	
Book Closure	: June 18, 2016 to July 11, 2016	
Dividend Payment Date	: July 12, 2016	

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

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

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

# Directors' Report

The bonds issued in domestic market comprise 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 under the Global Medium Term Note (GMTN) programme are issued either in public or private placement format. The listed bonds are traded on Singapore Exchange Securities Trading Limited, 11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589 or SIX Swiss Exchange AG, SIX Exchange Regulation, Selnaustrasse 30, P.O. Box 1758, CH-8021 Zurich, Switzerland.

## **Market Price Information**

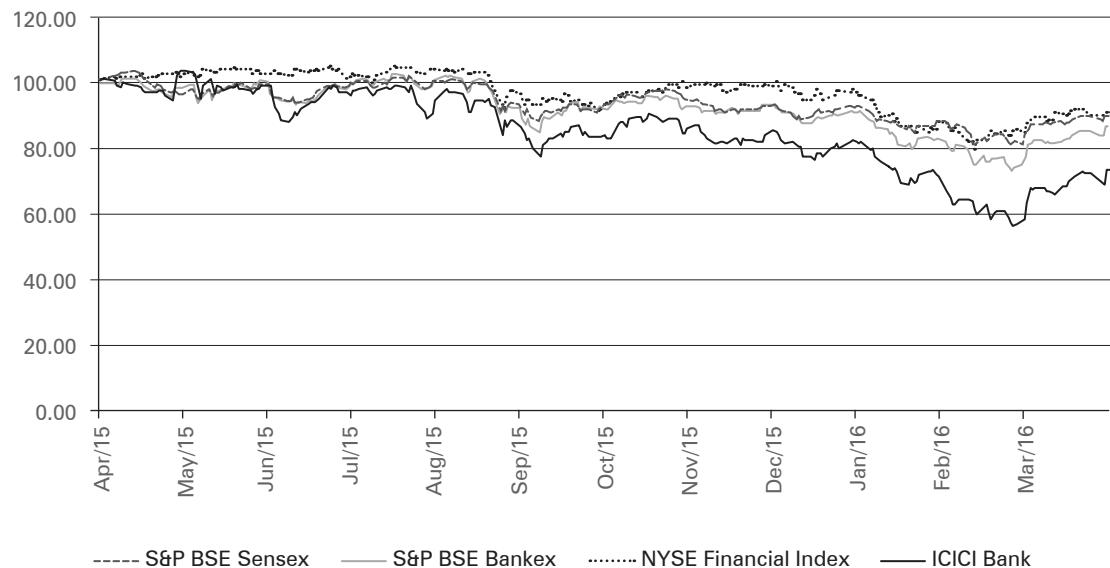
The reported high and low closing prices and volume of equity shares of ICICI Bank traded during fiscal 2016 on BSE and NSE are set out in the following table:

Month	BSE			NSE			Total Volume on BSE and NSE
	High ₹	Low ₹	Volume	High ₹	Low ₹	Volume	
April 2015	331.25	302.40	22,367,383	331.15	302.30	245,184,776	267,552,159
May 2015	329.15	304.50	13,912,269	329.30	304.60	216,014,004	229,926,273
June 2015	317.40	283.25	28,922,338	317.75	283.15	332,143,422	361,065,760
July 2015	317.40	285.05	23,215,372	317.45	285.00	270,967,092	294,182,464
August 2015	314.10	269.85	24,230,371	314.05	269.95	286,993,903	311,224,274
September 2015	279.40	249.25	32,100,937	279.30	249.10	301,016,092	333,117,029
October 2015	290.00	267.35	11,782,249	290.05	267.10	168,271,739	180,053,988
November 2015	279.30	260.25	12,380,404	279.55	260.45	189,413,838	201,794,242
December 2015	273.60	246.35	29,342,304	273.90	246.40	234,104,424	263,446,728
January 2016	263.00	222.70	23,257,588	263.00	223.10	316,957,199	340,214,787
February 2016	217.15	183.35	56,129,418	217.20	183.00	543,577,573	599,706,991
March 2016	237.45	205.10	32,247,202	237.50	204.95	378,617,400	410,864,602
<b>Fiscal 2016</b>	<b>331.25</b>	<b>183.35</b>	<b>309,887,835</b>	<b>331.15</b>	<b>183.00</b>	<b>3,483,261,462</b>	<b>3,793,149,297</b>

The reported high and low closing prices and volume of ADRs of ICICI Bank traded during fiscal 2016 on the NYSE are given below:

Month	High (USD)	Low (USD)	Number of ADS traded
April 2015	10.94	10.16	156,428,721
May 2015	10.84	10.30	142,753,084
June 2015	10.56	9.36	216,107,534
July 2015	10.47	9.35	128,940,720
August 2015	10.38	8.51	167,182,281
September 2015	8.81	8.19	176,311,999
October 2015	9.21	8.57	170,305,507
November 2015	8.74	7.81	174,907,808
December 2015	8.37	7.22	175,381,754
January 2016	7.64	6.48	219,631,696
February 2016	6.42	5.18	429,945,596
March 2016	7.16	6.12	255,974,959
<b>Fiscal 2016</b>	<b>10.84</b>	<b>5.18</b>	<b>2,413,871,659</b>

The performance of ICICI Bank equity shares relative to the S&P BSE Sensitive Index (Sensex), S&P BSE Bank Index (Bankex) and NYSE Financial Index during the period April 1, 2015 to March 31, 2016 is given in the following chart:



### **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, 1,899,935 equity shares of face value ₹ 2/- each involving 5,122 certificates were dematerialised. At March 31, 2016, 99.47% of paid-up equity share capital (including equity shares represented by ADS constituting 25.21% 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 2014	Fiscal 2015	Fiscal 2016	
	Shares of face value ₹ 10	Shares of face value ₹ 10	Shares of face value ₹ 2	Shares of face value ₹ 2
Number of transfer deeds	1,014	706	564	1,114
Number of shares transferred	77,655	38,382	153,150	314,890

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.

# Directors' Report

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## 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. : +91-22-6792 8000  
Fax No. : +91-22-6792 8099  
E-mail : investor@icicibank.com

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

Rakesh Jha/Anindya Banerjee/Nayan Bhatia  
ICICI Bank Limited  
ICICI Bank Towers  
Bandra-Kurla Complex  
Mumbai 400 051  
Tel No. : +91-22-2653 7144  
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. "1501", Lokmangal Shivaji Nagar, Pune - 411 005 Tel. No: +91- 020 - 2553 6256 bomcolaw@mahabank.com	Axis Trustee Services Limited Axis House, Second Floor, Bombay Dyeing Mill Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025 Tel No: +91 - 22- 2425 5202 debenturetrustee@axistrustee.com	IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R Kaman Marg, Ballard Estate, Mumbai 400 001 Tel No: +91 - 22 - 4080 7001 ajit.guruji@idbitrustee.com
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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, 2016**

Shareholder Category	Shares	% holding
Deutsche Bank Trust Company Americas (Depositary for ADS holders)	1,466,169,782	25.21
FII's, NRIs, Foreign Banks, Foreign Companies, OCBs and Foreign Nationals	2,295,147,894	39.47
Insurance Companies	888,935,954	15.29
Bodies Corporate (including Government Companies)	167,028,036	2.87
Banks & Financial Institutions	6,206,786	0.11
Mutual Funds	619,626,671	10.66
Individuals, HUF and Trusts	352,911,607	6.07
NBFCs Registered with RBI	180,043	0.00
Provident Fund / Pension Fund	18,561,657	0.32
<b>Total</b>	<b>5,814,768,430</b>	<b>100.00</b>

### **Shareholders of ICICI Bank with more than one percent holding at March 31, 2016**

Name of the Shareholder	No. of shares	% to total no. of shares
Deutsche Bank Trust Company Americas (Depositary for ADS holders)	1,466,169,782	25.21
Life Insurance Corporation of India	598,147,787	10.29
Dodge and Cox International Stock Fund	322,026,107	5.54
Europacific Growth Fund	130,051,772	2.24
Carmignac Gestion A/C Carmignac Patrimoine	70,388,556	1.21
Aberdeen Global Indian Equity (Mauritius) Limited	58,900,000	1.01
<b>Total</b>	<b>2,645,684,004</b>	<b>45.50</b>

### **Distribution of shareholding of ICICI Bank at March 31, 2016**

Range – Shares	No. of Folios	%	No. of Shares	%
Upto 1,000	931,900	94.42	175,386,931	3.02
1,001 – 5,000	47,478	4.81	91,954,293	1.58
5,001 – 10,000	3,375	0.34	23,904,675	0.41
10,001 – 50,000	2,522	0.26	53,663,475	0.92
50,001 & above	1,692	0.17	5,469,859,056	94.07
<b>Total</b>	<b>986,967</b>	<b>100.00</b>	<b>5,814,768,430</b>	<b>100.00</b>

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

The Bank had 103,415 equity shares held by 521 shareholders lying in suspense account at the beginning of the fiscal 2016. 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 21 shareholders holding 3,603 shares for claiming these shares out of which 2,465 shares held by 13 shareholders were transferred from the suspense account. As on March 31, 2016, 100,950 shares held by 508 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 733.08 million ADS (equivalent to 1,466.17 million equity shares) outstanding, which constituted 25.21% of ICICI Bank's total equity capital at March 31, 2016. Currently, there are no convertible debentures outstanding.

# Directors' Report

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## **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 2016**

No. of complaints pending at the beginning of the year	2,887
No. of complaints received during the year	191,453
No. of complaints redressed during the year	190,940
No. of complaints pending at the end of the year	3,400

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

### **b) Awards passed by the Banking Ombudsman in fiscal 2016**

No. of unimplemented awards at the beginning of the year	Nil
No. of awards passed by the Banking Ombudsman during the year	Nil
No. of awards implemented during the year	Nil
No. 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 wholifetime 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 [www.icicibank.com/aboutus/annual.page](http://www.icicibank.com/aboutus/annual.page). Pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014, options are granted by the Board Governance, Remuneration & Nomination Committee (BGRNC) 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 April 28, 2016 granted 423.62 million stock options from time to time aggregating to 7.28% of the issued equity capital of the Bank at April 28, 2016. 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 581.52 million shares of face value ₹ 2 each at April 28, 2016).

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 would vest in equal proportions on April 30, 2017 and 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 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, 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 wholifetime 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 vest 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.

Pursuant to the postal ballot resolution dated April 22, 2016 approved by the Members, the definition of exercise period has been modified from the period commencing from the date of vesting of Options and ending on the later of (i) the tenth anniversary of the date of grant of Options or (ii) the fifth anniversary of the date of vesting of Options to the period commencing from the date of vesting of Options and ending on the tenth anniversary of the date of vesting of Options.

## Directors' Report

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The BGRNC at its Meeting held on April 28, 2016 approved a grant of approximately 34 million options for fiscal 2016 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 ₹ 244.60 which was the closing price on the stock exchange which recorded the highest trading volume in ICICI Bank shares on April 27, 2016. The grant price is calculated as per the SEBI regulations.

Particulars of options granted by ICICI Bank upto April 28, 2016 are given below:

Options granted till April 28, 2016 (excluding options forfeited/lapsed)	423,619,395
Options forfeited/lapsed	61,946,430
Options vested	329,304,290
Options exercised	200,135,180
Total number of options in force	223,484,215
Number of shares allotted pursuant to exercise of options	200,135,180
Extinguishment or modification of options	Nil
Amount realised by exercise of options (₹)	14,716,308,943

*Note:*

For details on option movement during the year refer Financials-Schedule 18-Employee Stock Option Scheme. 31,838,150 options vested during FY2016 and ₹ 2,824,199,624 was realised by exercise of options during FY2016.

The following Key Managerial Personnel (other than wholetime Directors) and Senior Management Personnel were granted ESOPs in the range of 64,600-495,000, aggregating to 3,361,150 in April 2016. This excludes special grant of stock options approved by RBI in November 2015.

Sr. No.	Name	Grade
1.	Vijay Chandok	Executive Director (Designate) subject to RBI approval
2.	Rakesh Jha	Group Executive (Chief Financial Officer)
3.	Maninder Juneja	Group Executive
4.	Shilpa Kumar	Group Executive
5.	Sanjay Chougule	Senior General Manager
6.	K. M. Jayarao	Senior General Manager
7.	Anita Pai	Senior General Manager
8.	T. K. Srirang	Senior General Manager
9.	Sujit Ganguli	Senior General Manager
10.	Anirudh Kamani	Senior General Manager
11.	Anil Kaul	Senior General Manager
12.	Kusal Roy	Senior General Manager
13.	Anup Kumar Saha	Senior General Manager
14.	P. Sanker	Senior General Manager (Company Secretary)
15.	Supritha Shirish Shetty	Senior General Manager
16.	Saurabh Singh	Senior General Manager
17.	G. Srinivas	Senior General Manager
18.	Rahul Vohra	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 ₹ 16.65 in fiscal 2016 compared to basic EPS of ₹ 16.75. The Bank recognised a compensation cost of ₹ 0.8 million in fiscal 2016 based on the intrinsic value of options. However, if the Bank had used the fair value of options based

on the binomial tree model, compensation cost in fiscal 2016 would have been higher by ₹ 3.73 billion and proforma profit after tax would have been ₹ 93.54 billion. On a proforma basis, the Bank's basic and diluted earnings per share would have been ₹ 16.11 and ₹ 16.02 respectively.

The key assumptions used to estimate the fair value of options granted during fiscal 2016 are given below:

Risk-free interest rate	7.58% to 8.19%
Expected life	3.16 to 5.78 years
Expected volatility	30.67% to 32.77%
Expected dividend yield	1.62% to 2.11%

Expected early exercise of options is estimated based on the historical stock option exercise pattern of the Bank. Expected volatility is based on historical volatility determined based on observed market prices of the Bank's publicly traded equity shares.

The weighted average fair value of options granted during fiscal 2016 is ₹ 100.50 (March 31, 2015: ₹ 90.09). The weighted average exercise price of options exercised during fiscal 2016 is ₹ 161.16 (March 31, 2015: ₹ 150.66)

## **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:

1. 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;
3. 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.

# Directors' Report

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## 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

May 26, 2016

**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, 2016.

**Chanda Kochhar**  
Managing Director & CEO

May 26, 2016

## ANNEXURE A

### Performance and financial position of subsidiaries and associates of the Bank as on March 31, 2016

Name of the entity	Net assets <sup>1</sup>		Share in profit or loss	
	% of total net assets	Amount (₹ in million)	% of total net profit	Amount (₹ in million)
<b>Parent</b>				
ICICI Bank Limited	95.4%	897,355.9	95.5%	97,262.9
<b>Subsidiaries</b>				
<i>Indian</i>				
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%	5.3	0.0%	0.5
ICICI Investment Management Company Limited	0.0%	115.5	(0.0%)	(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%	12.8	0.0%	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%	255.6	(0.0%)	(3.2)
<i>Foreign</i>				
ICICI Bank UK PLC	3.8%	36,143.9	0.0%	35.5
ICICI Bank Canada	4.0%	37,789.8	1.1%	1,120.5
ICICI International Limited	0.0%	93.7	(0.0%)	(4.8)
ICICI Securities Holdings Inc.	0.0%	127.7	(0.5%)	(477.5)
ICICI Securities Inc.	0.0%	128.9	0.0%	28.3
<b>Other consolidated entities</b>				
<i>Indian</i>				
ICICI Strategic Investments Fund	0.1%	482.0	(0.1%)	(108.7)
<i>Foreign</i>				
NIL				
<b>Minority interests</b>				
	(3.6%)	(33,556.4)	(7.3%)	(7,469.3)
<b>Associates</b>				
<i>Indian</i>				
Fino Pay Tech Limited	—	—	0.0%	13.7
I-Process Services (India) Private Limited	—	—	(0.0%)	(4.4)
NIIT Institute of Finance Banking and Insurance Training Limited	—	—	0.0%	12.2
ICICI Merchant Services Private Limited	—	—	—	—
India Infradebt Limited	—	—	0.1%	90.6
India Advantage Fund III	—	—	0.1%	79.5
India Advantage Fund IV	—	—	(0.0%)	(17.6)
<i>Foreign</i>				
NIL	—	—	—	—
<b>Joint Ventures</b>				
NIL	—	—	—	—
<b>Inter-company adjustments</b>				
	(13.1%)	(124,061.9)	(19.1%)	(19,474.7)
<b>Total</b>	<b>100.0%</b>	<b>941,107.1</b>	<b>100.0%</b>	<b>101,799.6</b>

1. Total assets minus total liabilities.

# Directors' Report

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## ANNEXURE B

### FORM NO. MR-3 Secretarial Audit Report

#### For the financial year ended 31st March, 2016

(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, 2016 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, 2016 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, 1992 and 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and 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
  - (l) 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, 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 1.6% 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.

During the period under review, the Company deposited with IEPF an amount of ₹ 3,020,190 being the value of demand drafts returned undelivered pertaining to dividend outstanding for the financial year 2006-2007.

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.

## Directors' Report

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We further report that during the audit period the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

1. Sale of 9% Shareholding in ICICI Lombard General Insurance Company Limited to Fairfax Financial Holdings Limited.
2. Sale of 6% Shareholding in ICICI Prudential Life Insurance Company Limited to Premji Invest & Affiliates (4.0%) and Compassvale Investments Pte Ltd (2.0%) an indirect wholly owned subsidiary of Temasek.

For **Parikh Parekh & Associates**  
Company Secretaries

Signature:  
**P. N. Parikh**

Partner

FCS No: 327 CP No: 1228

Place: Mumbai

Date : April 29, 2016

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.
6. 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

FCS No: 327 CP No: 1228

Place: Mumbai  
Date : April 29, 2016

# Directors' Report

## ANNEXURE C

### Details of material related party transactions at an aggregate level for the year ended March 31, 2016

Sr. No.	Nature of contracts/ transactions	Name of the related party	Nature of relationship	Duration of contracts	Salient terms of contracts/ transactions	₹ in million
1.	Term deposits placed with the Bank	ICICI Lombard General Insurance Company Limited	Subsidiary	Various maturities	Interest at applicable coupon rate	4,990.0
		India Infradebt Limited	Associate	Various maturities	Interest at applicable coupon rate	8,605.0
2.	Short-term lending by the Bank	ICICI Securities Primary Dealership Limited	Subsidiary	Various maturities	Interest at market rate	149,110.0
3.	Guarantee given by the Bank	ICICI Bank UK PLC	Subsidiary	1.04 years	Commission on guarantee at negotiated rate	1,025.0
4.	Standby letters of credit given by the Bank	ICICI Bank UK PLC	Subsidiary	2.99 years	Commission on guarantee at negotiated rate	607.8
5.	Purchases of investment securities of third parties	ICICI Bank UK PLC	Subsidiary	–	At market price	4,237.6
		ICICI Securities Primary Dealership Limited	Subsidiary	–	At market price	2,409.0
		ICICI Prudential Life Insurance Company Limited	Subsidiary	–	At market price	712.9
6.	Sale of investment securities of third parties	ICICI Lombard General Insurance Company Limited	Subsidiary	–	At market price	2,475.3
		ICICI Securities Limited	Subsidiary	–	At market price	1,355.8
		ICICI Prudential Life Insurance Company Limited	Subsidiary	–	At market price	529.5
		Life Insurance Corporation of India	Others	–	At market price	995.6
7.	Purchase of loans	ICICI Bank UK PLC	Subsidiary	Various maturities	Purchase of loans given to customers at market competitive rate	5,650.3
8.	Sale of loans	ICICI Bank UK PLC	Subsidiary	Various maturities	Sale of loans given to customers at market competitive rate	2,091.2
9.	Risk participation	ICICI Bank UK PLC	Subsidiary	Various maturities	Funded risk participation in underlying loans given to customers by ICICI Bank UK PLC at market competitive rates	6,876.2
		ICICI Bank Canada	Subsidiary	1.55 years	Unfunded risk participation in underlying standby letters of credit given to a customer at market competitive rate	588.0
10.	Current account deposits	ICICI Prudential Life Insurance Company Limited	Subsidiary	–	Outstanding balance at March 31, 2016 in current account deposits maintained for normal banking transactions	1,003.6
		ICICI Lombard General Insurance Company Limited	Subsidiary	–		784.7
		Life Insurance Corporation of India	Others	–		5,634.1

Sr. No.	Nature of contracts/ transactions	Name of the related party	Nature of relationship	Duration of contracts	Salient terms of contracts/ transactions	₹ in million
11.	Principal amounts of foreign currencies transactions including derivatives such as swaps and forwards contracts	ICICI Securities Primary Dealership Limited	Subsidiary	Various maturities	At market rates	185,500.0
		ICICI Bank UK PLC	Subsidiary	Various maturities	At market rates	17,103.0
		ICICI Prudential Life Insurance Company Limited	Subsidiary	–	At market rates	3,065.3
		ICICI Securities Limited	Subsidiary	–	At market rates	636.4
12.	Commission income on insurance products	ICICI Prudential Life Insurance Company Limited	Subsidiary	3 years	Commission for corporate agency services to solicit and procure the sale and distribution of the policies	3,312.5
		ICICI Lombard General Insurance Company Limited	Subsidiary	3 years	Commission for corporate agency services to solicit and procure the sale and distribution of the policies	727.7
		ICICI Prudential Life Insurance Company Limited	Subsidiary	6 years	Charges for publicity and advertisements at branches and ATMs	4,290.7
14.	Expenses towards service provider arrangements	ICICI Home Finance Company Limited	Subsidiary	20 years	Verification and valuation services of the borrowers' properties	600.7
		I-Process Services (India) Private Limited	Associate	1 year	Outsourcing of services and resources	2,830.9
		ICICI Merchant Services Private Limited	Associate	10 years	Merchant management fees	2,089.0
15.	Interest expenses	Life Insurance Corporation of India	Others	–	Interest on bonds at applicable rates	19,411.0
16.	Interest income	ICICI Home Finance Company Limited	Subsidiary	–	Interest on loans and advances at applicable rates	720.9

May 26, 2016

**M. K. Sharma**  
Chairman

# Directors' Report

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## ANNEXURE D

### FORM NO. MGT-9 Extract of Annual Return as on the financial year ended on March 31, 2016

[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:

CIN	L65190GJ1994PLC021012
Registration Date	January 5, 1994
Name of the Company	ICICI Bank Limited
Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
Address of the Registered office and contact details	Landmark, Race Course Circle, Vadodara - 390 007 Tel.: +91-265-3263701 Email : companysecretary@icicibank.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	3i Infotech Limited International Infotech Park Tower 5, 3rd Floor Vashi Railway Station Complex Vashi, Navi Mumbai - 400 703 Tel. : +91-22-6792 8000 Fax : +91-22-6792 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. No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the 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. No.	Name and address of the Company	CIN/GLN*	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	ICICI Bank Canada, Canada 150 Ferrand Drive Suite 1200 Toronto, ON M3C 3E5 Canada		Subsidiary Company	100.00%	2(87)
2.	ICICI Bank UK PLC, UK Registered Office: One Thomas More Square Five Thomas More Street London E1W 1YN		Subsidiary Company	100.00%	2(87)
3.	ICICI Home Finance Company Limited Registered Office: ICICI Bank Towers Bandra-Kurla Complex Mumbai 400 051	U65922MH1999PLC120106	Subsidiary Company	100.00%	2(87)
4.	ICICI International Limited, Mauritius Registered Office: IFS Court Twenty Eight, Cybercity Ebene, Mauritius		Subsidiary Company	100.00%	2(87)
5.	ICICI Investment Management Company Limited Registered Office: ICICI Bank Towers Bandra-Kurla Complex Mumbai 400 051	U65990MH2000PLC124773	Subsidiary Company	100.00%	2(87)
6.	ICICI Lombard General Insurance Company Limited Registered Office: ICICI Lombard House, 414 Veer Savarkar Marg, Near Siddhivinayak Temple Prabhadevi, Mumbai 400 025	U67200MH2000PLC129408	Subsidiary Company	63.82%	2(87)
7.	ICICI Prudential Life Insurance Company Limited Registered Office: ICICI PruLife Towers 1089 Appasaheb Marathe Marg Prabhadevi Mumbai 400 025	U66010MH2000PLC127837	Subsidiary Company	67.66%	2(87)
8.	ICICI Securities Primary Dealership Limited Registered Office: ICICI Centre H. T. Parekh Marg Churchgate Mumbai 400 020	U72900MH1993PLC131900	Subsidiary Company	100.00%	2(87)
9.	ICICI Securities Limited Registered Office: ICICI Centre H. T. Parekh Marg Churchgate Mumbai 400 020	U67120MH1995PLC086241	Subsidiary Company	100.00%	2(87)

## Directors' Report

Sr. No.	Name and address of the Company	CIN/GLN*	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
10.	ICICI Securities Holdings Inc., USA Registered Office: 2711 Centerville Road Suite 400 Wilmington, DE 19808 United States of America		Subsidiary Company	100.00%	2(87)
11.	ICICI Securities Inc., USA Registered Office: 2711 Centerville Road Suite 400 Wilmington, DE 19808 United States of America		Subsidiary Company	100.00%	2(87)
12.	ICICI Trusteeship Services Limited Registered Office: ICICI Bank Towers, Bandra-Kurla Complex Mumbai 400 051	U65991MH1999PLC119683	Subsidiary Company	100.00%	2(87)
13.	ICICI Venture Funds Management Company Limited Registered Office: ICICI Venture House, Ground Floor Appasaheb Marathe Marg Prabhadevi Mumbai 400 025	U72200MH1989PLC166901	Subsidiary Company	100.00%	2(87)
14.	ICICI Prudential Asset Management Company Limited Registered Office: 12th floor, Narain Manzil 23, Barakhamba Road New Delhi 110 001	U99999DL1993PLC054135	Subsidiary Company	51.00%	2(87)
15.	ICICI Prudential Trust Limited Registered Office: 12th floor, Narain Manzil 23, Barakhamba Road New Delhi 110 001	U74899DL1993PLC054134	Subsidiary Company	50.80%	2(87)
16.	ICICI Prudential Pension Funds Management Company Limited Registered Office: ICICI Prulife Towers 1089, Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025	U66000MH2009PLC191935	Subsidiary Company	100.00%	2(87)
17.	India Infradebt Limited Registered Office: ICICI Bank Towers, Bandra-Kurla Complex Mumbai 400 051	U65923MH2012PLC237365	Associate Company	31.00%	2(6)
18.	FINO PayTech Limited Shree Sawan Knowledge Park Plot No D-507, Second floor MIDC Turbhe Navi Mumbai 400 705	U72900MH2006PLC162656	Associate Company	27.05%	2(6)
19.	ICICI Merchant Services Private Limited Registered Office: Edelweiss House, 7th Floor, South Wing Off CST Road, Vidhyanagar Marg, Santacruz (E) Mumbai 400 098	U74140MH2009PTC194399	Associate Company	19.00%	2(6)

Sr. No.	Name and address of the Company	CIN/GLN*	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
20.	I-Process Services (India) Private Limited Registered Office: Acme Plaza, 4th Floor, Unit #408-409 Andheri-Kurla Road, Opp. Sangam Cinema Mumbai 400 059	U72900MH2005PTC152504	Associate Company	19.00%	2(6)
21.	NIIT Institute of Finance Banking and Insurance Training Limited Registered Office: 8, Balaji Estate, First Floor Guru Ravi Das Marg, Kalkaji, New Delhi 110 019	U80903DL2006PLC149721	Associate Company	18.79%	2(6)
22.	Escorts Motors Limited # Registered Office: 1 Shivji Marg Westend Greens, NH-8, New Delhi 110 037	U74899DL1994PLC060077	Associate Company	30.00%	2(6)
23.	Jhagadia Copper Limited # Registered Office: Plot No. 747, GIDC Industrial Estate, P O Jhagadia Bharuch 393 110	L27202GJ1962PLC040548	Associate Company	24.70%	2(6)
24.	Rajasthan Asset Management Company Private Limited # Registered Office: 7th Floor, Ganga Heights Bapu Nagar, Tonk Road Jaipur, Rajasthan – 302 015	U65999RJ2002PTC017380	Associate Company	24.30%	2(6)
25.	OTC Exchange of India Limited # Registered Office: 92-93 Maker Tower F, Cuffe Parade Mumbai 400 005	U67120MH1990NPL058298	Associate Company	20.00%	2(6)
26.	Falcon Tyres Limited # Registered Office: K R S Road , Metagalli Mysore, Karnataka 570 016	L25114KA1973PLC002455	Associate Company	26.39%	2(6)

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

# 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'.

# Directors' Report

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

### (i) Category-wise Shareholding

Sl No.	Category of shareholders	No. of Shares held at the beginning of the year (April 1, 2015)				No. of Shares held at the end of the year (March 31, 2016)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A Promoters</b>										
(1) Indian										
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 Corporate		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	-	-
<b>Sub-total (A) (1)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
(2) Foreign										
a) NRIs - Individuals		0	0	0	-	0	0	0	-	-
b) Other - Individuals		0	0	0	-	0	0	0	-	-
c) Bodies Corporate		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	-	-
<b>Sub-total (A) (2)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>										
		<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>B Public Shareholding</b>										
(1) Institutions										
a) Mutual Funds		477,932,370	69,260	478,001,630	8.25	619,557,411	69,260	619,626,671	10.66	2.41
b) Banks /Financial Institutions		3,401,295	109,200	3,510,495	0.06	6,097,586	109,200	6,206,786	0.11	0.05
c) Central Govt		3,624,764	390	3,625,154	0.06	7,989,386	390	7,989,776	0.14	0.07
d) State Govt(s)		0	0	0	-	0	0	0	-	-
e) Venture Capital Funds		0	0	0	-	0	0	0	-	-
f) Insurance Companies		772,186,079	1,100	772,187,179	13.32	888,934,854	1,100	888,935,954	15.29	1.97
g) FIIs		2,375,508,640	117,300	2,375,625,940	40.98	2,256,765,038	116,800	2,256,881,838	38.81	(2.17)
h) Foreign Venture Capital Funds		0	0	0	-	0	0	0	-	-
i) Other (specify)										
Foreign Banks		1,065,825	925,840	1,991,665	0.03	1,247,465	925,840	2,173,305	0.04	0.00
FII - DR		4,609,825	0	4,609,825	0.08	4,224,966	0	4,224,966	0.07	(0.01)
j) Provident Funds/Pension Funds#		-	-	-	-	18,561,657	0	18,561,657	0.32	0.32
<b>Sub-total (B) (1)</b>		<b>3,638,328,798</b>	<b>1,223,090</b>	<b>3,639,551,888</b>	<b>62.78</b>	<b>3,803,378,363</b>	<b>1,222,590</b>	<b>3,804,600,953</b>	<b>65.43</b>	<b>2.65</b>
(2) Non-Institutions										
a) Bodies Corporate										
i) Indian		125,663,508	1,422,515	127,086,023	2.19	142,762,650	1,375,025	144,137,675	2.48	0.29
ii) Overseas		0	3,000	3,000	0.00	0	3,000	3,000	0.00	-
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakh		232,753,765	29,197,395	261,951,160	4.52	273,077,696	27,585,585	300,663,281	5.17	0.65
ii) Individual shareholders holding nominal share capital excess of Rs.1 lakh		36,601,690	144,475	36,746,165	0.63	39,455,517	144,475	39,599,992	0.68	0.05
c) NBFCs registered with RBI#		-	-	-	-	180,043	0	180,043	0.00	0.00
d) Others (specify)										
Trust		13,012,726	1,075	13,013,801	0.22	979,094	1,075	980,169	0.02	(0.21)
Directors & their Relatives (Resident)		3,554,026	0	3,554,026	0.06	3,576,465	77,000	3,653,465	0.06	0.00

Sl No.	Category of shareholders	No. of Shares held at the beginning of the year (April 1, 2015)				No. of Shares held at the end of the year (March 31, 2016)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Non-Resident Indian Directors	0	0	0	-	0	0	0	-	-
	Foreign Nationals	73,540	0	73,540	0.00	81,549	0	81,549	0.00	0.00
	Non-Resident Indians	12,040,344	391,100	12,431,444	0.21	19,302,543	312,485	19,615,028	0.34	0.12
	Clearing Member	8,345,722	0	8,345,722	0.14	14,900,585	0	14,900,585	0.26	0.11
	Hindu Undivided Families	6,254,001	36,710	6,290,711	0.11	7,981,395	33,305	8,014,700	0.14	0.03
	Foreign Companies	0	143,200	143,200	0.00	0	143,200	143,200	0.00	-
	Foreign Bodies - DR	3,500,605	0	3,500,605	0.06	12,025,008	0	12,025,008	0.21	0.15
	NRI - DR	0	0	0	-	0	0	0	-	-
	<b>Sub-total (B) (2)</b>	<b>441,799,927</b>	<b>31,339,470</b>	<b>473,139,397</b>	<b>8.16</b>	<b>514,322,545</b>	<b>29,675,150</b>	<b>543,997,695</b>	<b>9.36</b>	<b>1.19</b>
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>4,080,128,725</b>	<b>32,562,560</b>	<b>4,112,691,285</b>	<b>70.94</b>	<b>4,317,700,908</b>	<b>30,897,740</b>	<b>4,348,598,648</b>	<b>74.79</b>	<b>3.84</b>
c	Shares held by Custodian for GDRs & ADRs	1,684,553,360	0	1,684,553,360	29.06	1,466,169,782	0	1,466,169,782	25.21	(3.84)
	<b>Grand Total (A+B+C)</b>	<b>5,764,682,085</b>	<b>32,562,560</b>	<b>5,797,244,645</b>	<b>100.00</b>	<b>5,783,870,690</b>	<b>30,897,740</b>	<b>5,814,768,430</b>	<b>100.00</b>	<b>-</b>

# Provident Fund/Pension Funds and NBFCs registered with RBI (reported only for March 31, 2016) are two new categories introduced in the new shareholding format prescribed by SEBI under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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.

## (iv) Shareholding of top ten shareholders (other than Directors, Promoters and Holders of ADRs)

Top Ten Shareholders	Shareholding at the beginning of the year (April 1, 2015)			Shareholding at the end of the year (March 31, 2016)		
	No of shares	% of total shares of the company		No of shares	% of total shares of the company	
Life Insurance Corporation of India	470,276,753	8.11		598,147,787	10.29	
Dodge and Cox International Stock Fund	257,911,785	4.45		322,026,107	5.54	
Europacific Growth Fund	164,528,802	2.84		130,051,772	2.24	
Carmignac Gestion a/c Carmignac Patrimoine	90,881,374	1.57		70,388,556	1.21	
Aberdeen Global Indian Equity (Mauritius) Limited	62,100,000	1.07		58,900,000	1.01	
Stichting Depositary Apg Emerging Markets Equity Pool	-	-		50,159,097	0.86	
Bajaj Holdings and Investment Ltd	50,909,085	0.88		49,392,070	0.85	
Government Pension Fund Global	32,609,200	0.56		48,768,891	0.84	
Government of Singapore	48,964,722	0.84		47,695,409	0.82	
Vanguard Emerging Markets Stock Index fund, a series of Vanguard International Equity Index Fund	50,820,891	0.88		43,188,899	0.74	
HDFC Standard Life Insurance Company Limited	44,939,640	0.78		40,243,430	0.69	
Carmignac Gestion a/c Carmignac Investissement	45,745,960	0.79		3,73,69,602	0.64	
SBI Life Insurance Co Ltd	42,705,445	0.74		34,584,286	0.59	
Centaura Investments (Mauritius) PTE Ltd	37,045,215	0.64		31,699,538	0.55	
Merrill Lynch Capital Markets Espana S.A. S.V.	29,655,662	0.51		9,815,657	0.17	

Note:

1. 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.

# Directors' Report

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## (v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company <sup>#</sup>	No. of shares	% of total shares of the company <sup>#</sup>
<b>1. M. K. Sharma</b>					
	At July 1, 2015 <sup>@</sup>	50,000	0.00	50,000	0.00
	At the end of the year	50,000	0.00	50,000	0.00
<b>2. Dileep Choksi</b>					
	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
<b>3. Homi Khusrokhan</b>					
	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
<b>4. M. S. Ramachandran</b>					
	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
<b>5. Chanda Kochhar</b>					
	At the beginning of the year	1,844,625	0.03	1,844,625	0.03
	April 20, 2015 Allotment	100,000	0.00	1,944,625	0.03
	April 23, 2015 Allotment	75,000	0.00	2,019,625	0.03
	April 30, 2015 Allotment	200,000	0.00	2,219,625	0.04
	September 14, 2015 Allotment	120,000	0.00	2,339,625	0.04
	March 17, 2016 Allotment	27,000	0.00	2,366,625	0.04
	March 31, 2016 Allotment	77,000	0.00	2,443,625	0.04
	At the end of the year	2,443,625	0.04	2,443,625	0.04
<b>6. N. S. Kannan</b>					
	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
<b>7. K. Ramkumar</b>					
	At the beginning of the year	321,426	0.01	321,426	0.01
	April 29, 2015 Sale	(321,426)	0.01	0	0.00
	At the end of the year	0	0.00	0	0.00
<b>8. Vishakha Mulye</b>					
	At January 19, 2016 <sup>@</sup>	889,385	0.02	889,385	0.02
	March 16, 2016 Sale	(75,000)	0.00	814,385	0.01
	March 18, 2016 Sale	(50,000)	0.00	764,385	0.01
	March 21, 2016 Sale	(25,000)	0.00	739,385	0.01
	March 22, 2016 Sale	(25,000)	0.00	714,385	0.01
	March 23, 2016 Sale	(25,000)	0.00	689,385	0.01
	March 28, 2016 Sale	(25,000)	0.00	664,385	0.01
	March 29, 2016 Sale	(25,000)	0.00	639,385	0.01
	March 30, 2016 Sale	(25,000)	0.00	614,385	0.01
	March 31, 2016 Sale	(25,000)	0.00	589,385	0.01
	At the end of the year	5,89,385	0.01	5,89,385	0.01
<b>9. Rajiv Sabharwal</b>					
	At the beginning of the year	0	0.00	0	0.00
	April 20, 2015 Allotment	29,500	0.00	29,500	0.00
	April 23, 2015 Allotment	30,000	0.00	59,500	0.00
	May 29, 2015 Allotment	65,000	0.00	124,500	0.00
	At the end of the year	124,500	0.00	124,500	0.00

Note:

@ M. K. Sharma was appointed as Chairman effective July 1, 2015 and Vishakha Mulye was appointed as executive Director effective January 19, 2016.

# Indicates negligible percentage as a % of total shares of the Company.

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

Sl. No.	Name of the Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company <sup>#</sup>	No. of shares	% of total shares of the company <sup>#</sup>
<b>1. Rakesh Jha</b>					
	<b>At the beginning of the year</b>	<b>18,750</b>	<b>0.00</b>	<b>18,750</b>	<b>0.00</b>
	April 30, 2015 Sale	(12,750)	0.00	6,000	0.00
	May 7, 2015 Allotment	20,000	0.00	26,000	0.00
	May 14, 2015 Sale	(12,500)	0.00	13,500	0.00
	At the end of the year	13,500	0.00	13,500	0.00
<b>2. P. Sanker</b>					
	<b>At the beginning of the year</b>	<b>5,000</b>	<b>0.00</b>	<b>5,000</b>	<b>0.00</b>
	At the end of the year	5,000	0.00	5,000	0.00

# Indicates negligible percentage as a % of total shares of the Company.

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			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	12,905.68	1,59,511.67	–	172,417.35
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	3.53	2,471.90	–	2,475.43
<b>Total (i+ii+iii)</b>	<b>12,909.21</b>	<b>161,983.58</b>	<b>–</b>	<b>174,892.78</b>
<b>Change in Indebtedness during the financial year (see note 1 &amp; 2)</b>				
■ Addition	–	37,477.16	–	37,477.16
■ Reduction	8,892.55	26,194.58	–	35,087.14
<b>Net Change</b>	<b>(8,892.55)</b>	<b>11,282.58</b>	<b>–</b>	<b>2,390.03</b>
<b>Indebtedness at the end of the financial year</b>				
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
<b>Total (i+ii+iii)</b>	<b>4,024.17</b>	<b>173,376.34</b>	<b>–</b>	<b>177,400.50</b>

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, market repurchase transactions with banks and financial institutions and transactions under Liquidity Adjustment Facility and Marginal Standing Facility.
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:

Sl. No.	Particulars of Remuneration	Chanda Kochhar	N. S. Kannan	K. Ramkumar	Vishakha Mulye <sup>1</sup>	Rajiv Sabharwal	Amount in ₹	Total (₹)			
<b>1. Gross Salary</b>											
(a) <b>Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961</b>											
	Salary and Allowances for Fiscal 2016 - (A)	39,081,252	26,423,293	26,253,960	9,440,635	25,318,039	126,517,179				
	Bonus paid in Fiscal 2016 including deferred bonuses for previous three years - (B)	22,855,786	15,320,773	15,320,773	–	13,407,760	66,905,092				
(b) <b>Value of perquisites u/s 17(2) of the Income-tax Act, 1961</b>											
	Perquisites - (C)	3,979,418	3,505,242	4,576,000	33,167 <sup>2</sup>	4,085,404	16,179,231				
(c) <b>Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961</b>											
		0	0	0	0	0	0				
2.	Stock Option (Perquisite on stock options exercised in fiscal 2016, w.r.t options granted upto 10 years prior to date of exercise)	120,326,510	0	0	0	16,388,900	136,715,410				
3.	Sweat Equity	0	0	0	0	0	0				
4.	Commission (as % of Profit/Others)	0	0	0	0	0	0				
5.	Others	0	0	0	0	0	0				
<b>(A)+(B)+(C) Total remuneration paid in fiscal 2016 (excludes perquisites on stock options reported in point 2)</b>											
		65,916,456	45,249,308	46,150,733	9,473,802	42,811,203	209,601,502				
Ceiling as per the Act <sup>3</sup>											

1. Vishakha Mulye has joined the services of the Bank on December 2, 2015. Pursuant to approval granted by Reserve Bank of India (RBI) vide its letter dated January 15, 2016, Vishakha Mulye assumed office as executive Director with effect from January 19, 2016.
2. Does not include superannuation perquisite, since it is cashed out and hence included in Salary and Allowances for fiscal 2016 - (A).
3. 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:

#### 1. Independent Directors

Particulars of Remuneration	Name of Directors								Total Amount
	K. V. Kamath	M. K. Sharma	Dileep Choksi	Homi Khusrokhan	M. S. Ramachandran	Tushaar Shah	V. K. Sharma	V. Sridar	
■ Fee for attending Board/Committee meetings	380,000	860,000	1,420,000	2,200,000	1,940,000	700,000	860,000	1,600,000	9,960,000
■ Commission	–	–	–	–	–	–	–	–	–
■ Others, please specify (see Note 1)	750,000	2,250,000	–	–	–	–	–	–	3,000,000
<b>Total (1)</b>	<b>1,130,000</b>	<b>3,110,000</b>	<b>1,420,000</b>	<b>2,200,000</b>	<b>1,940,000</b>	<b>700,000</b>	<b>860,000</b>	<b>1,600,000</b>	<b>12,960,000</b>
<b>2. Other Non-executive Directors – Please refer Note 2</b>									
<b>Total (2)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total (B)=(1+2)</b>	<b>1,130,000</b>	<b>3,110,000</b>	<b>1,420,000</b>	<b>2,200,000</b>	<b>1,940,000</b>	<b>700,000</b>	<b>860,000</b>	<b>1,600,000</b>	<b>12,960,000</b>
<b>Total Managerial Remuneration</b>									<b>222,561,502</b>
Overall Ceiling as per the Act (refer Note 3)									

Note 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. K. V. Kamath was Chairman of the Bank till close of business hours on June 30, 2015.

The annual remuneration as approved by RBI for K. V. Kamath was ₹ 3,000,000 and for the period April 1, 2015 – June 30, 2015, the remuneration paid was ₹ 750,000. M. K. Sharma's appointment as Chairman effective July 1, 2015 alongwith an annual remuneration of ₹ 3,000,000 was approved by RBI vide its letter dated June 30, 2015. Accordingly M. K. Sharma was paid remuneration for the period July 1, 2015 – March 31, 2016 aggregating to ₹ 2,250,000.

**Note 2:** Alok Tandon 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.

**Note 3:** Being a Banking Company, the provisions of Banking Regulation Act, 1949 apply to the Bank and any payments to non-executive/independent Directors other than sitting fees can be paid only with the approval of RBI. Independent Directors are paid only sitting fees 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.

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

Sl. No.	Particulars of Remuneration	P. Sanker	Rakesh Jha	
		Company Secretary	CFO	
		Amount in ₹		Total (₹)
1.	<b>Gross Salary</b>			
	<b>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961</b>			
	Salary and Allowances for Fiscal 2016 - (A)	14,373,512	16,831,023	31,204,535
	Bonus Paid in Fiscal 2016 - (B)	4,149,852	5,009,256	9,159,108
	<b>(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961</b>			
	Perquisites – (C)	2,523,186	3,775,479	6,298,665
	<b>(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961</b>	0	0	0
2	Stock Option (Perquisite on stock options exercised in Fiscal 2016 w.r.t Options granted upto 10 years prior to date of exercise)	0	4,314,400	4,314,400
3	Sweat Equity	0	0	0
4	Commission (as % of Profit/Others)	0	0	0
5	Others	0	0	0
	<b>(A)+(B)+(C) Total Remuneration paid in Fiscal 2016 (excludes Perquisites on Stock Options reported in point 2)</b>	21,046,550	25,615,758	46,662,308

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

## 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 last few years ICICI Foundation has developed significant projects in specific areas, 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 rural development 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 three independent Directors and the Managing Director & CEO of the Bank, and is chaired by an independent Director. The composition of the Committee is set out below:

- M. S. Ramachandran, Chairman;
- Tushaar Shah;
- Alok Tandon;
- 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 FY2016 was ₹ 106.05 billion.

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

The prescribed CSR expenditure requirement for FY2016 was ₹ 2.12 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 FY2016 was ₹ 1.72 billion.

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

Amount unspent was ₹ 0.40 billion

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

S. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or program wise (₹ mn)	Amount spent on the projects or programs Sub-heads 1. Direct expenditure on projects or programs 2. Overheads (₹ mn)	Cumulative expenditure upto the reporting period (₹ mn)	Amount spent direct or through implementing agency*
1.	Projects of ICICI Foundation for Inclusive Growth	1. Promoting education, employment enhancing vocational skills, livelihood enhancement projects, 2. Eradication of hunger, poverty and malnutrition; promoting preventive healthcare	■ 22 skill training centres located in Bengaluru, Bhubaneswar, Chennai, Coimbatore, Delhi, Durg, Guwahati, Hyderabad, Indore, Jaipur, Kochi, Kolkata, Lucknow, Mumbai, Mysore, Nagpur, Narsobawadi, Patna, Pune, Trichy, Vijaywada and Zirakpur. ■ Elementary education projects in Rajasthan and Chhattisgarh. ■ Healthcare programmes including in Baran (Rajasthan).	450.0	450.0	710.0	Amount spent through ICICI Foundation for Inclusive Growth.
2.	Rural development projects including financial inclusion and financial literacy	Rural development	Pan-India	1,400.0	1,196.6	2,334.3	Direct & through Bank's business correspondent network
3.	Contribution towards relief and welfare in calamity affected areas	Contribution to Prime Minister's/ Chief Minister's Relief Fund	Chennai	-	38.7	76.5	Direct
4.	Gift a Livelihood programme	Livelihood enhancement	Pan-India	-	10.0	25.7	Direct
5.	Supporting research and capacity building in education sector	Promoting education	Mumbai and Kolkata	54.0	5.1	59.1	1. Teach to Lead in Mumbai to support their Teach for India fellowship programme. 2. Praxis Business School, Kolkata, supporting a chair for research for the banking sector.

# Directors' Report

S. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or program wise (₹ mn)	Amount spent on the projects or programs Sub-heads 1. Direct expenditure on projects or programs 2. Overheads (₹ mn)	Cumulative expenditure upto the reporting period (₹ mn)	Amount spent direct or through implementing agency*
6.	Health sector related projects	Promoting preventive healthcare	Rajasthan	—	0.9	7.1	Support to hospitals in Jaipur towards maintenance, cleaning and other requirements
7.	Financial counsellng	Promoting education	At multiple centres	15.0	7.7	16.9	Disha Trust set up to assist consumers in financial distress and provide counselling.
8.	Others	—	—	41.0	6.1	12.0	—

**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 FY2016 was ₹ 1.72 billion, 10.3% higher compared to ₹ 1.56 billion spent towards CSR in FY2015. The amount spent in FY2016 was 1.6% of the average net profits of the last three financial years. The lower spend vis-à-vis the plan was due to lower than anticipated project requirements and delay in implementation of certain planned spends.

**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

May 13, 2016

**M.S. Ramachandran**  
CSR Committee Chairman

# Auditor's Certificate on Corporate Governance

To the Members of ICICI Bank Limited

## Auditor's Certificate on Corporate Governance

We have examined the compliance of the conditions of Corporate Governance by ICICI Bank Limited ('the Bank') for the year ended 31 March 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Bank with the stock exchanges for the period 1 April 2015 to 30 November 2015 and 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 ('Listing Regulations') for the period 1 December 2015 to 31 March 2016.

### Management's responsibility

The Bank's management takes full responsibility of the compliance of the conditions of corporate governance as stipulated in the regulations mentioned above.

### Auditors' responsibility

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

We conducted our engagement in accordance with the 'Guidance Note on Audit Reports and Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India. Our responsibility is to certify based on the work done.

### Conclusion

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 clause 49 of the Listing Agreement and 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 Listing Regulations, as applicable.

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

### Restrictions on use

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

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

Mumbai  
May 26, 2016

**Venkataramanan Vishwanath**  
Partner  
Membership No: 113156

# Business Overview

## ECONOMIC OUTLOOK

During fiscal 2016, the global economic environment remained challenging and was marked by three key factors: divergent monetary policy in advanced and emerging economies, slowdown in growth in China and decline in global commodity prices. These trends led to significant volatility in global financial markets and currency depreciation in emerging market economies. The Indian economy continued to witness a gradual recovery, with improvements in key macroeconomic parameters. Inflation moderated, interest rates came down, fiscal consolidation continued, foreign investments were strong and the current account deficit remained stable. Policy measures were taken in the areas of infrastructure, foreign investments and financial sector reforms and programmes were launched for financial inclusion and inclusive growth. However, the global slowdown, commodity cycle, gradual pace of domestic recovery and high leverage in the corporate sector led to muted credit growth and an increase in non-performing loans, including slippages from restructured loans, for the Indian banking sector.

For a detailed discussion of economic developments in fiscal 2016, please refer Management's Discussion & Analysis.

## BUSINESS REVIEW

### Retail Banking

ICICI Bank has been a pioneer in introducing innovative products and services for its customers. Many of these products and services have been industry firsts, thus becoming trendsetters. ICICI Bank has made digital technology core to its strategy and has developed solutions which have made banking simple for its customers. Due to these solutions, the Bank is an integral part of the lives of many of its customers who use the Bank's applications for their diverse needs, even beyond banking. The Bank's solutions are also designed to cater to different life-cycle needs of its customers.

Last year, the Bank became the first in the country to introduce contactless debit and credit cards using Near-Field Communication (NFC) technology. This enabled its customers to make electronic payments by just waving the contactless card near the NFC-enabled merchant terminal. In fiscal 2016, the Bank unveiled the country's first contactless mobile payment solution to make in-store payments using smartphones. This solution provides the improved convenience of Touch & Pay to the Bank's credit and debit card customers, superseding the use of a physical card or cash, and is available on Pockets, the Bank's digital wallet. ICICI Bank also became the first bank globally to launch mVisa, a new mobile payment solution from VISA. With this service, users of Pockets can make cashless payments from their smartphones using their debit card by simply scanning an mVisa Quick Response (QR) code at a merchant location without swiping the card at a POS machine. This service provides customers the convenience of speed to complete a transaction along with enhanced security as the card remains in the custody of the customer.

Pockets gained the distinction of becoming the largest e-wallet launched by a bank with over 3.6 million downloads. Interestingly, 80% of the registered users on Pockets are new customers to the Bank. With Pockets, users can instantly download the e-wallet, fund it from any bank account in the country and start transacting immediately.

ICICI Bank has been at the forefront of mobile banking technology. It was one of the first banks to launch a mobile banking application in India. The Bank launched the latest version of iMobile in May 2015. Today, iMobile is the most comprehensive banking application offering over 150 services, many of which are industry firsts. Some of the features available in the latest version are tagging transactions as favourites, direct call to call centre and iTrack to track all deliverables from the Bank on the mobile.

In February 2016, the Bank launched a unique campaign, ICICI Appathon, a mobile app development challenge. This campaign seeks to foster innovation and provides a platform for tapping into the immense talent of a techno-innovative generation to bring new ideas and develop the next generation of banking applications on mobile phones. The Bank will incorporate some of the winning ideas into its digital roadmap.

For the Bank, communication is an important tool to stay connected with its customers. The Bank realises that customers interact with it through multiple channels, leading to the possibility of inconsistent communication. This leads to a poor customer experience. To address this challenge, the Bank has invested in building an omni-channel real-time communication architecture. This architecture is integrated with all its channels like call centre, emails, SMS, internet banking, ATM, social media and branch.

This year, the Bank also launched the Smart Vault, a fully automated state-of-the-art locker service available 24x7. The Smart Vault uses robotic technology to enable access to the lockers from the safe vault. Customers can conveniently access their lockers at any time of the day, in the comfort of a secure lounge where the locker automatically comes up to the customer. The Smart Vault is equipped with multi-layered state-of-the-art security systems including biometric authentication. The launch of the Smart Vault marks a milestone in the Indian banking industry as it joins a select group of overseas markets which has access to this unique robotic vault. This innovation is an exemplary illustration of the potential of 'Make in India', as it has been designed and manufactured by Indian partners.

Keeping in mind customer convenience, ICICI Bank launched Money2World, a fully online outward remittance service for resident Indians. This service is available even to non-account holders of ICICI Bank. Individuals can now transfer money online from any bank account in India to any bank account overseas in 16 major currencies, in a convenient and fully secure manner.

In fiscal 2016, ICICI Bank became the first private sector bank in the country to have a mortgage portfolio of more than ₹ 1 trillion. To commemorate the achievement, the Bank announced two breakthrough initiatives in India. Express Home Loans is the country's first fully online process for sanctioning home loans. This service provides online approval for home loans within eight working hours. The second initiative helps individuals taking home loans for under construction projects to get subsequent disbursements, after the first disbursement. Through iMobile, customers can upload the demand letter from the builder and the proof of their contribution. The Bank assesses the demand and makes the disbursement without the borrower having to visit the branch, thereby saving time and enhancing convenience for the customers.

ICICI Bank also launched its new range of co-branded credit cards in association with the Italian luxury sports car manufacturer, Ferrari. The Ferrari Credit Cards by ICICI Bank have been specially designed for discerning customers, who are enthusiasts of the iconic luxury brand.

The Bank expanded its network to 4,450 branches and 13,766 ATMs at March 31, 2016. The Bank's automation footprint has also multiplied. At March 31, 2016, the Bank had 110 Touch Banking branches across 33 cities. The Bank has also deployed more than 1,300 self-service kiosks for accepting cash, where anyone including non-customers of the Bank can deposit cash in an ICICI Bank account in a completely automated manner with the account receiving instant credit, rather than manually depositing cash at the teller counter. The Bank has also deployed 516 Insta Banking self-service kiosks at its branches. Customers can access these kiosks by typing their debit card number and PIN number. These self-service kiosks enable the customers to pre-process their transactions, reducing their waiting time at the branch.

These initiatives in terms of network expansion as well as technological upgrades for enhanced customer experience have helped the Bank to achieve robust growth in its retail business. The Bank's savings account deposits grew by 16.9% to ₹ 1,342.30 billion at March 31, 2016. The Bank's retail loan portfolio (including business banking and rural banking) grew by 23.3% year-on-year at March 31, 2016 and constituted 46.6% of total loans.

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

The Indian rural market presents significant growth opportunities as the market adapts to rapidly growing mobile connectivity and access to formal financial services. The Bank's rural strategy is focused on leveraging these trends and building a sustainable model for extending financial services to rural customers. This is being made possible by offering them a comprehensive product suite backed by technology. The Bank has set up a robust distribution network over the last few years to reach customers in this market. At March 31, 2016, the Bank had 2,293 branches in rural and semi-urban

# Business Overview

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locations, which constituted 52% of the Bank's total branch network and included 573 branches in hitherto unbanked locations.

The Bank has developed customised financial products and services to cater to a wide range of rural customers including farmers, traders, processors, as well as rural entrepreneurs. During fiscal 2016, the Bank issued 90,000 Kisan Credit Cards (KCCs) and renewed the limits for 45,000 KCCs.

The Bank caters to the financial needs of women entrepreneurs through its Self-Help Group (SHG) programme as a part of its microfinance initiatives. During fiscal 2016, the Bank impacted the lives of close to 2.5 million women by extending loans under the SHG-Bank linkage programme. ICICI Bank also continues to be a significant lender to the microfinance institutions for on-lending to customers.

As of March 31, 2016, the Bank had opened over 20 million Basic Savings Bank Deposit Accounts (BSBDA) through its branch and Business Correspondent (BC) network. The Bank has actively pursued the agenda of seeding Aadhaar numbers in customers' accounts and has communicated with its customers through branches, e-mails, SMSs and letters. As of March 31, 2016, the Bank has seeded over 7.0 million accounts with Aadhaar numbers.

The Bank has contributed significantly in promoting the Pradhan Mantri Jan-Dhan Yojana (PMJDY). It has opened 2.9 million accounts under the PMJDY scheme as of March 31, 2016, which is the highest among private sector banks. About 89% of these accounts were opened in rural India. The Bank has also issued RuPay cards to these account holders, which are inter-operable across various customer service points as well as ATMs of other banks. The Bank has imparted financial literacy to its customers and encouraged transactions through their savings accounts, using these RuPay cards.

The Bank has actively participated in the three schemes promoted under the government's Jan Suraksha Yojana (JSY). These include the Pradhan Mantri Jeevan Jyoti Bima Yojana providing life insurance, the Pradhan Mantri Suraksha Bima Yojana for accident insurance and Atal Pension Yojana for providing pension benefits. The Bank facilitated enrollment of beneficiaries through its branches as well as digital channels like internet banking, SMS and phone banking. The Bank's effort in enrolling beneficiaries for the insurance schemes through SMS was much appreciated by the Ministry of Finance, Government of India, and directed other banks to follow the Bank's approach. The Bank has enrolled a total of 2.9 million customers under the three JSY schemes.

The Bank's rural portfolio grew by 25.2% to ₹ 300.91 billion during fiscal 2016.

## **Small & Medium Enterprises**

Small and medium enterprises (SMEs) play a significant role in India's economic development, generating large scale employment and facilitating inclusive growth. A strong SME sector is crucial for building a resilient and dynamic corporate sector. At the same time, SMEs also face multiple challenges in terms of scale of production, increasing competition and rapid adoption of innovative practices in 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 small-ticket funding to the channel partners of large corporates. The Bank has set up dedicated desks in 360 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 the internet banking platform to cater to the unique banking needs of SMEs.

Fiscal 2016 continued to remain a challenging year for SMEs due to the gradual pick-up in economic activity, high leverage among corporates and subdued investments. 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**

The Wholesale Banking Group (WBG) provides customised solutions to corporate clients by analysing their specific business and financial needs. It provides an array of financial 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. The group comprises several teams focused on specific areas to facilitate specialisation and customised product offerings.

The Corporate Banking Group is WBG's principal coverage group. It develops new corporate relationships and enhances the existing ones through continuous engagements. It acts as a single point of contact for clients to cater to their requirements across businesses. The relationship team collaborates with relevant groups within the Bank to address specific needs of clients.

The Commercial Banking Group manages banking transactions, trade based requirements and cash management needs of corporate customers, thereby improving client servicing capabilities at the operational level. This results in granularity and stability of revenues and enhanced visibility of clients' cash flows for the Bank, while being in proximity to clients' locations. The group maintains superior customer service through its network of mega branches. It also helps in growing the Bank's transaction banking business with the help of constantly evolving technology-enabled solutions.

The Syndications Group works in synergy with our corporate banking and project finance teams. It is one of the market leaders in the loan syndication segment for corporate and project finance transactions. It specialises in the primary and secondary loan distribution market and leverages strong relationships with market participants like banks, financial institutions, non-bank finance companies (NBFCs), insurance companies and other financial entities. It also closely interfaces with other market participants like private equity players and sovereign wealth funds.

The relationship teams also work with the Markets Group to address the currency and interest rate risk in client businesses; and support clients in arranging market related funding products.

In fiscal 2016, the operating environment for the corporate sector remained challenging due to high leverage, shortfalls in cash flow generation, continued weak corporate investment activity, gradual nature of the economic recovery, the global economic slowdown and the decline in commodity prices which had an impact on borrowers in commodity-linked sectors such as iron and steel. The Wholesale Banking Group focused on proactive monitoring of the portfolio, as well as on generating new income streams and developing new processes and products by leveraging technology. The incremental lending during fiscal 2016 was largely focused on higher rated corporates. During fiscal 2016, a dedicated group was created for special focus on borrowers requiring proactive steps for resolution and recovery. The Bank's approach to resolution and recovery encompasses working with sponsors for deleveraging through sale of assets and businesses, working with all stakeholders to ensure improvement in the operations of borrowers and cash flow generation and enforcement of contractual rights.

A framework for managing concentration risk with limits for lending to individual borrowers/groups based on factors like rating of borrower, vintage of the company, vintage of relationship with the borrower, the industry of operations and ownership (public sector vs. private sector) was put in place. The Bank has strengthened the credit monitoring function and established a Credit Monitoring Group to further enhance its ability to develop early warning mechanisms by proactive monitoring and analysis of the portfolio and account-level trends.

## **Project Finance**

A challenging operating environment led to a slowdown in new project commitments and implementation, coupled with operating issues with existing investments. During fiscal 2016, the Government undertook a series of reforms and policy initiatives to help revive the infrastructure sector. In the power sector, the UDAY Scheme was announced to turnaround ailing state government owned power distribution companies; allowing captive coal utilization for medium-term power purchase agreements (PPAs) and implementation of scheme for gas linkages by way of reverse bidding to revive stranded gas projects were some of the key initiatives. Taken together, these steps are expected to help the power sector in India to recover gradually. In addition, the renewable energy segment has also gained momentum and new investments have

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been announced. The Bank pursued lending opportunities in the roads and ports sectors and to a limited extent in the power sector, particularly transmission and distribution.

In roads, execution under the National Highway Development Program (NHDP) has picked up speed in fiscal 2016. The government has set an aggressive target of building 30 km/day of highways and has awarded several road projects during the year. To mitigate the limitations of Build Operate Transfer (BOT) projects, the Government has introduced the Hybrid Annuity Model which allows for greater risk sharing between the public and private sector. To provide a further fillip to private participation, a few other key reforms were announced. These include allowing the private sector to exit projects after two years of completion of construction, introduction of a one-time fund infusion for stalled road projects and extension of concession period or upfront compensatory annuities for delays not attributable to the concessionaire, amongst others. The sector is poised for growth on the back of renewed Government focus and an improving macro-economic sentiment.

Railways, which was predominantly government-owned, has been opened up for private investments and is focusing on improving passenger amenities. The public-private partnership mode has been envisaged for investments via re-development of various identified railway stations and unlocking of associated commercial real estate. This is expected to open up opportunities for greater private sector participation.

The infrastructure and core sector developments are critical to India's growth and the Bank's sectoral expertise ensures tapping opportunities to invest judiciously and for the long-term.

## International Banking

ICICI Bank's strategy for international banking continues to be focused on three pillars which include providing end-to-end solutions for the international banking requirements of its Indian corporate clients; leveraging economic corridors between India and the rest of the world; and establishing ICICI Bank as the preferred bank for Non-Resident Indians (NRIs) in key global markets. The International Banking Group has positioned itself as the preferred partner for global corporations seeking to expand their presence in India. The Bank also strives to build stable and diversified international funding sources and strong syndication capabilities to support its corporate and investment banking businesses.

The Bank continued to sharpen its focus in fiscal 2016 on managing risks in its international operations due to the volatile global business environment. It also focused on diversifying the funding profile of its international operations, expanding its trade finance business and building relationships with global corporates doing business in India. ICICI Bank was named India's Best Borrower in FinanceAsia's 2015 Fixed Income Research Poll. The Bank continued to rationalise the capital invested in its overseas operations. During fiscal 2016, ICICI Bank Canada repatriated equity and preference share capital aggregating CAD 87.1 million. ICICI Bank's foreign branches also repatriated a portion of their retained earnings, resulting in exchange rate gains of ₹ 9.41 billion.

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 2016, the Bank's key platform for inward remittances, Money2India was launched on Facebook. The mobile app for the same was enhanced to provide full-service capability and the online service was extended to United Arab Emirates.

The Bank's 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, Qatar Financial Centre, China and South Africa; and representative offices in the United Arab Emirates, Bangladesh, Malaysia and Indonesia. The Bank's wholly-owned subsidiary, (ICICI Bank UK Plc), has eight branches in the United Kingdom and a branch each in Belgium and Germany. ICICI Bank Canada also has eight branches. During fiscal 2016, the Bank opened its first branch in China and in South Africa. ICICI Bank also set up its International Banking Unit (IBU), in India's first International Financial Services Centre (IFSC), at GIFT City, Gandhinagar in Gujarat. The Bank envisages the IBU to be at the core of its international strategy aimed at offering trade, treasury and credit solutions to its corporate customers.

## Treasury

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

The Asset Liability Management Group actively manages the Bank's liquidity and 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 given the volatile 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 has also launched the gold metal loan product for domestic jewellery manufacturers in fiscal 2016 as restrictions imposed on gold imports were relaxed by the RBI.

The Proprietary Trading Group manages trading positions within the approved risk limits. 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 Bank continues to receive awards and recognition in this area. It has been recognised as the 'Best Foreign Exchange Bank – India' by FinanceAsia in its 2015 Country Awards for Achievement and the 'Derivatives House of the Year – India' by The Asset in its 2015 Triple A Private Banking, Wealth Management and Investment Awards.

## 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.

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.

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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.

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 monitor 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, 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 programmes 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 - trading and structural banking books. Trading portfolios comprise positions arising from market making activity and trading on own account. 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, the available for sale portfolio 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.

The Asset Liability Management Committee (ALCO) comprises the MD & 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 inter-bank market and

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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 helping the business and operation groups to improve internal controls, thereby reducing the probability and potential impact of losses from operational risks. 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 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 support business and operations groups in operational risk management on an on-going basis. The Internal Audit Department (IAD) is the third line of defence, which undertakes an independent review of the first and second lines. 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**

ICICI Bank has always been committed to its employee value propositions called *saath aapka* which was formally articulated in 2011. These propositions focus on creating a more enabling workplace, ensuring employee welfare and offering opportunities to learn and grow.

Several initiatives focussed on women employees were launched during fiscal 2016. An important initiative is iWork@Home, which is designed to help the Bank's women employees to deal with life-stage related challenges. Under this initiative, women employees can opt to work from home for up to a year. This period is extendable depending on circumstances. Employees are provided access to the operating system in a safe and secure manner, thereby creating a seamless office-like environment. A unique face recognition technology platform has been developed in partnership with IIT, Delhi for this initiative.

Managerial responsibilities like client interaction, business reviews or training often requires travelling outside one's neighbourhood limits. In order to support these employees, the Bank bears expenses for the young child and the caregiver to accompany the woman employee on such outstation travel. This initiative will help our women managers to balance their professional and motherhood responsibilities.

In another initiative, the Bank launched iTravelSafe, a mobile application, to support women employees. This app tracks the location of women employees (subject to their consent) while commuting to and from work. On activation of the tracking option, the app provides easy access to a distress signal through the emergency panic button. Its unique car sharing feature also helps employees share a ride with colleagues.

Capturing the rich legacy of the ICICI Group, the Bank has launched I-museum, a digital museum, in the form of a mobile app. The museum captures the theme of: Born out of history to create history. It chronicles the ICICI Group's rich legacy and celebrates the institution's culture built by its great leaders over six decades. The museum presents the organisation's journey and its deep-rooted linkage with India's economic growth and progress. The museum provides employees a unique glimpse into the creation and growth of the ICICI Group.

In December 2015, Chennai faced unprecedented heavy rainfall which flooded several parts of the city. During this period, the Bank made all efforts to ensure safety and well-being of its employees in the flood affected areas. Field teams were deployed to ascertain the whereabouts of the employees who could not be contacted and support them and their families in distress. The Bank ensured timely assistance to the local teams and their families by availing help from the Indian Coast Guard and the Indian Air Force for the rescue operations. The Bank extended salary advances and medical help to all employees impacted by floods. Medical camps were set-up to administer prophylactic treatment to the affected people.

The Bank accords high importance to initiatives which aim at improving the efficiency of employees. Structured hand-holding programmes for new employees in the frontline relationship and sales teams are conducted for improving their productivity. In line with this, the Bank continues to leverage the internal role-linked and functional training academies for its employees to provide the requisite knowledge and skills. Some of the initiatives like ICICI Sales Academy, Probationary Officers Programme, Young Leaders Programme and the Business Leadership Programme help sharpen the skillset of new recruits and focus on making them productive right from "first day first hour". The Sales Academy has been one of the Bank's key strategic initiatives, ensuring the requisite number of ready and trained front-end officers. The curriculum and pedagogy followed at the Sales Academy was revamped this year to enhance focus on important products and regulations.

The Bank also introduced video-based learning modules for its employees. A new learning framework was developed where content was re-designed to make it more interactive through audio-visual experience-based learning. The Bank has upgraded its learning management system to host video based content. i-Studio, a custom-made video-conferencing and web-casting tool, has been extensively used for learning sessions. The tool is also used for engaging with employees. Given the geographical spread of branches and other work premises, i-Studio has been leveraged by the employee relations managers to connect with teams on a real-time basis.

An interactive learning portal for the Probationary Officers (PO) Programme was made functional from the August 2015 batch. Its core feature was to ensure technology-based delivery of the PO Programme. The portal was designed to enhance the learning experience using self-paced e-learning modules, gaming exercises, quizzes, Q&A forums, discussion

# Business Overview

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boards and webinar sessions. The portal can be accessed from a range of devices, including laptops, tablets and mobiles. The programme content has been designed to facilitate a comprehensive learning using interactive modules and case-studies.

The Bank received the Employee Engagement Initiative of the Year award for 2016 at The Asian Banker's International Excellence in Retail Financial Services 2016 Awards in Hong Kong. The Bank won the award for its unique approach to hiring and professional development of POs and the implementation of an innovative and structured learning platform for them.

## Information Technology

At ICICI Bank, technology is an integral part of our business strategy serving multiple objectives and plays a key role in promoting innovations in serving our customers. During fiscal 2016, the focus of the Bank's IT strategy has been on business alignment and engagement, innovation, stability and availability, information security, and risk and compliance. The Bank continues to invest in advanced technologies and undertake effective utilisation of resources, thereby delivering a technology architecture that is futuristic. This enables the Bank to provide a secure, superior, seamless and uniform service experience to our customers across all channels. In order to further enhance the organise-wide focus on leveraging technology and capitalising on opportunities in the digital space, the Bank has created a Technology and Digital Group to be headed by a Chief Technology and Digital Officer, which will integrate all the technology teams as well as the digital channels, business intelligence and analytics teams. The Technology and Digital Group will also be responsible for incubating innovative projects and developing partnerships in the digital space.

The Bank made significant strides in mobile banking during fiscal 2016. Some important mobility-based solutions comprise the following:

1. Revamped iMobile: The Bank has migrated its mobile banking application iMobile to a robust framework. The application has been revamped to make it the most comprehensive banking application in the country. iMobile currently offers more than 150 functionalities and is available across all mobile platforms. The first-of-its-kind offerings integrated in the app enable the customers to enjoy the option of logging in through either their mobile pin (MPIN) or personalised username, initiate a transaction before reaching the branch through Insta Banking, purchase mutual funds and avail forex services, connect with the Bank's call centre, avail of cardless cash withdrawal services from an ATM, tag frequent transactions as favourites and receive alerts from Google Now and Touch ID (from Apple) as an alternate authentication method for secured login.
2. Touch & Pay: The Bank has launched a retail payment initiative called Touch & Pay, which is a contactless mobile payment solution for in-store payments from mobile phones by leveraging Host Card Emulation (HCE) technology. This innovative technology emulates a payment card on a mobile device. The details of the card, however, are stored on the Bank's secure cloud server and not on the customer's phone. Using these virtual cards, an ICICI Bank customer can initiate electronic payments from NFC enabled smartphones by just waving his/her phone near a contactless merchant terminal.
3. Quick Checkout: Quick checkout is a unique feature in merchant payments through digital channels where the user can make payments without entering the user id/password. The user has to register for this service through merchant sites and once registered, the user will not be asked the credentials (User id & Password) when making a payment at the pre-registered merchant site. The authentication of the user happens through the unique identity validation between merchant and the Bank. The users can also enable or disable this facility through net banking.
4. Rail ticket booking: ICICI Bank is India's first bank to offer railway ticket booking to customers of any bank on its website, in association with Indian Railways Catering and Tourism Corporation Limited (IRCTC).
5. Bulk Immediate Payment Service (IMPS) payments for corporates: This facility enables corporates to transfer funds 24x7 using the IMPS platform provided by the National Payments Corporation of India. This facility provides additional bank payment options to meet the payment cycles of corporates.

In addition, the Bank launched a range of technology-based products to offer more convenience to customers. Some of these initiatives include Forex@click (a facility to purchase foreign exchange and travel card products 24x7), a dedicated portal for the collection of central/state taxes, e-SOFTEX which enables software exporters to manage export reporting to the authorities and doorstep banking for corporate customers which enables them to request collection and provide disbursement instructions online.

To enhance fraud prevention measures, the Bank launched a real-time fraud monitoring tool for managing the fraud on credit and debit cards. Big data and multi-channel campaign management have helped the Bank in campaigns, management of real time offers, geospatial analytics and event-based marketing. The Bank continues to adopt state-of-the-art technologies for infrastructure monitoring and data-centre optimisation to cater to evolving customer aspirations.

Additionally, the Bank has migrated its key systems (Core Banking System, Payment Gateway, Dealing Room Primary, among others) to their latest versions enabling access to new features, enhanced security and better scalability.

## **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 11.3% and private market share of 21.9% for fiscal 2016. ICICI Life's total premium in fiscal 2016 was ₹ 191.64 billion as compared to ₹ 153.07 billion during fiscal 2015 while the annualised premium equivalent for fiscal 2016 was ₹ 51.70 billion as compared to ₹ 47.44 billion for fiscal 2015. The profit after tax was ₹ 16.50 billion as compared to ₹ 16.34 billion in fiscal 2015. The total assets under management for ICICI Life stood at ₹ 1,039.39 billion as on March 31, 2016. During fiscal 2016, ICICI Bank sold a 6.0% stake in ICICI Life to two investors, at a company valuation of ₹ 325.00 billion. Post the transaction, our share ownership in ICICI Life came down from approximately 74% to approximately 68%.

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

ICICI General's Gross Written Premium (GWP) was ₹ 83.07 billion in fiscal 2016. The company maintained its market leadership in the private sector with an overall market share of 8.4%. The company witnessed an increase in policy volumes by 13.90% from 13.87 million in fiscal 2015 to ₹ 15.80 million in fiscal 2016. ICICI General's profit before tax increased from ₹ 6.91 billion in fiscal 2015 to ₹ 7.08 billion in fiscal 2016 despite the impact of Chennai floods and high weather insurance claims. ICICI General's profit after tax decreased from ₹ 5.36 billion in fiscal 2015 to ₹ 5.07 billion fiscal 2016, due to a higher effective tax rate in fiscal 2016, as loss carried forward from earlier years had already been absorbed in prior periods. In fiscal 2016, ICICI Bank sold a 9.0% stake in ICICI General to its joint venture partner, Fairfax Financial Holdings, at a company valuation of ₹ 172.25 billion. Following the transaction, the share ownership in ICICI Lombard General Insurance Company of ICICI Bank and Fairfax Financial Holdings Limited is approximately 64% and 35%, respectively.

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

ICICI Prudential AMC had quarterly average assets under management of ₹ 1,758.81 billion for quarter ended March 31, 2016, making it the largest asset management company in India. The overall market share in mutual fund business has grown to 13.0% on quarterly average basis compared to 12.5% in fiscal 2015. At March 31, 2016, the closing equity mutual fund AUM (excluding exchange traded funds) has moved up to ₹ 614.10 billion and the market share has increased to 14.4% from 13.5% in March 2015. ICICI AMC posted a profit after tax of ₹ 3.26 billion for the year ended March 31, 2016, an increase of 32% as compared to ₹ 2.47 billion for the year ended March 31, 2015.

In fiscal 2016, the Company won the Best Fund House (Equity Category) in the Morningstar Fund Awards 2016, the Best Debt Fund House Award in Business Today - Money Today Financial Awards 2016 and the Best Fund House - India 2016 at the APAC Investment Awards 2016.

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

ICICI Venture is a diversified specialist alternative asset manager with a presence across private equity, real estate, infrastructure and special situations. During fiscal 2016, the fourth private equity fund concluded its first closing at ~USD 190 million (including co-investment capital). This comes after the final closing, during the last fiscal, of one of the largest India focused alternative funds ever raised (AION), a USD 825 million special situations fund to which ICICI Venture is an advisor under a strategic alliance with a leading global alternative asset manager (Apollo Global Management). ICICI Venture's momentum of exits was sustained during fiscal 2016 as well. ICICI Venture has concluded 51 exits worth about USD 1.3 billion since 2009 which is amongst the highest in the Indian market for this period. During fiscal 2016, the company also concluded a diverse range of investments across its various funds into sectors such as consumer products and services, retail and financial services. In fiscal 2016, ICICI Venture posted a loss of ₹ 0.21 billion for the year ended March 31, 2016 compared to profit after tax of ₹ 0.01 billion for the year ended March 31, 2015.

## **ICICI Securities**

During fiscal 2016, the Company introduced innovative products and services using effective technology to aid its 3.8 million retail customers. The Corporate Finance business continued to build a deal pipeline of diverse products whereas the Institutional Broking segment enhanced corporate access through various conferences and events. The Company achieved a consolidated profit after tax ₹ 2.39 billion in fiscal 2016 compared to ₹ 2.94 billion in fiscal 2015.

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

I-Sec PD maintained its leadership in primary subscription and underwriting and has clocked a CAGR of 23.9% since fiscal 2010 to fiscal 2016 in volumes achieved in government securities. Along with its established franchise with domestic institutional investors, the Company also increased its outreach to the Foreign Portfolio Investors segment. The Company managed multiple corporate debt placements aggregating to ₹ 753.92 billion in fiscal 2016 and is ranked amongst the top five in the PRIME league tables. 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 ₹ 1.95 billion in fiscal 2016 compared to ₹ 2.17 billion in fiscal 2015.

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

ICICI Bank UK's profit after tax in fiscal 2016 was USD 0.5 million compared to USD 18.3 million in fiscal 2015. The decrease in profits was primarily on account of higher specific provisions on impaired loans. At March 31, 2016, ICICI Bank UK had total assets of USD 4.61 billion compared to USD 4.13 billion at March 31, 2015. It had a capital adequacy ratio of 16.7% at March 31, 2016 compared to 19.2% at March 31, 2015.

## **ICICI Bank Canada**

ICICI Bank Canada's profit after tax for fiscal 2016 was CAD 22.4 million compared to CAD 33.7 million in fiscal 2015. The decrease in profits was on account of higher specific provision on existing impaired loans. As at March 31, 2016, ICICI Bank Canada had total assets of CAD 6.52 billion compared to CAD 5.95 billion as at March 31, 2015. ICICI Bank Canada had a capital adequacy ratio of 23.6% as at March 31, 2016 compared to 28.5% as at March 31, 2015.

## CREDIT RATING

ICICI Bank's credit ratings by various agencies at March 31, 2016 are given in the following table:

Rating Agency	Rating
ICRA Limited	[ICRA] AAA
Credit Analysis & Research Limited (CARE)	CARE AAA
CRISIL Limited	CRISIL AAA
Moody's Investors Service	Baa3 <sup>1</sup>
Standard and Poor's (S&P)	BBB-. <sup>1</sup>
Japan Credit Rating Agency (JCRA)	BBB+ <sup>1</sup>

1. 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

The global economic environment remained subdued during fiscal 2016. The U.S. Federal Reserve raised interest rates by 25 basis points in December 2015, while other advanced and emerging economies continued to pursue an accommodative monetary policy. The U.S. Federal Reserve thereafter kept interest rates stable in the subsequent monetary policy statement and indicated that the rate increase would be gradual. There was a slowdown in economic growth in China to 6.9% in calendar year 2015 compared to 7.3% in calendar year 2014, and a depreciation of the Chinese currency. Commodity prices continued to weaken given low demand and excess supply. The price of the benchmark Brent crude fell from US\$ 55 per barrel at end-March 2015 to a low of US\$ 28 per barrel around mid-January 2016 but recovered thereafter to US\$ 40 per barrel at end-March 2016. Metal prices also declined during the year. These developments led to significant volatility in global financial markets. Several emerging market economies saw a depreciation of their currencies during the period.

In India, economic activity during the first nine months of fiscal 2016 showed a gradual improvement. India's gross domestic product grew by 7.5% during the first nine months of fiscal 2016, compared to growth of 7.4% during the first nine months of fiscal 2015. As per industry-wise growth estimates (gross value added), the agriculture sector grew by 0.6%, the industrial sector by 7.4% and the services sector by 9.2% during the first nine months of fiscal 2016 compared to 0.3%, 5.9% and 10.7%, respectively, during the corresponding period of fiscal 2015.

Inflation remained moderate during fiscal 2016. Retail inflation, as measured by the Consumer Price Index (CPI), eased from 5.3% in March 2015 to a low of 3.7% in July-August 2015, and increased subsequently to 4.8% in March 2016. Core CPI inflation, excluding food and fuel products, increased from 4.2% in March 2015 to 4.7% in March 2016. Inflation, as measured by the Wholesale Price Index (WPI), remained negative through fiscal 2016 and was -0.9% in March 2016.

With inflation remaining within its target range, Reserve Bank of India (RBI) reduced the repo rate by 75 basis points during fiscal 2016 with a 25 basis points reduction from 7.50% to 7.25% in June 2015 and another 50 basis points reduction to 6.75% in September 2015. This took the cumulative reduction in the repo rate since January 2015, when the policy rate reduction cycle began, to 125 basis points. In April 2016, RBI has reduced the repo rate by a further 25 basis points to 6.50%.

Trends in merchandise trade remained muted during fiscal 2016. Exports declined by 15.6% to US\$ 261.12 billion and imports declined by 15.3% to US\$ 379.60 billion. The decline was primarily due to continued weak global demand and low global commodity prices. India's Current Account Deficit (CAD) was at 1.4% of gross domestic product during the first nine months of fiscal 2016. Foreign Direct Investment (FDI) improved to US\$ 33.66 billion during the first nine months of fiscal 2016 compared to US\$ 24.80 billion during the corresponding period of fiscal 2015. There was a net outflow of investments by Foreign Portfolio Investors (FPIs) of US\$ 3.99 billion during the first nine months of fiscal 2016, with a net outflow of US\$ 4.31 billion in equity markets and a net inflow of US\$ 0.32 billion in debt markets. The benchmark S&P BSE Sensex declined by 9.4% during fiscal 2016 to close at 25,342. The Rupee depreciated from ₹ 62.3 per U.S. dollar at March 31, 2015 to ₹ 66.4 per U.S. dollar at March 31, 2016. Yields on the benchmark 10-year government securities remained in the range of 7.7% to 7.8% for most part of the year but eased towards the end of the year to 7.4% at March 31, 2016.

During fiscal 2016, the government announced several policy measures. A composite cap on foreign investments was introduced which is applicable across all sectors and has brought different kinds of foreign investments under a single combined limit. Further, the list of economic activities eligible for foreign investment under the automatic route was expanded. In the area of financial inclusion, apart from the Pradhan Mantri Jan Dhan Yojana which was announced in fiscal 2015, the government announced several new schemes including pension and insurance schemes and a financial scheme for micro, small and medium enterprises. A scheme to support start-ups was also announced. During the year, the first 20 cities to be converted into Smart Cities were identified. With regard to the financial sector, the 'Indradhanush' scheme for public sector banks was announced. Key proposals announced in the Union Budget for fiscal 2017 included a plan to introduce a Comprehensive Code on Resolution of Financial Firms which together with the Bankruptcy Code is expected to provide a strong resolution framework for banks; operationalising the Bank Board Bureau; and allowing foreign investment in the insurance and pension sectors under the automatic route.

With regard to trends in banking, non-food credit growth remained subdued during fiscal 2016. Growth moderated from 12.7% year-on-year at April 3, 2015 to 10.3% at April 1, 2016. Credit growth was mainly driven by the retail segment. Based on sector-wise credit deployment, growth in credit to industry was 2.7%, services 9.1%, retail 19.4% and agriculture 15.3% year-on-year at March 18, 2016. Deposit growth in the banking system also remained muted in the range of 9-12%

during the year. Total deposits grew by 9.7% year-on-year at April 1, 2016 compared to a growth of 12.1% at April 3, 2015. Demand deposits grew by 15.0% year-on-year at April 1, 2016 compared to a growth of 23.7% at April 3, 2015. Time deposits grew by 9.1% year-on-year at April 1, 2016 compared to a growth of 10.9% at April 3, 2015.

The operating environment for the Indian corporate sector continued to remain challenging in view of the subdued global scenario, gradual nature of the domestic economic recovery, continued weak corporate investment activity, delays and shortfalls in cash flow generation from investments and high leverage. The decline in commodity prices had an impact on borrowers in commodity-linked sectors, such as iron and steel. These conditions led to increasing levels of non-performing loans for the Indian banking sector.

With regard to performance of the insurance sector, the first year retail premium underwritten in the life insurance sector (on weighted received premium basis) grew by 8.1% to ₹ 440.76 billion during fiscal 2016 compared to ₹ 407.65 billion in fiscal 2015. Gross premium of the non-life insurance sector (excluding specialised insurance institutions) grew by 13.6% to ₹ 915.72 billion during fiscal 2016 compared to ₹ 805.84 billion during fiscal 2015. The average assets under management of mutual funds increased by 13.9% from ₹ 11,886.90 billion for the three months ended March 31, 2015 to ₹ 13,534.43 billion for the three months ended March 31, 2016.

Some important regulatory measures announced during fiscal 2016 were:

- In April 2015, RBI issued revised guidelines on priority sector lending, based on the recommendations of the internal working group set up to revisit the priority sector lending guidelines. These revised priority sector guidelines are applicable from fiscal 2016. The overall target for priority sector lending would continue to be 40.0% of adjusted net bank credit. Sub-targets for direct and indirect lending to agriculture were combined and sub-targets of 8.0% for lending to small and marginal farmers and 7.5% lending target to micro-enterprises were introduced. These sub-targets are to be achieved in a phased manner by March 2017. Sectors qualifying for priority sector lending have been broadened to include medium-size enterprises, social infrastructure and renewable energy. Priority sector lending achievements will be evaluated on a quarterly average basis from fiscal 2017. According to the guidelines, foreign banks with less than 20 branches will also now be required to meet priority sector lending targets of 40.0% of adjusted net bank credit, on par with domestic banks and foreign banks with 20 or more branches by fiscal 2020. Further, in July 2015, RBI 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 the shortfall. The banking system's average level will be notified at the beginning of each year. The target for fiscal 2016 was set at 11.51%;
- In April 2015, RBI allowed banks to introduce an early withdrawal facility in term deposits as a distinguishing feature for offering differential rates of interest. All term deposits of individuals of ₹ 1.5 million and below will have a premature withdrawal facility. For other term deposits, customers have the option to choose between term deposits either with or without premature withdrawal facility;
- In May 2015, RBI allowed banks to spread the shortfall from the sale of non-performing assets to asset reconstruction companies over a period of two years, in the event the sale value is lower than the net book value. This dispensation is available only for non-performing assets sold up to March 31, 2016;
- In May 2015, RBI issued draft guidelines on net stable funding ratio. According to the draft guidelines, the net stable funding ratio is defined as the amount of available stable funding required to cover the liquidity requirements and asset maturities coming up over the next year. Banks will be required to maintain a ratio of at least 100.0% on an ongoing basis. These guidelines are expected to be applicable from January 1, 2018;
- In May 2015, RBI introduced a framework for dealing with loan frauds. The guidelines relate to detection, reporting and monitoring of fraud accounts. They prescribe continuous monitoring and red flagging of accounts based on early warning signals for accounts above ₹ 500.0 million. Frauds have to be reported on RBI's central repository of information on large credits for dissemination to other banks and decision-making by the joint lenders' forum in case of consortium or multiple banking arrangements. Restructuring or grant of additional facilities would not be permitted in case of fraud or red flagged accounts;
- In June 2015, RBI issued guidelines on the compensation of non-executive directors of private sector banks. According to the guidelines, the board of directors, in consultation with its remuneration committee, should formulate and adopt a comprehensive compensation policy for the non-executive directors (other than the part-time non-executive chairman). In the policy, the board may provide for the payment of compensation in the form of a profit related

## Management's Discussion & Analysis

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commission, subject to the Bank making profits. Such compensation should not exceed ₹ 1.0 million per annum for each director. Further, private sector banks have to obtain prior approval of RBI for paying remuneration to the part-time non-executive chairman;

- In June 2015, RBI permitted banks to invest in long term infrastructure bonds issued by other banks subject to certain conditions including (i) investments in these bonds cannot be considered as inter-bank assets for the purpose of the calculation of net demand and time liabilities, (ii) they cannot be held under the held-to-maturity category, (iii) a bank's investment in these bonds cannot exceed 2.0% of its Tier 1 capital or 5.0% of the issue size, whichever is lower, and (iv) aggregate holding in such bonds cannot exceed 10.0% of a bank's total non-statutory liquidity ratio investments;
- In June 2015, RBI issued guidelines on strategic debt restructuring. The guidelines provide for conversion of debt into equity and acquisition of majority ownership of the borrower by banks. On conversion of debt into equity, banks are allowed to continue with the current asset classification for an 18-month period. On transfer of ownership to a new sponsor, the asset can be upgraded to the standard category and refinancing of the debt is allowed without such refinancing being treated as a restructuring. However, in the event a new sponsor is not identified within the 18 month period, the Bank has to revert to the earlier asset classification norm as was applicable prior to the stand-still in asset classification. In September 2015, RBI expanded the eligibility for strategic debt restructuring to accounts where the corrective action plan has failed. In February 2016, RBI allowed banks to classify the asset as standard on divesting 26.0% of the shares of the company, lower than the earlier requirement of 51.0%. To avoid a sudden increase in provisioning in case the strategic debt restructuring fails, RBI has directed banks to increase provisions on such accounts to up to 15.0% by the end of the 18 month stand-still period, to be made in equal installments over four quarters;
- In July 2015, RBI issued guidelines on the discount rate for computing the present value of future cash flows of a restructured account. The guideline prescribes that a rate equal to the actual interest rate charged to the borrower before restructuring may be used to discount the future cash flows for the purpose of determining the diminution of fair value of the loan on restructuring;
- In August 2015, the Insurance Regulatory and Development Authority of India issued regulations on registration of corporate agents for the sale of insurance products where an agent can tie up with up to three insurance companies each in life, non-life and health insurance sectors;
- Under the Framework for Revitalising Distressed Assets in the economy, in September 2015, RBI issued revisions to the guidelines on Joint Lenders' Forum and corrective action plan. According to the revisions, the Joint Lenders' Forum can initiate strategic debt restructuring in the event the corrective action plan fails. All lenders would have to provide additional finance once agreed by the Joint Lenders' Forum unless they exit. An empowered group of lenders would be formed which will approve the rectification/restructuring package under the corrective action plan. In February 2016, a further revision was issued requiring that the corrective action plan be approved by 50% of the lenders, as compared to the earlier requirement of 60% of lenders;
- In October 2015, RBI issued directions to banks on the implementation of the Government of India's Gold Monetisation Scheme and the Sovereign Gold Bond Scheme;
- In November 2015, RBI issued a revised framework for external commercial borrowings. The key features of the revised framework include fewer restrictions on end-use, a liberal approach for Indian rupee denominated borrowings where the currency risk is borne by the lender, an expanded list of overseas lenders to include sovereign wealth funds, pension funds and insurance companies, and enhanced limits for small value external commercial borrowings with minimum average maturity of three years from US\$ 20 million to US\$ 50 million. The framework comprises three components or tracks: 1) medium-term foreign currency borrowing with minimum average maturity of three to five years; 2) long-term foreign currency borrowing with minimum average maturity of 10 years and 3) Indian rupee denominated borrowings with minimum average maturity of three to five years. Lending by overseas branches and subsidiaries of Indian banks is permitted only for medium term borrowings. Further, in March 2016, RBI issued amendments to the framework and allowed infrastructure NBFCs, asset finance NBFCs and core investment companies to raise ECBs under Track I of the framework with minimum average maturity period of five years subject to 100% hedging;
- In December 2015, RBI issued final guidelines on the computation of lending rates based on marginal cost of funds. The Marginal Cost of funds based Lending Rate (MCLR) is applicable for loans made and credit limits renewed from April 1, 2016. It is a tenor linked benchmark. The methodology for computing the marginal cost of funds based

lending rate comprises marginal cost of funds, negative carry on account of cash reserve ratio, operating costs and tenor premium. The guideline has specified categories of loans which can be priced without linkage to the marginal cost of funds based lending rate. Banks have to review and publish their marginal cost of funds based lending rate every month on a pre-announced date for different maturities ranging from overnight rate to up to one year. The periodicity of reset shall be one year or lower. Loans linked to the base rate can continue till repayment or renewal with existing borrowers having the option to move to the marginal cost of funds based lending rate linked loan at mutually acceptable terms. Earlier, banks were not permitted to extend fixed rate loans at a rate of interest lower than the base rate. This restriction no longer applies in the MCLR framework;

- During the three months ended December 31, 2015, RBI articulated the objective of early and conservative recognition of stress and provisioning, held discussions with and asked a number of Indian banks to review certain loan accounts and their classification over the three months ended December 31, 2015 and the three months ended March 31, 2016. As a result of the above factor, non-performing loans increased significantly in the banking system during the second half of fiscal 2016. RBI also directed banks to make an additional provision of 10% during the year ending March 31, 2017 in respect of restructured loan accounts highlighted by RBI;
- In March 2016, RBI issued guidelines expanding the eligibility for common equity Tier 1 capital to include 45.0% of revaluation reserves, which earlier qualified for inclusion in Tier 2 capital, and 75.0% of foreign currency translation reserves. The guidelines further allowed recognition of deferred tax assets arising due to timing differences, excluding accumulated losses, as Tier 1 capital up to 10.0% of a bank's common equity Tier 1 capital, in line with the guidelines of the Basel Committee on Banking Supervision (BCBS); and
- In March 2016, the Ministry of Finance revised the methodology for determining interest rates on various small savings schemes. As per the guidelines, interest rates of such savings schemes would be reset every quarter based on G-sec yields of the previous three months.

## **STANDALONE FINANCIALS AS PER INDIAN GAAP**

### **Summary**

Over the past two years, the domestic economic recovery has been gradual and the global economic environment has become challenging. Fiscal 2016 witnessed a slowdown in global economic growth mainly on account of lower growth in China and emerging market economies, divergence in global monetary policy and significant decline in commodity prices including crude oil and metals. Due to the increased level of risks in the business environment, the Indian banking system in general has experienced an increase in the level of additions to non-performing loans including slippages from restructured loans. During three months ended December 31, 2015, RBI articulated the objective of early and conservative recognition of stress and provisioning, held discussions with and asked a number of Indian banks to review certain loan accounts and their classification over the three months ended December 31, 2015 and three months ended March 31, 2016, through its Asset Quality Review. As a result of the above factors, non-performing loans of the Bank increased significantly in the second half of fiscal 2016.

Profit before collective contingency and related reserve and tax decreased marginally from ₹ 158.20 billion in fiscal 2015 to ₹ 157.96 billion in fiscal 2016. The decrease in profit before collective contingency and related reserve was mainly due to an increase in provisions for non-performing assets and a 10.3% increase in non-interest expenses, offset, in part, by an 11.5% increase in net interest income and a 25.8% increase in non-interest income.

Net interest income increased by 11.5% from ₹ 190.40 billion in fiscal 2015 to ₹ 212.24 billion in fiscal 2016 reflecting an increase of 11.1% in the average volume of interest-earning assets.

Non-interest income increased by 25.8% from ₹ 121.76 billion in fiscal 2015 to ₹ 153.22 billion in fiscal 2016 primarily due to an increase in income from treasury-related activities and fee income. Income from treasury-related activities for fiscal 2016 included gains of ₹ 33.74 billion from sale of stake in ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited. Fee income increased by 6.4% from ₹ 82.87 billion in fiscal 2015 to ₹ 88.20 billion in fiscal 2016.

Non-interest expenses increased by 10.3% from ₹ 114.96 billion in fiscal 2015 to ₹ 126.83 billion in fiscal 2016 primarily due to an increase in non-employee related expenses.

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Provisions and contingencies (excluding collective contingency and related reserve and provision for tax) increased by ₹ 41.68 billion from ₹ 39.00 billion in fiscal 2015 to ₹ 80.67 billion in fiscal 2016. This increase was primarily due to an increase in provisions on non-performing assets. The net NPA ratio increased from 1.40% at March 31, 2015 to 2.67% at March 31, 2016. Provisions for non-performing assets are likely to remain elevated in the near term.

The weak global economic environment, the sharp downturn in the commodity cycle and the gradual nature of the domestic economic recovery has adversely impacted the borrowers in certain sectors such as iron and steel, mining, power, rigs and cement. While the banks are working towards resolution of stress on certain borrowers in these sectors, it may take some time for solutions to be worked out, given the weak operating and recovery environment. In view of the above, the Bank, on a prudent basis, has created a collective contingency and related reserve of ₹ 36.00 billion towards its exposures to these sectors.

The income tax expense (including wealth tax) decreased by 46.8% from ₹ 46.45 billion in fiscal 2015 to ₹ 24.70 billion in fiscal 2016 primarily due to lower applicable tax on sale of equity investments and set-off of carry forward capital losses pertaining to earlier periods.

The profit after tax decreased by 13.0% from ₹ 111.75 billion in fiscal 2015 to ₹ 97.26 billion in fiscal 2016.

Net-worth increased from ₹ 804.29 billion at March 31, 2015 to ₹ 897.36 billion at March 31, 2016 primarily due to accretion to reserves from profit for the year and creation of revaluation reserves on fixed assets. Total assets increased by 11.5% from ₹ 6,461.29 billion at March 31, 2015 to ₹ 7,206.95 billion at March 31, 2016. Total deposits increased by 16.6% from ₹ 3,615.63 billion at March 31, 2015 to ₹ 4,214.26 billion at March 31, 2016. Savings account deposits increased by 16.9% from ₹ 1,148.60 billion at March 31, 2015 to ₹ 1,342.30 billion at March 31, 2016. Current account deposits increased by 18.9% from ₹ 495.20 billion at March 31, 2015 to ₹ 588.70 billion at March 31, 2016. Term deposits increased by 15.8% from ₹ 1,971.83 billion at March 31, 2015 to ₹ 2,283.26 billion at March 31, 2016. The current and savings account (CASA) ratio was 45.8% at March 31, 2016 compared to 45.5% at March 31, 2015. Total advances increased by 12.3% from ₹ 3,875.22 billion at March 31, 2015 to ₹ 4,352.64 billion at March 31, 2016 primarily due to an increase in domestic advances. Retail advances increased by 23.3% from ₹ 1,644.41 billion at March 31, 2015 to ₹ 2,027.90 billion at March 31, 2016.

The Bank continued to expand its branch network in India. The branch network of the Bank in India increased from 4,050 branches at March 31, 2015 to 4,450 branches at March 31, 2016. The ATM network of the Bank increased from 12,451 ATMs at March 31, 2015 to 13,766 ATMs at March 31, 2016.

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, 2016 in accordance with RBI guidelines on Basel III was 16.64% with a Tier-1 capital adequacy ratio of 13.09% as compared to 17.02% with a Tier-1 capital adequacy ratio of 12.78% at March 31, 2015.

## Operating results data

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

Particulars	Fiscal 2015	Fiscal 2016	% change
Interest income	₹ 490.92	₹ 527.39	7.4%
Interest expense	300.52	315.15	4.9
<b>Net interest income</b>	<b>190.40</b>	<b>212.24</b>	<b>11.5</b>
Non-interest income			
- Fee income <sup>1</sup>	82.87	88.20	6.4
- Treasury income	16.93	40.60	-
- Dividend from subsidiaries	15.59	15.35	(1.5)
- Other income (including lease income) <sup>2</sup>	6.37	9.07	42.4
<b>Operating income</b>	<b>312.16</b>	<b>365.46</b>	<b>17.1</b>
Operating expenses	114.96	126.83	10.3

Particulars	₹ in billion, except percentages		
	Fiscal 2015	Fiscal 2016	% change
<b>Operating profit</b>	<b>197.20</b>	<b>238.63</b>	<b>21.0</b>
Provisions, net of write-backs (excluding collective contingency and related reserve (CCRR))	39.00	80.67	–
<b>Profit before CCRR and tax</b>	<b>158.20</b>	<b>157.96</b>	<b>(0.2)</b>
Collective contingency and related reserve	–	36.00	–
<b>Profit before tax</b>	<b>158.20</b>	<b>121.96</b>	<b>(22.9)</b>
Tax, including deferred tax	46.45	24.70	(46.8)
<b>Profit after tax</b>	<b>₹ 111.75</b>	<b>₹ 97.26</b>	<b>(13.0%)</b>

1. Includes merchant foreign exchange income and margin 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.

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 2015	Fiscal 2016
Return on average equity (%) <sup>1</sup>	14.32	11.32
Return on average assets (%) <sup>2</sup>	1.86	1.49
Earnings per share (₹)	19.32	16.75
Book value per share (₹)	138.74	154.32
Fee to income (%)	26.55	24.13
Cost to income (%) <sup>3</sup>	36.83	34.70

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.

## 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 2015	Fiscal 2016	% change
Interest income	₹ 490.92	₹ 527.39	7.4%
Interest expense	300.52	315.15	4.9
<b>Net interest income</b>	<b>190.40</b>	<b>212.24</b>	<b>11.5</b>
Average interest-earning assets <sup>1</sup>	5,476.64	6,084.83	11.1
Average interest-bearing liabilities <sup>1</sup>	₹ 4,870.63	₹ 5,391.57	10.7
Net interest margin	3.48%	3.49%	–
Average yield on interest-earning assets	8.96%	8.67%	–
Average cost of funds	6.17%	5.85%	–
Interest spread	2.79%	2.82%	–

1. The average balances are the sum of the daily average balances outstanding except for the averages of overseas branches of ICICI Bank which are calculated on a fortnightly basis up to September 2014. From October 2014, averages of foreign branches are averages of daily balances.

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

# Management's Discussion & Analysis

Net interest income increased by 11.5% from ₹ 190.40 billion in fiscal 2015 to ₹ 212.24 billion in fiscal 2016 reflecting an increase of 11.1% in the average volume of interest-earning assets.

The yield on average interest-earning assets decreased by 29 basis points from 8.96% in fiscal 2015 to 8.67% in fiscal 2016. The cost of funds decreased by 32 basis points from 6.17% in fiscal 2015 to 5.85% in fiscal 2016. The interest spread increased by 3 basis points from 2.79% in fiscal 2015 to 2.82% in fiscal 2016. Net interest margin increased marginally by 1 basis point from 3.48% in fiscal 2015 to 3.49% in fiscal 2016.

The net interest margin on domestic operations decreased by 7 basis points from 3.90% in fiscal 2015 to 3.83% in fiscal 2016 primarily due to a decrease in the yield on interest-earning assets, offset, in part, by a decrease in the cost of funds. The yield on interest-earning assets decreased primarily due to a decrease in the yield on advances and investments, offset, in part, by an increase in the yield on other interest-earning assets. The cost of funds decreased primarily due to a decrease in cost of term deposits and cost of borrowings.

Net interest margin of overseas branches increased from 1.65% in fiscal 2015 to 1.86% in fiscal 2016 primarily due to a decrease in cost of funds. Cost of funds decreased primarily due to re-pricing/prepayment of high-cost borrowings.

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

	Fiscal 2015	Fiscal 2016
<b>Yield on interest-earning assets</b>	<b>8.96%</b>	<b>8.67%</b>
- On advances	9.95	<b>9.47</b>
- On investments <sup>1</sup>	7.87	<b>7.61</b>
- On SLR investments	8.01	<b>7.84</b>
- On other investments <sup>1</sup>	7.49	<b>6.83</b>
- On other interest-earning assets <sup>1</sup>	5.20	<b>5.49</b>
<b>Cost of interest-bearing liabilities</b>	<b>6.17</b>	<b>5.85</b>
- Cost of deposits	6.18	<b>5.88</b>
- Current and savings account (CASA) deposits	3.00	<b>3.00</b>
- Term deposits	8.25	<b>7.86</b>
- Cost of borrowings	6.16	<b>5.77</b>
<b>Interest spread</b>	<b>2.79</b>	<b>2.82</b>
<b>Net interest margin</b>	<b>3.48%</b>	<b>3.49%</b>

1. In accordance with the Reserve Bank of India circular dated July 16, 2015, investment in the Rural Infrastructure and Development Fund and other related deposits has been re-grouped to line item 'Others' under Schedule 11 - Other Assets and interest on the Rural Infrastructure and Development Fund and other related deposits has been re-grouped from line item 'income on investments' to 'Others'. Accordingly, figures of the previous periods have been re-grouped to conform to the current year presentation.

The yield on average interest-earning assets decreased primarily due to the following factors:

- The yield on average interest-earning assets decreased by 29 basis points from 8.96% in fiscal 2015 to 8.67% in fiscal 2016 primarily due to a decrease in yield on advances and yield on investments, offset, in part, by an increase in proportion of average advances in total interest-earning assets. The yield on average advances decreased by 48 basis points from 9.95% in fiscal 2015 to 9.47% in fiscal 2016 and yield on average investments decreased by 26 basis points from 7.87% in fiscal 2015 to 7.61% in fiscal 2016.
- The yield on advances was impacted by an increase in non-performing assets during fiscal 2016, as interest income is not accrued on non-performing assets. The yield on domestic advances decreased by 78 basis points from 11.85% in fiscal 2015 to 11.07% in fiscal 2016 primarily due to the above and a reduction in the base rate by 65 basis points during fiscal 2016. The yield on overseas advances decreased by 10 basis points from 4.44% in fiscal 2015 to 4.34% in fiscal 2016. However, the overall yield on average advances decreased by 48 basis points from 9.95% in fiscal 2015 to 9.47% in fiscal 2016 reflecting the positive impact of the increase in the proportion of domestic advances in total advances.

The Reserve Bank of India reduced the repo rate by 125 basis points from 8.00% to 6.75% in four phases on January 15, 2015, March 4, 2015, June 2, 2015 and September 29, 2015. The Bank reduced its base rate by 65 basis points from 10.00% to 9.35% in three phases - 25 basis points with effect from April 10, 2015, 5 basis points with effect from June 26, 2015 and 35 basis points with effect from October 5, 2015.

- The yield on average interest-earning investments decreased from 7.87% in fiscal 2015 to 7.61% in fiscal 2016 primarily due to a decrease in the yield on Statutory Liquidity Ratio (SLR) investments. The yield on SLR investments decreased by 17 basis points from 8.01% in fiscal 2015 to 7.84% in fiscal 2016 primarily due to softening of yield on Government securities. The yield on non-SLR investments decreased by 66 basis points from 7.49% in fiscal 2015 to 6.83% in fiscal 2016 primarily due to a decrease in yield on bonds and debentures, certificate of deposits, pass through certificates (PTCs) and commercial paper reflecting softening of interest rates. In accordance with RBI circular dated July 16, 2015, deposits in the Rural Infrastructure Development Fund (RIDF) and other related deposits have been re-grouped from investments to other assets. Figures for previous periods have also been re-grouped accordingly.

The above factors were offset, in part, by the following:

- The yield on other interest-earning assets increased from 5.20% in fiscal 2015 to 5.49% in fiscal 2016 primarily due to an increase in the yield on RIDF and other related deposits and a decrease in average term money lent from overseas locations which is low yielding.
- Interest on income tax refund was at ₹ 3.12 billion in fiscal 2016 (fiscal 2015: ₹ 2.71 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 32 basis points from 6.17% in fiscal 2015 to 5.85% in fiscal 2016 primarily due to the following factors:

- The cost of average deposits decreased from 6.18% in fiscal 2015 to 5.88% in fiscal 2016 primarily due to a decrease in the cost of term deposits and an increase in proportion of CASA deposits. The cost of term deposits decreased by 39 basis points from 8.25% in fiscal 2015 to 7.86% in fiscal 2016 primarily due to a decrease in cost of domestic term deposits by 51 basis points from 8.61% in fiscal 2015 to 8.10% in fiscal 2016, offset, in part, by a decrease in the proportion of overseas term deposits in total term deposits. The proportion of average CASA deposits in the average deposits increased from 39.5% in fiscal 2015 to 40.7% in fiscal 2016.
- The cost of borrowings decreased by 39 basis points from 6.16% in fiscal 2015 to 5.77% in fiscal 2016. The cost of borrowings decreased primarily due to a decrease in the cost of call and term borrowings, cost of borrowing under the Liquidity Adjustment Facility of RBI and an increase in foreign currency term borrowings which are lower cost.

While the net interest margin for fiscal 2016 was 3.49%, the net interest margin for the three months ended March 31, 2016 was 3.37%, reflecting primarily the impact of non-accrual of income on the higher level of non-performing assets. 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 increase in non-performing assets, increased proportion of retail advances in total advances and lending to higher rated corporates.

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

	₹ in billion, except percentages		
	Fiscal 2015	Fiscal 2016	% change
Advances	₹ 3,579.93	₹ 4,110.47	14.8%
Interest-earning investments <sup>1</sup>	1,345.46	1,397.00	3.8
Other interest-earning assets <sup>1</sup>	551.25	577.36	4.7
<b>Total interest-earning assets</b>	<b>5,476.64</b>	<b>6,084.83</b>	<b>11.1</b>
Deposits	3,285.52	3,665.55	11.6
Borrowings <sup>2</sup>	1,585.11	1,726.02	8.9
<b>Total interest-bearing liabilities</b>	<b>₹ 4,870.63</b>	<b>₹ 5,391.57</b>	<b>10.7%</b>

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1. In accordance with RBI circular dated July 16, 2015, investment in the Rural Infrastructure and Development Fund and other related deposits has been re-grouped to line item 'Others' under Schedule 11 - Other Assets. Accordingly, figures of the previous periods have been re-grouped to conform to the current year presentation.
2. Borrowings exclude preference share capital.
3. The average balances are the sum of the daily average balances outstanding except for the averages of overseas branches of ICICI Bank which are calculated on a fortnightly basis up to September 2014. From October 2014, averages of foreign branches are averages of daily balances.
4. All amounts have been rounded off to the nearest ₹ 10.0 million.

The average volume of interest-earning assets increased by 11.1% from ₹ 5,476.64 billion in fiscal 2015 to ₹ 6,084.83 billion in fiscal 2016. The increase in average interest-earning assets was primarily on account of an increase in average advances by ₹ 530.54 billion and average interest-earning investments by ₹ 51.55 billion.

Average advances increased by 14.8% from ₹ 3,579.93 billion in fiscal 2015 to ₹ 4,110.47 billion in fiscal 2016 primarily due to an increase in domestic advances.

Average interest-earning investments increased from ₹ 1,345.46 billion in fiscal 2015 to ₹ 1,397.00 billion in fiscal 2016, primarily due to an increase in SLR investments by 8.5% from ₹ 992.42 billion in fiscal 2015 to ₹ 1,076.45 billion in fiscal 2016, offset, in part, by a decrease in interest-earning non-SLR investments by 9.2% from ₹ 353.03 billion in fiscal 2015 to ₹ 320.55 billion in fiscal 2016. Average interest-earning non-SLR investments primarily include investments in corporate bonds and debentures, PTCs, commercial papers, certificates of deposits and investments in liquid mutual funds to deploy excess liquidity. Average interest-earning non-SLR investments decreased primarily due to a decrease in investment in certificates of deposit, preference shares, bonds and debentures, mutual funds and PTCs, offset, in part, by an increase in investment in commercial papers.

There was an increase in average other interest-earning assets by 4.7% from ₹ 551.25 billion in fiscal 2015 to ₹ 577.36 billion in fiscal 2016 primarily due to an increase in deposits with the RIDF and other related deposits and balances with RBI, offset, in part, by a decrease in call and term money lent.

Average interest-bearing liabilities increased by 10.7% from ₹ 4,870.63 billion in fiscal 2015 to ₹ 5,391.57 billion in fiscal 2016 on account of an increase of ₹ 380.03 billion in average deposits and an increase of ₹ 140.91 billion in average borrowings.

Average deposits increased due to an increase in average CASA deposits by ₹ 193.46 billion and an increase in average term deposits by ₹ 186.57 billion.

Average borrowings increased by 8.9% from ₹ 1,585.11 billion in fiscal 2015 to ₹ 1,726.02 billion in fiscal 2016 primarily due to an increase in term borrowings, bond borrowings and refinance borrowings, offset, in part, by a decrease in borrowings under the Liquidity Adjustment Facility of RBI.

## Non-interest income

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

Particulars	Fiscal 2015	Fiscal 2016	% change
Fee income <sup>1</sup>	₹ 82.87	₹ 88.20	6.4%
Income from treasury-related activities	16.93	40.60	–
Dividend from subsidiaries	15.59	15.35	(1.5)
Other income (including lease income) <sup>2</sup>	6.37	9.07	42.4
<b>Total non-interest income</b>	<b>₹ 121.76</b>	<b>₹ 153.22</b>	<b>25.8%</b>

1. 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 25.8% from ₹ 121.76

billion in fiscal 2015 to ₹ 153.22 billion in fiscal 2016 primarily due to an increase in income from treasury-related activities, fee and commission income and other income.

#### **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 credit cards business, account servicing charges and third party referral/distribution fees.

Fee income increased by 6.4% from ₹ 82.87 billion in fiscal 2015 to ₹ 88.20 billion in fiscal 2016 primarily due to an increase in income from transaction banking fees and third party referral fees, offset, in part, by a decrease in lending linked 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 ₹ 16.93 billion in fiscal 2015 to ₹ 40.60 billion in fiscal 2016 primarily due to gains on sale of stake in ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited amounting to ₹ 33.74 billion, offset, in part, by lower gains on government securities and other fixed income positions and provisioning on security receipts.

#### **Dividend from subsidiaries**

Dividend from subsidiaries decreased by 1.5% from ₹ 15.59 billion in fiscal 2015 to ₹ 15.35 billion in fiscal 2016. Dividend from subsidiaries in fiscal 2016 primarily included dividend of ₹ 8.74 billion from ICICI Prudential Life Insurance Company Limited, ₹ 1.61 billion from ICICI Securities Limited, ₹ 1.26 billion from ICICI Home Finance Company Limited and ₹ 1.22 billion from ICICI Securities Primary Dealership Limited. Dividend from subsidiaries in fiscal 2015 primarily included dividend of ₹ 6.17 billion from ICICI Prudential Life Insurance Company Limited, ₹ 1.87 billion from ICICI Bank UK, ₹ 1.86 billion from ICICI Securities Limited and ₹ 1.61 billion from ICICI Home Finance Company Limited.

#### **Other income (including lease income)**

Other income increased from ₹ 6.37 billion in fiscal 2015 to ₹ 9.07 billion in fiscal 2016 primarily due to an increase in exchange gains relating to overseas operations.

#### **Non-interest expense**

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

Particulars	Fiscal 2015	₹ in billion, except percentages	
		Fiscal 2016	% change
Payments to and provisions for employees	₹ 47.50	₹ 50.02	5.3%
Depreciation on own property (including non-banking assets)	6.24	6.79	8.9
Other administrative expenses	60.87	69.83	14.7
Depreciation (net of lease equalisation) on leased assets	0.35	0.19	(45.1)
<b>Total non-interest expense</b>	<b>₹ 114.96</b>	<b>₹ 126.83</b>	<b>10.3%</b>

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

Non-interest expenses primarily include employee expenses, depreciation on assets and other administrative expenses. Non-interest expenses increased by 10.3% from ₹ 114.96 billion in fiscal 2015 to ₹ 126.83 billion in fiscal 2016.

#### **Payments to and provisions for employees**

Employee expenses increased by 5.3% from ₹ 47.50 billion in fiscal 2015 to ₹ 50.02 billion in fiscal 2016 primarily on account of higher salary due to annual increments and promotions and an increase in average staff strength, offset, in part, by lower provision for retirement benefit obligations due to movement in the discount rate linked to the yield on

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government securities. The number of employees was 67,857 at March 31, 2015 and 74,096 at March 31, 2016 (average staff strength was 69,853 for fiscal 2015 and 71,810 for fiscal 2016). The employee base includes sales executives, employees on fixed term contracts and interns.

## **Depreciation**

Depreciation on owned property increased by 8.9% from ₹ 6.24 billion in fiscal 2015 to ₹ 6.79 billion in fiscal 2016 due to an increase in fixed assets with higher depreciation rates. Depreciation on leased assets decreased from ₹ 0.35 billion in fiscal 2015 to ₹ 0.19 billion in fiscal 2016.

## **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 14.7% from ₹ 60.87 billion in fiscal 2015 to ₹ 69.83 billion in fiscal 2016. 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 4,050 at March 31, 2015 to 4,450 at March 31, 2016. The ATM network of the Bank increased from 12,451 ATMs at March 31, 2015 to 13,766 ATMs at March 31, 2016.

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

The following table sets forth, for the periods indicated, the components of provisions and contingencies.

Particulars	₹ in billion, except percentages		
	Fiscal 2015	Fiscal 2016	% change
Provision for non-performing and other assets <sup>1</sup>	₹ 31.41	₹ 72.16	–
Provision for investments (including credit substitutes) (net)	2.98	1.71	(42.6)
Provision for standard assets	3.85	2.97	(22.9)
Others	0.76	3.84	–
<b>Total provisions and contingencies (excluding collective contingency and related reserve and provision for tax)</b>	<b>39.00</b>	<b>80.67</b>	–
Collective contingency and related reserve	–	36.00	–
<b>Total provisions and contingencies (excluding provision for tax)</b>	<b>₹ 39.00</b>	<b>₹ 116.67</b>	–

1. Includes restructuring related provision.

2. 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.

Provisions and contingencies (excluding collective contingency and related reserve and provisions for tax) increased from ₹ 39.00 billion in fiscal 2015 to ₹ 80.67 billion in fiscal 2016. This increase was primarily due to an increase in provisions on non-performing assets. Provision for non-performing and other assets increased from ₹ 31.41 billion in fiscal 2015 to ₹ 72.16 billion in fiscal 2016 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. The provision coverage ratio at March 31, 2016 including cumulative technical/prudential write-offs was 61.0%. Excluding cumulative technical/prudential write-offs, the provision coverage ratio was 50.6%.

Provision for investments decreased from ₹ 2.98 billion in fiscal 2015 to ₹ 1.71 billion in fiscal 2016. Provision on standard assets decreased from ₹ 3.85 billion in fiscal 2015 to ₹ 2.97 billion in fiscal 2016.

The weak global economic environment, the sharp downturn in the commodity cycle and the gradual nature of the domestic economic recovery has adversely impacted the borrowers in certain sectors such as iron and steel, mining, power, rigs and cement. While the banks are working towards resolution of stress on certain borrowers in these sectors, it may take some time for solutions to be worked out, given the weak operating and recovery environment. In view of the above, the Bank, on a prudent basis, has created a collective contingency and related reserve of ₹ 36.00 billion towards its exposures to these sectors.

### **Tax expense**

The income tax expense (including wealth tax) decreased by 46.8% from ₹ 46.45 billion in fiscal 2015 to ₹ 24.70 billion in fiscal 2016. The effective tax rate decreased from 29.4% in fiscal 2015 to 20.3% in fiscal 2016 primarily due to lower applicable tax on sale of equity investments and set-off of carry forward capital losses pertaining to earlier periods.

### **Financial condition**

#### **Assets**

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

Assets	At March 31, 2015	At March 31, 2016	₹ in billion, except percentages
			% change
Cash and bank balances	₹ 423.04	₹ 598.69	41.5%
Investments	1,581.29	1,604.12	1.4
- Government and other approved investments <sup>1</sup>	1,056.11	1,104.05	4.5
- Equity investment in subsidiaries	110.89	107.63	(2.9)
- Other investments	414.29	392.44	(5.3)
Advances	3,875.22	4,352.64	12.3
- Domestic	2,934.02	3,414.52	16.4
- Overseas branches	941.20	938.12	(0.3)
Fixed assets (including leased assets)	47.26	75.76	60.3
Other assets	534.48	575.74	7.7
- RIDF and other related deposits <sup>2</sup>	284.51	280.66	(1.4)
<b>Total assets</b>	<b>₹ 6,461.29</b>	<b>₹ 7,206.95</b>	<b>11.5%</b>

1. Banks in India are required to maintain a specified percentage, currently 21.5%, 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. In accordance with the Reserve Bank of India circular dated July 16, 2015, investment in the Rural Infrastructure and Development Fund and other related deposits of ₹ 280.66 billion at March 31, 2016 (March 31, 2015: ₹ 284.51 billion) has been re-grouped to line item 'Others' under Schedule 11 - Other Assets.
4. All amounts have been rounded off to the nearest ₹ 10.0 million.

Total assets of the Bank increased by 11.5% from ₹ 6,461.29 billion at March 31, 2015 to ₹ 7,206.95 billion at March 31, 2016, primarily due to 12.3% increase in advances, 41.5% increase in cash and cash equivalents, 7.7% increase in other assets and 60.3% increase in fixed 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 ₹ 423.04 billion at March 31, 2015 to ₹ 598.69 billion at March 31, 2016 primarily due to an increase in money at call and short notice, balances with banks outside India and balances with RBI.

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## **Investments**

Total investments increased by 1.4% from ₹ 1,581.29 billion at March 31, 2015 to ₹ 1,604.12 billion at March 31, 2016 primarily due to an increase in investments in government securities by ₹ 50.38 billion, commercial paper by ₹ 18.91 billion and pass through certificates by ₹ 10.64 billion, offset, in part, by a decrease in investments in bonds and debentures by ₹ 23.08 billion. At March 31, 2016, the Bank had an outstanding net investment of ₹ 7.91 billion in security receipts including application money issued by asset reconstruction companies compared to ₹ 8.41 billion at March 31, 2015.

## **Advances**

Net advances increased by 12.3% from ₹ 3,875.22 billion at March 31, 2015 to ₹ 4,352.64 billion at March 31, 2016 primarily due to an increase in domestic advances. Domestic advances increased by 16.4% from ₹ 2,934.02 billion at March 31, 2015 to ₹ 3,414.52 billion at March 31, 2016. Net advances of overseas branches, in US dollar terms, decreased from US\$ 15.1 billion at March 31, 2015 to US\$ 14.2 billion at March 31, 2016. However, due to rupee depreciation from ₹ 62.50 per US dollar at March 31, 2015 to ₹ 66.26 per US dollar at March 31, 2016, the decrease in rupee terms was lower, from ₹ 941.20 billion at March 31, 2015 to ₹ 938.12 billion at March 31, 2016.

## **Fixed and other assets**

Fixed assets (net block) increased by 60.3% from ₹ 47.26 billion at March 31, 2015 to ₹ 75.76 billion at March 31, 2016 primarily due to revaluation of premises by ₹ 28.17 billion. Other assets increased from ₹ 534.48 billion at March 31, 2015 to ₹ 575.74 billion at March 31, 2016 primarily due to an increase in deferred tax assets and non-banking assets acquired in satisfaction of claims, offset, in part, by a decrease in mark-to-market and receivables on foreign exchange and derivative transactions. RIDF and other related deposits made in lieu of shortfall in directed lending requirements decreased from ₹ 284.51 billion at March 31, 2015 to ₹ 280.66 billion at March 31, 2016. During fiscal 2016, the Bank acquired fixed assets amounting to ₹ 17.22 billion in satisfaction of claims under debt-asset swap transactions with certain borrowers.

## **Liabilities**

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

Liabilities	At March 31, 2015	₹ in billion, except percentages	
		At March 31, 2016	% change
Equity share capital	₹ 11.60	₹ 11.70	0.9%
Reserves	792.69	885.66	11.7
Deposits	3,615.63	4,214.26	16.6
- Savings deposits	1,148.60	1,342.30	16.9
- Current deposits	495.20	588.70	18.9
- Term deposits	1,971.83	2,283.26	15.8
Borrowings (excluding subordinated debt and preference share capital)	1,315.29	1,363.66	3.7
- Domestic	456.29	426.39	(6.6)
- Overseas branches	859.00	937.27	9.1
Subordinated debt (included in Tier-1 and Tier-2 capital)	405.39	380.92	(6.0)
- Domestic	384.16	358.40	(6.7)
- Overseas branches	21.23	22.52	6.1
Preference share capital <sup>1</sup>	3.50	3.50	0.0
Other liabilities	317.19	347.25	9.5
<b>Total liabilities</b>	<b>₹ 6,461.29</b>	<b>₹ 7,206.95</b>	<b>11.5%</b>

1. Included in Schedule 4 - 'Borrowings' of the balance sheet.

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

Total liabilities (including capital and reserves) increased by 11.5% from ₹ 6,461.29 billion at March 31, 2015 to ₹ 7,206.95 billion at March 31, 2016 primarily due to 16.6% increase in deposits and 1.4% increase in borrowings.

### **Deposits**

Deposits increased by 16.6% from ₹ 3,615.63 billion at March 31, 2015 to ₹ 4,214.26 billion at March 31, 2016. Term deposits increased by 15.8% from ₹ 1,971.83 billion at March 31, 2015 to ₹ 2,283.26 billion at March 31, 2016, while savings account deposits increased by 16.9% from ₹ 1,148.60 billion at March 31, 2015 to ₹ 1,342.30 billion at March 31, 2016 and current account deposits increased by 18.9% from ₹ 495.20 billion at March 31, 2015 to ₹ 588.70 billion at March 31, 2016. The current and savings account deposits increased from ₹ 1,643.80 billion at March 31, 2015 to ₹ 1,931.00 billion at March 31, 2016. Total deposits at March 31, 2016 constituted 70.7% of the funding (i.e., deposits and borrowings, other than preference share capital).

### **Borrowings**

Borrowings increased by 1.4% from ₹ 1,724.18 billion at March 31, 2015 to ₹ 1,748.08 billion at March 31, 2016 primarily due to an increase in foreign currency bond borrowings, refinance borrowings and foreign currency term money borrowing, offset, in part, by a decrease in borrowings from RBI under Liquidity Adjustment Facility. Borrowings of overseas branches, in US dollar terms, decreased from US\$ 15.30 billion at March 31, 2015 to US\$ 14.70 billion at March 31, 2016. However, due to rupee depreciation from ₹ 62.50 per US dollar at March 31, 2015 to ₹ 66.26 per US dollar at March 31, 2016, borrowings of overseas branches, in rupee terms, increased by 2.3% from ₹ 953.97 billion at March 31, 2015 to ₹ 976.35 billion at March 31, 2016.

### **Other liabilities**

Other liabilities increased by 9.5% from ₹ 317.19 billion at March 31, 2015 to ₹ 347.25 billion at March 31, 2016 primarily due to an increase in the collective contingencies and related reserve, offset, in part, by a decrease in mark-to-market amount and payables on foreign exchange and derivatives transactions.

### **Equity share capital and reserves**

Equity share capital and reserves increased from ₹ 804.29 billion at March 31, 2015 to ₹ 897.36 billion at March 31, 2016 primarily due to accretion to reserves from profit for the year and creation of revaluation reserve of ₹ 28.17 billion on fixed assets, offset, in part, by proposed dividend.

### **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, 2015	At March 31, 2016
Claims against the Bank, not acknowledged as debts	₹ 39.77	₹ 35.36	
Liability for partly paid investments	0.07	0.01	
Notional principal amount of outstanding forward exchange contracts	2,898.72	3,567.73	
Guarantees given on behalf of constituents	993.27	1,004.95	
Acceptances, endorsements and other obligations	496.59	472.78	
Notional principal amount of currency swaps	514.31	460.01	
Notional principal amount of interest rate swaps and currency options and interest rate futures	3,538.30	3,414.40	
Other items for which the Bank is contingently liable	38.75	52.75	
<b>Total</b>	<b>₹ 8,519.78</b>	<b>₹ 9,007.99</b>	

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

Contingent liabilities increased from ₹ 8,519.78 billion at March 31, 2015 to ₹ 9,007.99 billion at March 31, 2016 primarily due to an increase in notional principal amount of outstanding forward exchange contracts, offset, in part, by a decrease in notional amount of interest rate swaps and currency options. The notional principal amount of outstanding forward exchange contracts increased from ₹ 2,898.72 billion at March 31, 2015 to ₹ 3,567.73 billion at March 31, 2016.

Claims against the Bank, not acknowledged as debts, represent 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.

# Management's Discussion & Analysis

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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 ten 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 ₹ 77.78 billion at March 31, 2016 compared to ₹ 67.47 billion at March 31, 2015. 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 ₹ 5.71 billion at March 31, 2016 compared to ₹ 5.39 billion at March 31, 2015.

## **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, 2016, the Bank was required to maintain a minimum Common Equity Tier-1 (CET1) capital ratio of 6.13%, minimum Tier-1 capital ratio of 7.63% and minimum total capital ratio of 9.63%. The minimum total capital requirement includes a capital conservation buffer of 0.63%. Under Pillar 1 of 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.

On March 1, 2016, RBI made certain amendments to the treatment of certain balance sheet items for the purposes of determining bank's regulatory capital. As per the revised guidelines, Foreign Currency Translation Reserve (FCTR) and revaluation reserve are allowed to be considered under CET1 capital at a discount of 25% and 55% respectively. Further, aligning RBI guidelines with the Basel III guidelines, deferred tax assets arising due to timing differences are allowed to be recognised as CET1 capital up to 10% of a bank's CET1 capital and risk weighted at 250%, as compared to the earlier requirement of deduction of the entire deferred tax assets from CET1 capital.

Further, as per the framework issued for Domestic Systemically Important Banks (D-SIBs) in July 2014, RBI, on August 31, 2015, categorised ICICI Bank as a D-SIB in bucket 1 (lowest bucket) with an additional CET1 requirement as a percentage of Risk Weighted Assets (RWA) of 0.2%. This additional requirement is applicable from April 1, 2016 in a phased manner and would become fully effective from April 1, 2019. The additional CET1 requirement will be in addition to the capital conservation buffer. The additional CET1 requirement for fiscal 2017 will be 0.05% of RWA.

The following table sets forth the capital adequacy ratios computed in accordance with Basel III guidelines of RBI at March 31, 2015 and March 31, 2016.

	₹ in billion, except percentages	
	At March 31, 2015	At March 31, 2016
<b>Basel III</b>		
CET1 capital	696.61	<b>789.59</b>
Tier-1 capital	696.61	<b>794.82</b>
Tier-2 capital	230.83	<b>215.13</b>
<b>Total capital</b>	<b>927.44</b>	<b>1,009.95</b>
Credit Risk — RWA	4,741.56	<b>5,263.19</b>
On balance sheet	3,678.25	<b>4,213.23</b>
Off balance sheet	1,063.31	<b>1,049.96</b>
Market Risk — RWA	334.23	<b>310.41</b>
Operational Risk — RWA	373.17	<b>497.53</b>
<b>Total RWA</b>	<b>5,448.96</b>	<b>6,071.13</b>
<b>Total capital adequacy ratio</b>	<b>17.02%</b>	<b>16.64%</b>
CET1 capital adequacy ratio	12.78%	<b>13.00%</b>
Tier-1 capital adequacy ratio	12.78%	<b>13.09%</b>
Tier-2 capital adequacy ratio	4.24%	<b>3.55%</b>

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

At March 31, 2016, the Bank's Tier-1 capital adequacy ratio was 13.09% as against the requirement of 7.63% and total capital adequacy ratio was 16.64% as against the requirement of 9.63%.

#### ***Movement in the capital funds and risk weighted assets from March 31, 2015 to March 31, 2016 as per Basel III norms***

Capital funds (net of deductions) increased by ₹ 82.51 billion from ₹ 927.44 billion at March 31, 2015 to ₹ 1,009.95 billion at March 31, 2016 primarily due to inclusion of retained earnings for fiscal 2016, amendments in guidelines for recognition of FCTR at a discount of 25% and revaluation reserve at a discount of 55% in CET1 capital, risk weighting of deferred tax assets at 250% instead of full deduction from Tier-1 capital and 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 the eligible amount of non-common equity capital due to application of Basel III grandfathering rules.

Credit risk RWA increased by ₹ 521.63 billion from ₹ 4,741.56 billion at March 31, 2015 to ₹ 5,263.19 billion at March 31, 2016 primarily due to an increase of ₹ 534.98 billion in RWA for on-balance sheet assets, offset, in part, by a decrease of ₹ 13.35 billion in RWA for off-balance sheet assets.

Market risk RWA decreased by ₹ 23.82 billion from ₹ 334.23 billion at March 31, 2015 to ₹ 310.41 billion at March 31, 2016 primarily due to a decrease in interest rate related positions.

Operational risk RWA increased by ₹ 124.36 billion from ₹ 373.17 billion at March 31, 2015 to ₹ 497.53 billion at March 31, 2016. 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

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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 evaluate 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 exposure to any particular industry, except for the retail finance segment, to 15.0% of its total exposure.

The following table sets forth, at the dates indicated, the composition of the Bank's gross advances (net of write-offs).

	₹ in billion, except percentages			
	March 31, 2015		March 31, 2016	
	Total advances	% of total advances	Total advances	% of total advances
Retail finance <sup>1,2</sup>	₹ 1,736.27	43.5%	₹ 2,130.70	47.3%
Power	248.07	6.2	273.32	6.1
Road, ports, telecom, urban development and other infrastructure	244.96	6.1	268.49	6.0
Iron/steel and products	221.17	5.6	256.54	5.7
Services – non-finance	233.13	5.8	229.64	5.1
Services – finance	129.25	3.2	143.30	3.2
Wholesale/retail trade	116.59	2.9	126.86	2.8
Construction	99.98	2.5	104.97	2.3
Metal & products (excluding iron & steel)	92.26	2.3	99.71	2.2
Cement	91.31	2.3	85.66	1.9
Crude petroleum/refining and petrochemicals	114.56	2.9	77.41	1.7
Mining	71.10	1.8	73.79	1.7
Food and beverages	61.69	1.6	67.42	1.5
Electronics and engineering	69.22	1.7	67.02	1.5
Shipping	66.03	1.7	59.07	1.3
Manufacturing products (excluding metal)	34.98	0.9	41.88	0.9
Other industries <sup>3</sup>	359.05	9.0	396.05	8.8
<b>Total</b>	<b>₹ 3,989.62</b>	<b>100.0%</b>	<b>₹ 4,501.83</b>	<b>100.0%</b>

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 ₹ 72.65 billion at March 31, 2016 (March 31, 2015: ₹ 67.84 billion).
3. Other industries primarily include developer financing portfolio, gems and jewellery, chemical and fertilizers, textile, 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 finance segment 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 increased by 22.7% in fiscal 2016 compared to an increase of 12.8% in total gross advances. As a result, the share of gross retail finance advances increased from 43.5% of gross advances at March 31, 2015 to 47.3% of gross advances at March 31, 2016. Further, the aggregate net increase in advances to power, roads, ports, telecom, urban development & other infrastructure, iron/steel & products, metal & products (excluding iron & steel) and mining sectors was primarily in the 'A- and above' category based on the Bank's internal ratings. The increase in advances to these sectors also included the impact of currency depreciation between March 31, 2015 and March 31, 2016, on the rupee equivalent of foreign currency denominated advances made by overseas branches of the Bank.

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 31, 2015		March 31, 2016	
	Total retail advances	% of total retail advances	Total retail advances	% of total retail advances
Home loans	₹ 894.81	51.6%	₹ 1,098.99	51.6%
Automobile loans	189.97	10.9	224.64	10.5
Commercial business	109.36	6.3	129.16	6.1
Business banking <sup>1</sup>	97.11	5.6	114.19	5.3
Personal loans	71.28	4.1	102.15	4.8
Credit cards	41.42	2.4	55.21	2.6
Others <sup>2,3</sup>	332.32	19.1	406.36	19.1
<b>Total retail finance portfolio<sup>3</sup></b>	<b>₹ 1,736.27</b>	<b>100.0%</b>	<b>₹ 2,130.70</b>	<b>100.0%</b>

1. Includes dealer financing and small ticket loans to small businesses.
2. Includes rural loans and loans against securities.
3. Includes loans against FCNR deposits of ₹ 72.65 billion at March 31, 2016 (March 31, 2015: ₹ 67.84 billion).
4. All amounts have been rounded off to the nearest ₹ 10.0 million.

The net retail loan portfolio of the Bank grew by 23.3% during fiscal 2016.

## 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

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 March 31 of the previous year as prescribed by RBI guidelines 'Master Circular - 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 at March 31 of the fiscal year to be classified as "indirect agriculture" and count towards the overall priority sector target achievement. Such investments at March 31 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

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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 Circular 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 are 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 11.57% of ANBC for this purpose for fiscal 2016. 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 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, 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, 2016, the Bank's total investment in such bonds was ₹ 280.66 billion, which was fully eligible for consideration in overall priority sector achievement.

The Bank's priority sector lending increased by 16.1% from ₹ 1,130.07 billion at March 31, 2015 to ₹ 1,311.90 billion at March 31, 2016, constituting 40.8% (March 31, 2015: 41.0%) of ANBC against the requirement of 40.0% of ANBC. The qualifying total agriculture loans increased from ₹ 332.67 billion at March 31, 2015 to ₹ 545.84 billion at March 31, 2016, constituting 17.0% (March 31, 2015: 12.1%) of ANBC against the requirement of 18.0%. The advances to weaker sections increased from ₹ 94.89 billion at March 31, 2015 to ₹ 204.35 billion at March 31, 2016 constituting 6.3% (March 31, 2015: 3.4%) of ANBC against the requirement of 10.0% of ANBC. Lending to small and marginal farmers was ₹ 125.51 billion constituting 3.9% of ANBC against the requirement of 7.0% of ANBC. The lending to micro enterprises was ₹ 217.85 billion constituting 6.8% of ANBC against the requirement of 7.0% 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 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. 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 non-performing 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 Bank's gross non-performing assets (net of write-offs, interest suspense and derivative income reversals).

	₹ in billion	
	March 31, 2015	March 31, 2016
<b>Non-performing assets</b>		
Sub-standard assets	₹ 26.27	₹ 40.91
Doubtful assets	100.63	195.94
Loss assets	25.52	30.36
<b>Total non-performing assets<sup>1</sup></b>	<b>₹ 152.42</b>	<b>₹ 267.21</b>

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).

Year ended	Gross NPA <sup>1</sup>	Net NPA	Net customer assets <sup>2</sup>	% of net NPA to net customer assets <sup>2</sup>
March 31, 2013	₹ 96.47	₹ 22.34	₹ 3,517.62	0.64%
March 31, 2014	₹ 105.54	₹ 33.01	₹ 4,037.08	0.82%
March 31, 2015	₹ 152.42	₹ 63.25	₹ 4,516.34	1.40%
<b>March 31, 2016</b>	<b>₹ 267.21</b>	<b>₹ 132.97</b>	<b>₹ 4,972.29</b>	<b>2.67%</b>

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.*

From fiscal 2012, the Indian economy experienced a slowdown in growth, particularly in capital investments; high interest rates due to high inflation; and significant currency depreciation. Indian companies experienced a decline in sales and profit growth and also an elongation of working capital cycles and a high level of receivables. Given the concerns over growth, companies found it difficult to access other sources of funding, resulting in high leverage. As a result, the Indian banking sector, including the Bank, experienced a rise in non-performing assets and restructured loans. Over the past two years, the domestic economic recovery has been gradual and the global economic environment has become challenging. Fiscal 2016 witnessed a slowdown in global economic growth mainly on account of lower growth in China and emerging market economies, divergence in global monetary policy and significant decline in commodity prices including crude oil and metals. Due to the increased level of risks in the business environment, the Indian banking system in general has experienced an increase in the level of additions to non-performing loans including slippages from restructured loans into non-performing status. During three months ended December 31, 2015, RBI articulated the objective of early and conservative recognition of stress and provisioning, held discussions with and asked a number of Indian banks to review certain loan accounts and their classification over the three months ended December 31, 2015 and three months ended March 31, 2016, through its Asset Quality Review. As a result of the above factors, non-performing loans of the Bank increased significantly in the second half of fiscal 2016.

## Management's Discussion & Analysis

In fiscal 2016, the Gross additions to NPAs was ₹ 171.13 billion including slippages of ₹ 53.00 billion from the restructured loan portfolio. In fiscal 2016, the Bank recovered/upgraded non-performing assets amounting to ₹ 21.84 billion and written-off/sold non-performing assets amounting to ₹ 34.50 billion. As a result, gross NPAs (net of write-offs, interest suspense and derivatives income reversal) of the Bank increased from ₹ 152.42 billion at March 31, 2015 to ₹ 267.21 billion at March 31, 2016.

Net NPAs increased from ₹ 63.25 billion at March 31, 2015 to ₹ 132.97 billion at March 31, 2016. The ratio of net NPAs to net customer assets increased from 1.40% at March 31, 2015 to 2.67% at March 31, 2016. During fiscal 2016, the Bank wrote-off NPAs, including retail NPAs, of an aggregate amount of ₹ 30.05 billion compared to ₹ 17.03 billion during fiscal 2015.

The provision coverage ratio at March 31, 2016 including cumulative technical/prudential write-offs was 61.0%. Excluding cumulative technical/prudential write-offs, the provision coverage ratio was 50.6%.

The following table sets forth, at March 31, 2015 and March 31, 2016, the composition of gross non-performing assets by industry sector.

	₹ in billion, except percentages			
	March 31, 2015		March 31, 2016	
	Amount	%	Amount	%
Retail finance <sup>1</sup>	₹ 33.78	22.2%	₹ 38.25	14.3%
Iron/steel and products	9.74	6.4	65.04	24.3
Services – non-finance	23.53	15.4	29.30	11.0
Road, ports, telecom, urban development and other infrastructure	18.27	12.0	26.01	9.7
Construction	7.36	4.8	22.22	8.3
Shipping	15.00	9.8	19.60	7.3
Power	–	–	17.51	6.6
Wholesale/retail trade	4.53	3.0	5.90	2.2
Food and beverages	3.94	2.6	4.55	1.7
Manufacturing products (excluding metal)	4.78	3.1	3.58	1.3
Electronics and engineering	8.06	5.3	3.01	1.1
Metal & products (excluding iron & steel)	1.72	1.1	1.10	0.4
Services – finance	0.56	0.4	0.52	0.2
Crude petroleum/refining and petrochemicals	0.02	0.0	0.02	0.0
Mining	0.93	0.6	–	–
Cement	0.30	0.2	–	–
Other industries <sup>2</sup>	19.90	13.1	30.60	11.6
<b>Total</b>	<b>₹ 152.42</b>	<b>100.0%</b>	<b>₹ 267.21</b>	<b>100.0%</b>

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. Other industries primarily include textile, chemical and fertilizers, 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 gross non-performing assets increased from ₹ 152.42 billion at March 31, 2015 to ₹ 267.21 billion at March 31, 2016 primarily due to additions in non-performing assets in iron/steel and products, construction and power sectors.

At March 31, 2016, net non-performing loans in the retail portfolio were 0.61% of net retail loans compared to 0.60% at March 31, 2015.

The gross outstanding loans to borrowers whose facilities have been restructured decreased from ₹ 119.46 billion at March 31, 2015 to ₹ 93.13 billion at March 31, 2016. During fiscal 2016, the Bank restructured loans of borrowers classified as standard, as well as made additional disbursements to borrowers whose loans had been restructured in prior years, aggregating ₹ 29.47 billion, as compared to ₹ 53.69 billion in fiscal 2015. Further, during fiscal 2016, restructured standard

loans amounting to ₹ 53.00 billion slipped into the non-performing category as compared to slippages of ₹ 45.29 billion during fiscal 2015. The net outstanding loans to borrowers whose facilities have been restructured decreased from ₹ 110.17 billion at March 31, 2015 to ₹ 85.73 billion at March 31, 2016.

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. At March 31, 2016 the Bank had outstanding SDR loans of ₹ 29.33 billion comprising primarily loans already classified as non-performing loans or restructured loans. Further, in fiscal 2015, RBI had issued guidelines permitting banks to refinance long-term project loans to infrastructure and other core industries at periodic intervals 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 ₹ 42.39 billion at March 31, 2016.

The Bank's aggregate net investments in security receipts including application money issued by asset reconstruction companies were ₹ 7.91 billion at March 31, 2016 as compared to ₹ 8.41 billion at March 31, 2015.

At March 31, 2016, the total general provision held against standard assets including general provision on restructured assets was ₹ 26.58 billion.

There are uncertainties in respect of certain sectors due to the weak global economic environment, sharp downturn in the commodity cycle, gradual nature of the domestic economic recovery and high leverage. The key sectors that have been impacted include power, mining, iron and steel, cement and rigs. At March 31, 2016, the Bank's exposure (comprising fund-based limits and non-fund based outstanding) to companies internally rated below investment grade (excluding borrowers classified as non-performing or restructured) was ₹ 119.60 billion (1.3% of the Bank's total exposure) in power sector, ₹ 90.11 billion (1.0%) in mining sector, ₹ 77.76 billion (0.8%) in iron & steel sector, ₹ 66.43 billion (0.7%) in cement sector and ₹ 25.13 billion (0.3%) in rigs sector. Further, the Bank's exposure (comprising fund-based limits and non-fund based outstanding) to promoter entities internally rated below investment grade where the underlying is partly linked to these sectors was ₹ 61.62 billion (0.7%). In view of the uncertainties relating to these sectors and the time that it may take to resolve exposures to these sectors, the Bank on a prudent basis made a collective contingency and related reserve of ₹ 36.00 billion towards its exposures to these sectors. This reserve is over and above the provisions required for non-performing and restructured loans as per RBI guidelines. There can be no assurance that this reserve would be adequate to cover any future provisioning requirements in respect of these exposures or that non-performing loans will not arise from other sectors.

### **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 2016, 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.

# Management's Discussion & Analysis

## **Retail banking segment**

The profit before tax of the retail banking segment increased from ₹ 27.24 billion in fiscal 2015 to ₹ 38.98 billion in fiscal 2016 due to an increase in net interest income and non-interest income, offset, in part, by an increase in non-interest expenses and higher provisions.

Net interest income increased by 28.7% from ₹ 71.42 billion in fiscal 2015 to ₹ 91.91 billion in fiscal 2016 primarily due to growth in the loan portfolio and an increase in average current account and savings account deposits.

Non-interest income increased by 14.6% from ₹ 42.77 billion in fiscal 2015 to ₹ 49.02 billion in fiscal 2016, primarily due to a higher level of loan processing fees, third party product distribution fees, fees from the credit cards business and transaction banking fees.

Non-interest expenses increased by 13.7% from ₹ 86.15 billion in fiscal 2015 to ₹ 97.97 billion in fiscal 2016, primarily due to an increase in the retail lending business and expansion in the branch network. Provision charge increased from ₹ 0.80 billion in fiscal 2015 to ₹ 3.99 billion in fiscal 2016.

## **Wholesale banking segment**

The wholesale banking segment incurred a loss of ₹ 12.45 billion in fiscal 2016 primarily due to an increase in provisions.

Net interest income decreased by 1.0% from ₹ 84.47 billion in fiscal 2015 to ₹ 83.61 billion in fiscal 2016 primarily due to the higher additions to non-performing loans, on which interest income is not accrued, offset, in part, by an increase in net interest income on account of an increase in the portfolio size. Provisions increased from ₹ 35.39 billion in fiscal 2015 to ₹ 108.15 billion in fiscal 2016 primarily due to an increase in additions to non-performing assets and creation of a collective contingency and related reserve of ₹ 36.00 billion on a prudent basis during quarter ended March 31, 2016.

## **Treasury segment**

The profit before tax of the treasury segment increased from ₹ 64.50 billion in fiscal 2015 to ₹ 90.97 billion in fiscal 2016 primarily due to an increase in non-interest income. The non-interest income was higher primarily due to profit on sale of stakes in subsidiaries, higher exchange rate gains on repatriation of retained earnings from overseas branches and higher gains on government securities and other fixed income securities.

## **Other banking segment**

The profit before tax of the other banking segment increased from ₹ 4.22 billion in fiscal 2015 to ₹ 4.46 billion in fiscal 2016 primarily due to higher net interest income.

## **CONSOLIDATED FINANCIALS AS PER INDIAN GAAP**

The consolidated profit before collective contingency and related reserve, tax and minority interest decreased by 2.4% from ₹ 183.39 billion in fiscal 2015 to ₹ 179.04 billion in fiscal 2016.

The consolidated profit after tax decreased by 16.9% from ₹ 122.47 billion in fiscal 2015 to ₹ 101.80 billion in fiscal 2016 primarily due to a decrease in the profit of ICICI Bank, ICICI Bank UK PLC, ICICI Bank Canada, ICICI Securities Limited, ICICI Lombard General Insurance Company Limited and ICICI Securities Primary Dealership Limited, offset, in part, by an increase in the profit of ICICI Prudential Asset Management Company Limited and ICICI Prudential Life Insurance Company Limited.

At March 31, 2016, the consolidated Tier-1 capital adequacy ratio was 13.13% as against the regulatory requirement of 7.63% and the consolidated total capital adequacy ratio was 16.60% as against the current requirement of 9.63%.

The profit before tax of ICICI Prudential Life Insurance Company Limited increased from ₹ 16.34 billion in fiscal 2015 to ₹ 17.72 billion in fiscal 2016 primarily due to an increase in net premium earned and investment income and a decrease in provision for policyholder liabilities, offset, in part, by an increase in transfer to linked funds and operating expenses. However, profit after tax increased only marginally from ₹ 16.34 billion in fiscal 2015 to ₹ 16.50 billion in fiscal 2016 due to a tax charge of ₹ 1.22 billion in fiscal 2016 as compared to nil tax charge in fiscal 2015.

The profit before tax of ICICI Lombard General Insurance Company Limited increased from ₹ 6.91 billion in fiscal 2015 to ₹ 7.08 billion in fiscal 2016 primarily due to an increase in net earned premium and investment income, offset, in part, by an increase in claims and benefits paid and operating expenses. However, the profit after tax decreased from ₹ 5.36 billion in fiscal 2015 to ₹ 5.07 billion in fiscal 2016 due to a higher effective tax rate.

The profit after tax of ICICI Prudential Asset Management Company Limited increased from ₹ 2.47 billion in fiscal 2015 to ₹ 3.26 billion in fiscal 2016 primarily due to an increase in fee income, offset, in part, by an increase in other administrative expenses and staff cost.

The consolidated profit after tax of ICICI Securities Limited and its subsidiaries decreased from ₹ 2.94 billion in fiscal 2015 to ₹ 2.39 billion in fiscal 2016 primarily due to a decrease in brokerage and fee income, reflecting lower trading volumes in the capital markets.

The profit after tax of ICICI Securities Primary Dealership Limited decreased from ₹ 2.17 billion in fiscal 2015 to ₹ 1.95 billion in fiscal 2016 primarily due to a decrease in trading gains, offset, in part, by an increase in net interest income.

The profit after tax of ICICI Home Finance Company Limited decreased from ₹ 1.98 billion in fiscal 2015 to ₹ 1.80 billion in fiscal 2016 primarily due to an increase in provisions and a decrease in non-interest income.

The profit after tax of ICICI Bank Canada decreased from ₹ 1.82 billion (CAD 33.7 million) in fiscal 2015 to ₹ 1.12 billion (CAD 22.4 million) in fiscal 2016 primarily due to an increase in provisions and a decrease in other income, offset, in part, by an increase in net interest income.

The profit after tax of ICICI Bank UK PLC decreased from ₹ 1.12 billion (US\$ 18.3 million) in fiscal 2015 to ₹ 0.04 billion (US\$ 0.5 million) in fiscal 2016 primarily due to an increase in provisions and a decrease in non-interest income, offset, in part, by an increase in net interest income.

The profit after tax of ICICI Venture Fund Management Company Limited decreased from ₹ 0.01 billion in fiscal 2015 to a loss after tax of ₹ 0.21 billion in fiscal 2016 primarily due to a decrease in income from operations and other income, offset, in part, by a decrease in staff costs and other administrative expenses.

The consolidated assets of the Bank and its subsidiaries and other consolidating entities increased from ₹ 8,260.79 billion at March 31, 2015 to ₹ 9,187.56 billion at March 31, 2016 primarily due to an increase in the assets of ICICI Bank, ICICI Prudential Life Insurance Company Limited, ICICI Bank Canada and ICICI Bank UK. Consolidated advances increased from ₹ 4,384.90 billion at March 31, 2015 to ₹ 4,937.29 billion at March 31, 2016.

The following table sets forth, for the periods indicated, the profit/(loss) and total assets of our principal subsidiaries.

	₹ in billion			
	Profit after tax		Total assets	
	Fiscal 2015	Fiscal 2016	At March 31, 2015	At March 31, 2016
ICICI Prudential Life Insurance Company Limited	₹ 16.34	₹ 16.50	₹ 1,012.16	₹ 1,047.66
ICICI Lombard General Insurance Company Limited	5.36	5.07	136.56	156.76
ICICI Bank Canada	1.82	1.12	291.19	333.45
ICICI Bank UK PLC	1.12	0.04	258.11	304.99
ICICI Securities Primary Dealership Limited	2.17	1.95	146.88	161.73
ICICI Securities Limited (consolidated)	2.94	2.39	13.63	13.97
ICICI Home Finance Company Limited	1.98	1.80	82.99	93.88
ICICI Prudential Asset Management Company Limited	2.47	3.26	7.28	8.18
ICICI Venture Funds Management Company Limited	₹ 0.01	₹ (0.21)	₹ 5.14	₹ 4.21

1. See also "Financials- Statement pursuant to Section 129 of the Companies Act, 2013".

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

# Key Financial Indicators: Last Ten Years

	(₹ in billion, except per share data and percentages)									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total deposits	2,305.10	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
Total advances	1,958.66	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
Equity capital & reserves	243.13	464.71	495.33	516.18	550.91	604.05	667.06	732.13	804.29	897.36
Total assets	3,446.58	3,997.95	3,793.01	3,634.00	4,062.34	4,890.69	5,367.95	5,946.42	6,461.29	7,206.95
Total capital adequacy ratio	11.7%	14.0% <sup>1</sup>	15.5% <sup>1</sup>	19.4% <sup>1</sup>	19.5% <sup>1</sup>	18.5% <sup>1</sup>	18.7% <sup>1</sup>	17.7% <sup>2</sup>	17.0% <sup>2</sup>	16.6% <sup>2</sup>
Net interest income	56.37	73.04	83.67	81.14	90.17	107.34	138.66	164.75	190.40	212.24
Net interest margin	2.19%	2.22%	2.43%	2.49%	2.64%	2.73%	3.11%	3.33%	3.48%	3.49%
Profit after tax	31.10	41.58	37.58	40.25	51.51	64.65	83.25	98.10	111.75	97.26
Earnings per share (Basic) <sup>3</sup>	6.97	7.88	6.75	7.23	9.05	11.22	14.44	17.00	19.32	16.75
Earnings per share (Diluted) <sup>3</sup>	6.93	7.83	6.74	7.20	9.01	11.19	14.39	16.93	19.13	16.65
Return on average equity	13.4%	11.1%	7.7%	7.9%	9.6%	11.1%	12.9%	13.7%	14.3%	11.3%
Dividend per share <sup>3</sup>	2.00	2.20	2.20	2.40	2.80	3.30	4.00	4.60	5.00	5.00

1. Total capital adequacy ratio has been calculated as per Basel II framework.
2. Total capital adequacy ratio has been calculated as per Basel III framework.
3. During the year ended March 31, 2015, the shareholders of the Bank approved the sub-division of each equity share having a face value of ₹ 10 into five equity shares having a face value of ₹ 2 each through postal ballot on November 20, 2014. Per share information reflect 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

1. We have audited the accompanying standalone financial statements of ICICI Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31 March 2016, the Profit and Loss Account, the Cash Flow Statement for the year then ended, a summary of 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 branch auditors.

## MANAGEMENT'S RESPONSIBILITY FOR THE 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 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 of material misstatements.
6. An audit involves performing procedures to obtain audit evidence about the amounts and 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 accounting policies used and the reasonableness of the accounting estimates made by 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 Companies Act, 2013, in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India of the state of affairs of the Bank as at 31 March 2016, and its profit and its cash flows for the year then ended.

# **Independent Auditors' Report**

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## **EMPHASIS OF MATTER**

9. We draw attention to Note 25 to the standalone financial statements, which provides details with regard to the creation of provision relating to Funded Interest Term Loan through the utilization of reserves pertaining to the year ended 31 March 2015, as permitted by the RBI vide letter dated 6 January 2015. Our opinion is not modified in respect of this matter.

## **OTHER MATTERS**

10. We did not audit the financial statements of the 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 ₹ 1,669,359 million as at 31 March 2016, total revenues of ₹ 74,005 million for the year ended 31 March 2016 and net cash inflows amounting to ₹ 12,184 million for the year ended 31 March 2016. 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**

11. The Balance Sheet and the 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 Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rules, 2014.
12. As required 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 122 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.
13. Further, as required by section 143(3) of the Companies Act, 2013, we further report that:
  - (i) 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;
  - (ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as 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;
  - (iii) 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 Companies Act 2013 have been sent to us and have been properly dealt with by us in preparing this report;
  - (iv) 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;
  - (v) 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 the RBI and to the extent of the direction given by the RBI in respect to the matter dealt with in the Emphasis of Matter paragraph above;

# Independent Auditors' Report

- (vi) on the basis of written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (vii) with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer our separate Report in "Annexure A";
- (viii) 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:
  - a) the Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 39 to the standalone financial statements;
  - b) 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 39 to the standalone financial statements; and
  - c) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

For B S R & Co. LLP

Chartered Accountants

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

**Venkataramanan Vishwanath**

Partner

Membership No: 113156

Mumbai

29 April 2016

# **Annexure A**

**to the Independent Auditor's Report of even date on the Standalone Financial Statements of ICICI Bank Limited**

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## **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013**

1. We have audited the internal financial controls over financial reporting of ICICI Bank Limited ('the Bank') as at 31 March 2016 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 the 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 Auditor's Report of even date on the Standalone Financial Statements of ICICI Bank Limited

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## 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 2016, 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 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**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Venkataramanan Vishwanath**  
Partner  
Membership No: 113156

Mumbai  
29 April 2016

# Financial Statements of ICICI Bank Limited

## Balance Sheet

at March 31, 2016

	Schedule	At 31.03.2016	At 31.03.2015	₹ in '000s
<b>CAPITAL AND LIABILITIES</b>				
Capital	1	<b>11,631,656</b>	11,596,608	
Employees stock options outstanding		<b>67,019</b>	74,388	
Reserves and surplus	2	<b>885,657,157</b>	792,622,557	
Deposits	3	<b>4,214,257,086</b>	3,615,627,301	
Borrowings	4	<b>1,748,073,779</b>	1,724,173,498	
Other liabilities and provisions	5	<b>347,264,350</b>	317,198,572	
<b>TOTAL CAPITAL AND LIABILITIES</b>		<b>7,206,951,047</b>	<b>6,461,292,924</b>	
<b>ASSETS</b>				
Cash and balances with Reserve Bank of India	6	<b>271,060,888</b>	256,529,069	
Balances with banks and money at call and short notice	7	<b>327,626,531</b>	166,517,084	
Investments	8	<b>1,604,117,966</b>	1,581,292,196	
Advances	9	<b>4,352,639,419</b>	3,875,220,728	
Fixed assets	10	<b>75,769,200</b>	47,255,187	
Other assets	11	<b>575,737,043</b>	534,478,660	
<b>TOTAL ASSETS</b>		<b>7,206,951,047</b>	<b>6,461,292,924</b>	
Contingent liabilities	12	<b>9,007,987,789</b>	8,519,776,091	
Bills for collection		<b>216,547,286</b>	162,129,670	
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

**Dileep Choksi**  
Director

**Chanda Kochhar**  
Managing Director & CEO

**Venkataramanan Vishwanath**  
Partner  
Membership no.: 113156

**N. S. Kannan**  
Executive Director

**K. Ramkumar**  
Executive Director

**Rajiv Sabharwal**  
Executive Director

**Vishakha Mulye**  
Executive Director

Place : Mumbai  
Date : April 29, 2016

**P. Sanker**  
Senior General Manager  
(Legal) & Company Secretary

**Rakesh Jha**  
Chief Financial Officer

**Ajay Mittal**  
Chief Accountant

# Financial Statements of ICICI Bank Limited

# Profit and Loss Account

for the year ended March 31, 2016

	Schedule	At 31.03.2016	At 31.03.2015
<b>I. INCOME</b>			
Interest earned	13	<b>527,394,348</b>	490,911,399
Other income	14	<b>153,230,516</b>	121,761,305
<b>TOTAL INCOME</b>		<b>680,624,864</b>	<b>612,672,704</b>
<b>II. EXPENDITURE</b>			
Interest expended	15	<b>315,153,949</b>	300,515,294
Operating expenses	16	<b>126,835,582</b>	114,958,307
Provisions and contingencies (refer note 18.39)		<b>141,372,460</b>	85,445,554
<b>TOTAL EXPENDITURE</b>		<b>583,361,991</b>	<b>500,919,155</b>
<b>III. PROFIT/(LOSS)</b>			
Net profit for the year		<b>97,262,873</b>	111,753,549
Profit brought forward		<b>172,614,164</b>	133,185,885
<b>TOTAL PROFIT/(LOSS)</b>		<b>269,877,037</b>	<b>244,939,434</b>
<b>IV. APPROPRIATIONS/TRANSFERS</b>			
Transfer to Statutory Reserve		<b>24,316,000</b>	27,939,000
Transfer to Reserve Fund		<b>9,340</b>	7,660
Transfer to Capital Reserve		<b>23,822,375</b>	2,919,250
Transfer to/(from) Investment Reserve Account		<b>–</b>	(1,270,000)
Transfer to Revenue and other reserves		<b>5,000,000</b>	–
Transfer to Special Reserve		<b>13,500,000</b>	11,000,000
Dividend (including corporate dividend tax) for the previous year paid during the year		<b>38,513</b>	29,784
Proposed equity share dividend		<b>29,075,153</b>	28,988,072
Proposed preference share dividend		<b>35</b>	35
Corporate dividend tax		<b>2,793,737</b>	2,711,469
Balance carried over to balance sheet		<b>171,321,884</b>	172,614,164
<b>TOTAL</b>		<b>269,877,037</b>	<b>244,939,434</b>
Significant accounting policies and notes to accounts	17 & 18		
<b>Earnings per share (refer note 18.1)</b>			
Basic (₹)		<b>16.75</b>	19.32
Diluted (₹)		<b>16.65</b>	19.13
Face value per share (₹)		<b>2.00</b>	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

Venkataramanan Vishwanath  
Partner  
Membership no.: 113156

Place : Mumbai  
Date : April 29, 2016

M. K. Sharma  
Chairman

Dileep Choksi  
Director

Chanda Kochhar  
Managing Director & CEO

N. S. Kannan  
Executive Director

K. Ramkumar  
Executive Director

Rajiv Sabharwal  
Executive Director

Vishakha Mulye  
Executive Director

P. Sanker  
Senior General Manager  
(Legal) & Company Secretary

Rakesh Jha  
Chief Financial Officer

Ajay Mittal  
Chief Accountant

# Financial Statements of ICICI Bank Limited

## Cash Flow Statement

for the year ended March 31, 2016

	₹ in '000s	Year ended 31.03.2016	Year ended 31.03.2015
<b>Cash flow from operating activities</b>			
Profit before taxes	121,957,196	158,199,234	
<b>Adjustments for:</b>			
Depreciation and amortisation	7,541,591	7,344,649	
Net (appreciation)/depreciation on investments <sup>1</sup>	(33,500,856)	(152,338)	
Provision in respect of non-performing and other assets	83,276,673	31,412,687	
Prudential provision for standard assets	2,970,064	3,847,873	
Provision for contingencies & others	28,724,485	760,070	
Income from subsidiaries, joint ventures and consolidated entities	(15,375,521)	(15,750,993)	
(Profit)/loss on sale of fixed assets	(280,717)	(69,186)	
Employees stock options grants	806	16,390	
	(i)	195,313,721	185,608,386
<b>Adjustments for:</b>			
(Increase)/decrease in investments	67,185,855	47,156,074	
(Increase)/decrease in advances	(568,482,751)	(539,603,596)	
Increase/(decrease) in deposits	598,629,787	296,490,730	
(Increase)/decrease in other assets	(10,782,335)	17,501,230	
Increase/(decrease) in other liabilities and provisions	(1,791,686)	(13,721,352)	
	(ii)	84,758,870	(192,176,914)
Refund/(payment) of direct taxes	(iii)	(55,787,902)	(41,676,358)
<b>Net cash flow from/(used in) operating activities (i)+(ii)+(iii)</b>	(A)	224,284,689	(48,244,886)
Cash flow from investing activities			
Redemption/sale from/(investments in) subsidiaries and/or joint ventures (including application money)	41,459,527	8,724,904	
Income from subsidiaries, joint ventures and consolidated entities	15,375,521	15,750,993	
Purchase of fixed assets	(7,004,911)	(7,874,256)	
Proceeds from sale of fixed assets	651,004	313,705	
(Purchase)/sale of held to maturity securities	(89,980,988)	(108,910,985)	
<b>Net cash used in investing activities</b>	(B)	(39,499,847)	(91,995,639)
Cash flow from financing activities			
Proceeds from issue of share capital (including ESOPs)	2,824,200	3,477,284	
Proceeds from long term borrowings	332,678,447	352,031,564	
Repayment of long term borrowings	(261,945,823)	(217,591,059)	
Net proceeds/(repayment) of short term borrowings	(47,669,402)	41,044,010	
Dividend and dividend tax paid	(31,738,089)	(28,905,082)	
<b>Net cash generated from/(used in) financing activities</b>	(C)	(5,850,668)	150,056,717
<b>Effect of exchange fluctuation on translation reserve</b>	(D)	(3,292,908)	(2,065,996)
<b>Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C) + (D)</b>	175,641,266	7,750,196	
<b>Cash and cash equivalents at beginning of the year</b>	423,046,153	415,295,957	
<b>Cash and cash equivalents at end of the year</b>	598,687,419	423,046,153	

1. Includes gain of ₹ 33,683.7 million on sale of part of equity investment in its insurance subsidiaries during the year ended March 31, 2016.

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. Sharma  
Chairman

Dileep Choksi  
Director

Chanda Kochhar  
Managing Director & CEO

Venkataramanan Vishwanath  
Partner  
Membership no.: 113156

N. S. Kannan  
Executive Director

K. Ramkumar  
Executive Director

Rajiv Sabharwal  
Executive Director

Vishakha Mulye  
Executive Director

Place : Mumbai  
Date : April 29, 2016

P. Sanker  
Senior General Manager  
(Legal) & Company Secretary

Rakesh Jha  
Chief Financial Officer

Ajay Mittal  
Chief Accountant

# Financial Statements of ICICI Bank Limited

## Schedules

forming part of the Balance Sheet

	At 31.03.2016	At 31.03.2015
<b>SCHEME 1 - CAPITAL</b>		
<b>Authorised capital</b>		
6,375,000,000 equity shares of ₹ 2 each (March 31, 2015: 6,375,000,000 equity shares of ₹ 2 each)	12,750,000	12,750,000
15,000,000 shares of ₹ 100 each (March 31, 2015: 15,000,000 shares of ₹ 100 each) <sup>1</sup>	1,500,000	1,500,000
350 preference shares of ₹ 10 million each (March 31, 2015: 350 preference shares of ₹ 10 million each) <sup>2</sup>	3,500,000	3,500,000
<b>Equity share capital</b>		
Issued, subscribed and paid-up capital		
5,797,244,645 equity shares of ₹ 2 each (March 31, 2015: 5,774,163,845 equity shares)	11,594,489	11,548,327
Add: 17,523,785 equity shares of ₹ 2 each (March 31, 2015: 23,080,800 equity shares) issued pursuant to exercise of employee stock options	35,048	46,162
	<b>11,629,537</b>	<b>11,594,489</b>
Add: 266,089 equity shares of ₹ 10 each forfeited (March 31, 2015: 266,089 equity shares)	2,119	2,119
<b>TOTAL CAPITAL</b>	<b>11,631,656</b>	<b>11,596,608</b>

1. 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.
2. Pursuant to RBI circular the issued and paid-up preference shares are grouped under Schedule 4 - "Borrowings".

# Financial Statements of ICICI Bank Limited

## Schedules

forming part of the Balance Sheet (Contd.)

	₹ in '000s	At	At
	31.03.2016	31.03.2015	31.03.2015
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>			
<b>I. Statutory reserve</b>			
Opening balance	163,205,519	135,266,519	
Additions during the year	24,316,000	27,939,000	
Deductions during the year	–	–	
Closing balance	187,521,519	163,205,519	
<b>II. Special reserve</b>			
Opening balance	65,790,000	54,790,000	
Additions during the year	13,500,000	11,000,000	
Deductions during the year	–	–	
Closing balance	79,290,000	65,790,000	
<b>III. Securities premium</b>			
Opening balance	318,415,084	314,976,217	
Additions during the year <sup>1</sup>	2,797,327	3,438,867	
Deductions during the year	–	–	
Closing balance	321,212,411	318,415,084	
<b>IV. Investment reserve account</b>			
Opening balance	–	1,270,000	
Additions during the year	–	–	
Deductions during the year	–	(1,270,000)	
Closing balance	–	–	
<b>V. Capital reserve</b>			
Opening balance	25,851,750	22,932,500	
Additions during the year <sup>2</sup>	23,822,375	2,919,250	
Deductions during the year	–	–	
Closing balance	49,674,125	25,851,750	
<b>VI. Foreign currency translation reserve</b>			
Opening balance	20,275,848	22,341,844	
Additions during the year	6,118,977	5,475,445	
Deductions during the year <sup>3</sup>	(9,411,886)	(7,541,441)	
Closing balance	16,982,939	20,275,848	
<b>VII. Revaluation reserve</b>			
Opening balance	–	–	
Additions during the year <sup>4</sup>	28,174,747	–	
Deductions during the year	–	–	
Closing balance	28,174,747	–	
<b>VIII. Reserve fund</b>			
Opening balance	36,694	95,865	
Additions during the year <sup>5</sup>	9,340	7,660	
Deductions during the year <sup>6</sup>	–	(66,831)	
Closing balance	46,034	36,694	
<b>IX. Revenue and other reserves</b>			
Opening balance	26,433,498	35,658,256	
Additions during the year <sup>6</sup>	5,000,000	66,831	
Deductions during the year <sup>7</sup>	–	(9,291,589)	
Closing balance	31,433,498	26,433,498	
<b>X. Balance in profit and loss account</b>	<b>171,321,884</b>	<b>172,614,164</b>	
<b>TOTAL RESERVES AND SURPLUS</b>	<b>885,657,157</b>	<b>792,622,557</b>	

1. Includes ₹ 2,789.2 million (March 31, 2015: ₹ 3,431.1 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.

# Financial Statements of ICICI Bank Limited

## Schedules

forming part of the Balance Sheet (Contd.)

3. Represents exchange profit on repatriation of retained earnings from overseas branches.
4. Represents gain on revaluation of premises carried out by the Bank at March 31, 2016.
5. Includes appropriations made to Reserve Fund for the year ended March 31, 2015 in accordance with regulations applicable to Sri Lanka branch.
6. In terms of the guidelines issued by Central Bank of Sri Lanka, banks in Sri Lanka are no longer required to make appropriation towards Investment Fund Account. The balance of ₹ 66.8 million outstanding in Investment Fund Account had been transferred to revenue and other reserves during the year ended March 31, 2015 in accordance with these guidelines.
7. At March 31, 2015, represents amount utilised with approval of RBI to provide for outstanding Funded Interest Term Loans (FITL) related to accounts restructured prior to the issuance of RBI guideline in 2008.

	₹ in '000s	
	At 31.03.2016	At 31.03.2015
<b>SCHEDULE 3 - DEPOSITS</b>		
<b>A. I. Demand deposits</b>		
i) From banks	<b>39,981,240</b>	37,831,640
ii) From others	<b>548,717,944</b>	457,365,884
<b>II. Savings bank deposits</b>	<b>1,342,301,249</b>	1,148,601,209
<b>III. Term deposits</b>		
i) From banks	<b>95,975,771</b>	82,869,479
ii) From others	<b>2,187,280,882</b>	1,888,959,089
<b>TOTAL DEPOSITS</b>	<b>4,214,257,086</b>	<b>3,615,627,301</b>
<b>B. I. Deposits of branches in India</b>	<b>4,104,261,083</b>	3,503,097,631
II. Deposits of branches outside India	<b>109,996,003</b>	112,529,670
<b>TOTAL DEPOSITS</b>	<b>4,214,257,086</b>	<b>3,615,627,301</b>

# Financial Statements of ICICI Bank Limited

## Schedules

forming part of the Balance Sheet (Contd.)

	₹ in '000s	At	At
	31.03.2016	31.03.2015	
<b>SCHEDULE 4 - BORROWINGS</b>			
<b>I. Borrowings in India</b>			
i) Reserve Bank of India	40,070,000	119,500,000	
ii) Other banks	34,783,875	18,750,000	
iii) Other institutions and agencies			
a) Government of India	-	-	
b) Financial institutions	163,509,806	134,879,740	
iv) Borrowings in the form of bonds and debentures (excluding subordinated debt)	83,420,502	83,975,239	
v) Application money-bonds	-	-	
vi) Capital instruments			
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital)	13,010,000	13,010,000	
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital)	98,152,555	98,159,787	
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)	187,603,348	216,743,837	
<b>TOTAL BORROWINGS IN INDIA</b>	<b>624,050,086</b>	<b>688,518,603</b>	
<b>II. Borrowings outside India</b>			
i) Capital instruments			
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital)	22,517,983	21,227,648	
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital)	59,629,500	56,250,000	
ii) Bonds and notes	458,729,975	404,197,597	
iii) Other borrowings <sup>1</sup>	583,146,235	553,979,650	
<b>TOTAL BORROWINGS OUTSIDE INDIA</b>	<b>1,124,023,693</b>	<b>1,035,654,895</b>	
<b>TOTAL BORROWINGS</b>	<b>1,748,073,779</b>	<b>1,724,173,498</b>	

1. Includes borrowings guaranteed by Government of India for the equivalent of ₹ 5,132.2 million (March 31, 2015: ₹ 13,336.4 million).
2. Secured borrowings in I and II above amount to Nil (March 31, 2015: Nil) except borrowings of ₹ 40,131.2 million (March 31, 2015: ₹ 129,056.8 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.

# Financial Statements of ICICI Bank Limited

## Schedules

forming part of the Balance Sheet (Contd.)

	At 31.03.2016	At 31.03.2015
<b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>		
I. Bills payable	47,057,517	48,691,161
II. Inter-office adjustments (net)	1,295,074	2,268,830
III. Interest accrued	32,177,245	41,023,668
IV. Sundry creditors	51,995,329	43,107,796
V. Provision for standard assets	26,583,449	23,336,041
VI. Others <sup>1,2</sup>	188,155,736	158,771,076
<b>TOTAL OTHER LIABILITIES AND PROVISIONS</b>	<b>347,264,350</b>	<b>317,198,572</b>

1. For the year ended March 31, 2016, includes ₹ 36,000.0 million towards collective contingency and related reserve (Refer note 18.39).
2. Includes:
  - a) Proposed dividend amounting to ₹ 29,075.2 million (March 31, 2015: ₹ 28,988.1 million).
  - b) Corporate dividend tax payable amounting to ₹ 2,793.7 million (March 31, 2015: ₹ 2,711.5 million).

	At 31.03.2016	At 31.03.2015
<b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>		
I. Cash in hand (including foreign currency notes)	65,797,469	66,777,513
II. Balances with Reserve Bank of India in current accounts	205,263,419	189,751,556
<b>TOTAL CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>	<b>271,060,888</b>	<b>256,529,069</b>

	At 31.03.2016	At 31.03.2015
<b>SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE</b>		
<b>I. In India</b>		
i) Balances with banks		
a) In current accounts	2,344,575	2,836,503
b) In other deposit accounts	101,370	65,000
ii) Money at call and short notice		
a) With banks	66,771,325	-
b) With other institutions	1,650,000	-
<b>TOTAL</b>	<b>70,867,270</b>	<b>2,901,503</b>
<b>II. Outside India</b>		
i) In current accounts	96,881,089	117,452,072
ii) In other deposit accounts	69,743,692	26,879,172
iii) Money at call and short notice	90,134,480	19,284,337
<b>TOTAL</b>	<b>256,759,261</b>	<b>163,615,581</b>
<b>TOTAL BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE</b>	<b>327,626,531</b>	<b>166,517,084</b>

# Financial Statements of ICICI Bank Limited

## Schedules

forming part of the Balance Sheet (Contd.)

	₹ in '000s	At	At
	31.03.2016	31.03.2015	
<b>SCHEDULE 8 - INVESTMENTS</b>			
<b>I. Investments in India [net of provisions]</b>			
i) Government securities	1,106,492,693	1,056,108,701	
ii) Other approved securities	—	—	
iii) Shares (includes equity and preference shares)	19,873,644	23,196,661	
iv) Debentures and bonds	92,741,589	115,823,333	
v) Subsidiaries and/or joint ventures <sup>1</sup>	64,218,449	65,482,766	
vi) Others (commercial paper, mutual fund units, pass through certificates, security receipts and certificate of deposits) <sup>2</sup>	239,280,471	242,180,386	
<b>TOTAL INVESTMENTS IN INDIA</b>	<b>1,522,606,846</b>	<b>1,502,791,847</b>	
<b>II. Investments outside India [net of provisions]</b>			
i) Government securities	21,715,158	17,824,004	
ii) Subsidiaries and/or joint ventures abroad (includes equity and preference shares)	46,063,582	49,803,396	
iii) Others (equity shares, bonds and certificate of deposits)	13,732,380	10,872,949	
<b>TOTAL INVESTMENTS OUTSIDE INDIA</b>	<b>81,511,120</b>	<b>78,500,349</b>	
<b>TOTAL INVESTMENTS</b>	<b>1,604,117,966</b>	<b>1,581,292,196</b>	
<b>A. Investments in India</b>			
Gross value of investments	1,554,622,302	1,529,085,419	
Less: Aggregate of provision/depreciation/(appreciation)	32,015,456	26,293,572	
Net investments	1,522,606,846	1,502,791,847	
<b>B. Investments outside India</b>			
Gross value of investments	82,517,459	79,061,690	
Less: Aggregate of provision/depreciation/(appreciation)	1,006,339	561,341	
Net investments	81,511,120	78,500,349	
<b>TOTAL INVESTMENTS</b>	<b>1,604,117,966</b>	<b>1,581,292,196</b>	

- During the year, the Bank has sold a part of equity investment in its subsidiaries, ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited.
- In accordance with RBI circular dated July 16, 2015, investment in Rural Infrastructure and Development Fund and other related deposits of ₹ 280,661.8 million (March 31, 2015: ₹ 284,508.2 million) has been re-classified under Schedule 11 - Other Assets.

# Financial Statements of ICICI Bank Limited

## Schedules

forming part of the Balance Sheet (Contd.)

	At 31.03.2016	At 31.03.2015
<b>SCHEDULE 9 - ADVANCES [NET OF PROVISIONS]</b>		
A. i) Bills purchased and discounted	125,883,999	124,699,264
ii) Cash credits, overdrafts and loans repayable on demand	845,132,942	678,157,310
iii) Term loans	3,381,622,478	3,072,364,154
<b>TOTAL ADVANCES</b>	<b>4,352,639,419</b>	<b>3,875,220,728</b>
B. i) Secured by tangible assets (includes advances against book debts)	3,508,024,917	3,246,003,157
ii) Covered by bank/government guarantees	91,968,107	96,877,890
iii) Unsecured	752,646,395	532,339,681
<b>TOTAL ADVANCES</b>	<b>4,352,639,419</b>	<b>3,875,220,728</b>
C. I. Advances in India		
i) Priority sector	924,348,694	762,092,862
ii) Public sector	44,329,100	35,374,080
iii) Banks	283,403	146,618
iv) Others	2,445,558,803	2,136,406,625
<b>TOTAL ADVANCES IN INDIA</b>	<b>3,414,520,000</b>	<b>2,934,020,185</b>
II. Advances outside India		
i) Due from banks	4,860,662	2,483,044
ii) Due from others		
a) Bills purchased and discounted	37,850,081	44,434,806
b) Syndicated and term loans	737,769,046	765,973,178
c) Others	157,639,630	128,309,515
<b>TOTAL ADVANCES OUTSIDE INDIA</b>	<b>938,119,419</b>	<b>941,200,543</b>
<b>TOTAL ADVANCES</b>	<b>4,352,639,419</b>	<b>3,875,220,728</b>

	At 31.03.2016	At 31.03.2015
<b>SCHEDULE 10 - FIXED ASSETS</b>		
I. Premises		
At cost at March 31 of preceding year	40,522,620	39,639,238
Additions during the year <sup>1</sup>	29,414,022	1,095,947
Deductions during the year	(600,593)	(212,565)
Depreciation to date <sup>2</sup>	(10,859,345)	(9,896,951)
<b>Net block<sup>3</sup></b>	<b>58,476,704</b>	<b>30,625,669</b>
II. Other fixed assets (including furniture and fixtures)		
At cost at March 31 of preceding year	46,222,026	42,567,275
Additions during the year	6,217,940	6,173,584
Deductions during the year	(2,306,918)	(2,518,833)
Depreciation to date <sup>4</sup>	(35,255,187)	(31,918,804)
<b>Net block</b>	<b>14,877,861</b>	<b>14,303,222</b>
III. Assets given on lease		
At cost at March 31 of preceding year	17,299,544	17,299,544
Additions during the year	-	-
Deductions during the year	-	-
Depreciation to date, accumulated lease adjustment and provisions <sup>5</sup>	(14,884,909)	(14,973,248)
<b>Net block</b>	<b>2,414,635</b>	<b>2,326,296</b>
<b>TOTAL FIXED ASSETS</b>	<b>75,769,200</b>	<b>47,255,187</b>

1. Includes ₹ 28,174.7 million added on revaluation carried out by the Bank on March 31, 2016.

2. Includes depreciation charge amounting to ₹ 1,291.2 million (March 31, 2015: ₹ 1,270.2 million).

3. Includes assets of ₹ 13.6 million (March 31, 2015: ₹ 2.0 million) which are held for sale.

# Financial Statements of ICICI Bank Limited

## Schedules

### forming part of the Balance Sheet (Contd.)

4. Includes depreciation charge amounting to ₹ 5,501.7 million (March 31, 2015: ₹ 4,968.7 million).  
 5. Includes depreciation charge/lease adjustment amounting to ₹ 192.2 million (March 31, 2015: ₹ 350.6 million).

	₹ in '000s	At	At
	31.03.2016	31.03.2016	31.03.2015
<b>SCHEDULE 11 - OTHER ASSETS</b>			
I. Inter-office adjustments (net)	—	—	—
II. Interest accrued	<b>60,510,784</b>	57,085,691	57,085,691
III. Tax paid in advance/tax deducted at source (net)	<b>30,200,188</b>	32,298,374	32,298,374
IV. Stationery and stamps	<b>1,710</b>	2,230	2,230
V. Non-banking assets acquired in satisfaction of claims <sup>1,2</sup>	<b>17,822,999</b>	687,962	687,962
VI. Advances for capital assets	<b>1,224,389</b>	1,841,577	1,841,577
VII. Deposits	<b>11,494,126</b>	11,403,692	11,403,692
VIII. Deferred tax asset (net)	<b>47,700,357</b>	14,480,041	14,480,041
IX. Deposits in Rural Infrastructure and Development Fund	<b>280,661,817</b>	284,508,152	284,508,152
X. Others	<b>126,120,673</b>	132,170,941	132,170,941
<b>TOTAL OTHER ASSETS</b>	<b>575,737,043</b>	<b>534,478,660</b>	<b>534,478,660</b>

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. Includes assets amounting to ₹ 17,218.5 million acquired by the Bank in satisfaction of claims under debt-asset swap transactions with certain borrowers during the year ended March 31, 2016.

	₹ in '000s	At	At
	31.03.2016	31.03.2016	31.03.2015
<b>SCHEDULE 12 - CONTINGENT LIABILITIES</b>			
I. Claims against the Bank not acknowledged as debts	<b>35,360,765</b>	39,770,154	39,770,154
II. Liability for partly paid investments	<b>12,455</b>	65,787	65,787
III. Liability on account of outstanding forward exchange contracts <sup>1</sup>	<b>3,567,729,012</b>	2,898,724,970	2,898,724,970
IV. Guarantees given on behalf of constituents			
a) In India	<b>749,922,608</b>	755,159,468	755,159,468
b) Outside India	<b>255,030,143</b>	238,105,768	238,105,768
V. Acceptances, endorsements and other obligations	<b>472,780,107</b>	496,588,147	496,588,147
VI. Currency swaps <sup>1</sup>	<b>460,007,024</b>	514,309,351	514,309,351
VII. Interest rate swaps, currency options and interest rate futures <sup>1</sup>	<b>3,414,397,317</b>	3,538,297,671	3,538,297,671
VIII. Other items for which the Bank is contingently liable	<b>52,748,358</b>	38,754,775	38,754,775
<b>TOTAL CONTINGENT LIABILITIES</b>	<b>9,007,987,789</b>	<b>8,519,776,091</b>	<b>8,519,776,091</b>

1. Represents notional amount.

# Financial Statements of ICICI Bank Limited

## Schedules

forming part of the Profit and Loss Account

	₹ in '000s	Year ended 31.03.2016	Year ended 31.03.2015
<b>SCHEDULE 13 - INTEREST EARNED</b>			
I. Interest/discount on advances/bills	389,431,536	356,310,839	
II. Income on investments <sup>1</sup>	106,253,486	105,927,693	
III. Interest on balances with Reserve Bank of India and other inter-bank funds	1,582,379	1,950,994	
IV. Others <sup>1,2,3</sup>	30,126,947	26,721,873	
<b>TOTAL INTEREST EARNED</b>	<b>527,394,348</b>	<b>490,911,399</b>	

- 1. *Interest on Rural Infrastructure and Development Fund (RIDF) and other related deposits of ₹ 16,618.9 million (March 31, 2015: ₹ 13,518.0 million) has been re-classified from line item 'Income on investments' to 'Others' consequent to re-classification of RIDF deposits from Schedule 8 - Investments to Schedule 11 - Other Assets.*
- 2. *Includes interest on income tax refunds amounting to ₹ 3,119.3 million (March 31, 2015: ₹ 2,707.7 million).*
- 3. *Includes interest and amortisation of premium on non-trading interest rate swaps and foreign currency swaps.*

	₹ in '000s	Year ended 31.03.2016	Year ended 31.03.2015
<b>SCHEDULE 14 - OTHER INCOME</b>			
I. Commission, exchange and brokerage	74,616,599	69,798,945	
II. Profit/(loss) on sale of investments (net) <sup>1</sup>	42,582,615	15,502,667	
III. Profit/(loss) on revaluation of investments (net)	(4,628,535)	(18,002)	
IV. Profit/(loss) on sale of land, buildings and other assets (net) <sup>2</sup>	280,717	69,186	
V. Profit/(loss) on exchange/derivative transactions (net) <sup>3</sup>	22,715,610	20,420,685	
VI. Income earned by way of dividends, etc. from subsidiary companies and/or joint ventures abroad/in India	15,352,148	15,590,636	
VII. Miscellaneous income (including lease income)	2,311,362	397,188	
<b>TOTAL OTHER INCOME</b>	<b>153,230,516</b>	<b>121,761,305</b>	

- 1. *Includes profit on sale of part of equity investment in its subsidiaries, ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited.*
- 2. *Includes profit/(loss) on sale of assets given on lease.*
- 3. *Includes exchange profit/(loss) on repatriation of retained earnings/capital from overseas branches/subsidiaries.*

	₹ in '000s	Year ended 31.03.2016	Year ended 31.03.2015
<b>SCHEDULE 15 - INTEREST EXPENDED</b>			
I. Interest on deposits	215,488,232	202,939,485	
II. Interest on Reserve Bank of India/inter-bank borrowings	11,093,814	12,632,629	
III. Others (including interest on borrowings of erstwhile ICICI Limited)	88,571,903	84,943,180	
<b>TOTAL INTEREST EXPENDED</b>	<b>315,153,949</b>	<b>300,515,294</b>	

# Financial Statements of ICICI Bank Limited

## Schedules

**forming part of the Profit and Loss Account (Contd.)**

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	₹ in '000s	Year ended 31.03.2016	Year ended 31.03.2015
<b>SCHEDULE 16 - OPERATING EXPENSES</b>			
I. Payments to and provisions for employees	50,023,472	47,498,752	
II. Rent, taxes and lighting <sup>1</sup>	9,750,002	8,904,434	
III. Printing and stationery	1,491,557	1,276,509	
IV. Advertisement and publicity	2,109,728	1,616,167	
V. Depreciation on Bank's property	6,792,869	6,238,893	
VI. Depreciation (including lease equalisation) on leased assets	192,206	350,597	
VII. Directors' fees, allowances and expenses	9,998	7,517	
VIII. Auditors' fees and expenses	73,315	66,793	
IX. Law charges	436,767	382,258	
X. Postages, courier, telephones, etc.	3,026,474	2,624,947	
XI. Repairs and maintenance	10,030,088	8,662,192	
XII. Insurance	3,922,060	3,604,748	
XIII. Direct marketing agency expenses	9,340,329	7,915,023	
XIV. Other expenditure	29,636,717	25,809,477	
<b>TOTAL OPERATING EXPENSES</b>	<b>126,835,582</b>	<b>114,958,307</b>	

1. Includes lease payment of ₹ 7,176.2 million (March 31, 2015: ₹ 6,463.1 million).

# Financial Statements of ICICI Bank Limited

## Schedules

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, Sri Lanka, Singapore, South Africa 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 income on non-performing assets (NPAs) and loans under strategic debt restructuring (SDR) scheme 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. Further, the interest income on loan accounts where restructuring has been approved by the Bank under SDR scheme of RBI is recognised upon realisation.
- 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. Finance leases entered into prior to April 1, 2001 have been accounted for as per the Guidance Note on Accounting for Leases issued by the Institute of Chartered Accountants of India (ICAI). The finance leases entered subsequent to April 1, 2001 have been accounted for as per Accounting Standard 19 – Leases.
- 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) All other fees are accounted for as and when they become due.

# **Financial Statements of ICICI Bank Limited**

## **Schedules**

**forming part of the Accounts (Contd.)**

- k) 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.
- l) 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 trades/quotes on the recognised stock exchanges, subsidiary general ledger account transactions, price list of RBI or prices declared by Primary Dealers Association of India 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 scheme is provided over a period of four calendar quarters from the date of conversion of debt into equity in accordance with the RBI guidelines.

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.

# Financial Statements of ICICI Bank Limited

## Schedules

forming part of the Accounts (*Contd.*)

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6. 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 and reverse repurchase transactions are accounted for as borrowing and lending transactions respectively in accordance with the extant RBI guidelines. The transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as borrowing and lending transactions.
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 at a borrower level, 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, willful defaulters and NPAs covered under distressed assets framework of RBI, the Bank makes accelerated provisions as per extant RBI guidelines.

# **Financial Statements of ICICI Bank Limited**

## **Schedules**

**forming part of the Accounts (Contd.)**

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 scheme 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 with the RBI guidelines, including provisions on loans to borrowers having unhedged foreign currency exposure, provision on exposures to step-down subsidiaries of Indian companies and floating provision taken over from erstwhile Bank of Rajasthan upon amalgamation. 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.

#### **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.

In the case of loans sold to an asset reconstruction company, the excess provision is not reversed but is utilised to meet the shortfall/loss on account of sale of other financial assets to securitisation company (SC)/reconstruction company (RC) in accordance with RBI guideline dated July 13, 2005. With effect from February 26, 2014, in accordance with RBI guidelines, in case of non-performing loans sold to SCs/RCs, the Bank reverses the excess provision in profit and loss account in the year in which amounts are received.

#### **5. Fixed assets and depreciation**

Fixed assets are carried at cost and include amounts added on revaluation of premises, less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and

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installation of the asset. Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The useful lives of the groups of fixed assets, 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
Computers	3 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 put to use.
- b) Items 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.
- 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.

### 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.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated relevant to 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. On the disposal/partial disposal of a non-integral foreign operation, the cumulative/proportionate amount of the exchange differences which has been accumulated in the foreign currency translation reserve and which relates to that operation are recognised as income or expenses in the same period in which the gain or loss on disposal is recognised.

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.

# **Financial Statements of ICICI Bank Limited**

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### **7. Accounting for derivative contracts**

The Bank enters into derivative contracts such as foreign currency options, 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 (net of provisions, if any) 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.

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 employee during the year are recognised in the profit and loss account.

# Financial Statements of ICICI Bank Limited

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### **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.

### **Leave encashment**

The Bank provides for leave encashment benefit 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 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/virtually certain.

## **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.

# **Financial Statements of ICICI Bank Limited**

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### **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 and diluted earnings per share are computed in accordance with Accounting Standard 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 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.

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### 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 are 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 March 31, 2016	Year ended March 31, 2015
<b>Basic</b>		
Weighted average no. of equity shares outstanding	5,807,339,489	5,785,726,485
Net profit	97,262.9	111,753.5
Basic earnings per share (₹)	16.75	19.32
<b>Diluted</b>		
Weighted average no. of equity shares outstanding	5,840,224,893	5,842,092,456
Net profit	97,262.9	111,753.5
Diluted earnings per share (₹)	16.65	19.13
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.

	Year ended March 31, 2016		Year ended March 31, 2015
(i) Interest income to working funds <sup>1</sup>	8.06%	8.19%	
(ii) Non-interest income to working funds <sup>1</sup>	2.34%	2.03%	
(iii) Operating profit to working funds <sup>1,2</sup>	3.65%	3.29%	
(iv) Return on assets <sup>3</sup>	1.49%	1.86%	
(v) Net profit per employee <sup>4</sup> (₹ in million)	1.4	1.6	
(vi) Business (average deposits plus average advances) per employee <sup>4,5</sup> (₹ in million)	94.3	83.2	

1. 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.
2. Operating profit is profit for the year before provisions and contingencies.
3. For the purpose of computing the ratio, assets represent monthly average of total assets computed for reporting dates of Form X submitted to RBI under Section 27 of the Banking Regulation Act, 1949.
4. Computed based on average number of employees which include sales executives, employees on fixed term contracts and interns.
5. 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.

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#### **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, 2016, Basel III guidelines require the Bank to maintain a minimum capital to risk-weighted assets ratio (CRAR) of 9.63% with minimum CET1 CRAR of 6.13% and minimum Tier-1 CRAR of 7.63%. The minimum total CRAR, CET1 CRAR and Tier-1 CRAR requirement include capital conservation buffer of 0.63%.

The following table sets forth, for the period indicated, computation of capital adequacy as per Basel III framework.

	₹ in million, except percentages	
	At March 31, 2016	At March 31, 2015
Common Equity Tier 1 CRAR (%)	13.00%	12.78%
Tier-1 CRAR (%)	13.09%	12.78%
Tier-2 CRAR (%)	3.55%	4.24%
Total CRAR (%)	16.64%	17.02%
Amount of equity capital raised	-	-
Amount of Additional Tier-1 capital raised; of which		
Perpetual Non-Cumulative Preference Shares	-	-
Perpetual Debt Instruments	-	-
Amount of Tier-2 capital raised; of which		
Debt capital instrument	-	-
Preference Share Capital Instruments	-	-
[Perpetual Cumulative Preference Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative 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 the phased manner from January 1, 2015 as given below.

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	2015	2016	2017	2018	2019
	60.0%	70.0%	80.0%	90.0%	100.0%
<b>Starting from January 1</b>					
Minimum LCR					
Particulars					
	<b>Three months ended March 31, 2016</b>	<b>Three months ended March 31, 2015</b>	<b>Three months ended December 31, 2015</b>	<b>Three months ended September 30, 2015</b>	<b>Three months ended June 30, 2015</b>
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
	<b>unweighted value (average)</b>	<b>weighted value (average)</b>	<b>unweighted value (average)</b>	<b>weighted value (average)</b>	<b>unweighted value (average)</b>
<b>High quality liquid assets</b>					
1 Total high quality liquid assets	N.A.	657,810.1	N.A.	569,153.4	N.A.
<b>Cash outflows</b>					
2 Retail deposits and deposits from small business customers, of which:	2,440,406.7	221,848.3	2,126,588.6	192,404.6	2,315,663.0
(i) Stable deposits	443,846.9	22,122.3	405,084.6	20,254.2	437,369.7
(ii) Less stable deposits	1,986,559.8	199,666.0	1,721,504.0	172,150.4	1,878,293.3
3 Unsecured wholesale funding, of which:	1,100,323.2	631,804.6	840,202.0	382,978.7	1,004,305.9
(i) Operational deposits (all counterparties)	185,211.0	46,302.7	320,279.2	80,069.8	174,737.2
(ii) Non-operational deposits (all counterparties)	838,903.5	509,293.2	477,248.4	270,234.5	746,400.2
(iii) Unsecured debt	76,208.7	76,208.7	42,674.5	42,674.5	83,168.5
4 Secured wholesale funding	N.A.	—	N.A.	—	N.A.
5 Additional requirements, of which:	434,570.4	58,390.8	391,367.9	61,066.2	422,372.4
(i) Outflows related to derivative exposures and other collateral requirements	9,038.0	9,038.0	11,577.8	11,577.8	8,462.4
(ii) Outflows related to loss of funding on debt products	373.7	373.7	476.8	476.8	365.1
(iii) Credit and liquidity facilities	425,158.7	48,979.1	379,313.3	49,011.6	413,544.9
6 Other contractual funding obligations	70,145.8	70,145.8	39,648.7	39,648.7	65,305.8
7 Other contingent funding obligations	1,918,495.8	79,602.7	1,936,332.7	96,816.6	1,982,024.6
<b>8 Total cash outflows</b>	N.A.	1,061,792.2	N.A.	782,914.9	N.A.
9 Secured lending (e.g. reverse repos)	—	—	—	—	—
10 Inflows from fully performing exposures	381,330.5	319,975.3	252,738.5	197,031.7	254,135.7
11 Other cash inflows	43,097.3	23,851.8	43,314.3	24,867.1	38,951.4
<b>12 Total cash inflows</b>	N.A.	424,427.8	343,827.1	296,102.8	221,898.8
<b>13 Total HQLA</b>	N.A.	657,810.1	N.A.	569,153.4	N.A.
<b>14 Total net cash outflows</b>	N.A.	717,985.1	N.A.	569,153.4	N.A.
<b>15 Liquidity coverage ratio (%)</b>	N.A.	91.62%	N.A.	101.45%	N.A.
				84.72%	N.A.
				86.76%	N.A.
				88.32%	N.A.

Liquidity of the Bank is managed by the Asset Liability Management Group (ALMG) under the central oversight of the Asset Liability Management Committee (ALCO). For the domestic operations of the Bank, ALMG-India is responsible for the overall management of liquidity. For the overseas branches of the Bank, a decentralised approach is followed for day-to-day liquidity management, while a centralised approach is followed for long term funding in co-ordination with Head-Office. Liquidity in overseas branches is maintained taking into consideration both host country as well as the RBI regulations.

# **Financial Statements of ICICI Bank Limited**

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The Bank during the three months ended March 31, 2016 maintained average HQLA (after haircut) of ₹ 657,810.1 million (March 31, 2015: ₹ 569,153.4 million) against the average liquidity requirement of ₹ 502,575.6 million (March 31, 2015: ₹ 336,609.6 million) at minimum LCR requirement of 70%. HQLA primarily included 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 ₹ 498,952.5 million (March 31, 2015: ₹ 405,228.9 million). Additionally, cash, balance in excess of cash reserve requirement with RBI and the Central banks of countries where Bank's branches are located amounting to ₹ 104,655.2 million (March 31, 2015: ₹ 119,941.0 million),. Further, average level 2 assets primarily consisting of AA- and above rated corporate bonds and commercial papers amounted to ₹ 33,334.1 million (March 31, 2015: ₹ 29,028.0 million).

At March 31, 2016, top liability products/instruments and their percentage contribution to the total liabilities of the Bank were saving account deposits 18.63% (March 31, 2015: 17.78%), term deposits 31.68% (March 31, 2015: 30.52%), bond borrowings 12.81% (March 31, 2015: 13.83%) and current account deposits 8.17% (March 31, 2015: 7.66%). Top 20 depositors constituted 7.35% (March 31, 2015: 6.43%) of total deposits of the Bank at March 31, 2016. 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 11.81% (March 31, 2015: 13.66%) of the total liabilities of the Bank at March 31, 2016.

The weighted cash outflows are primarily driven by unsecured wholesale funding which includes operational deposits, non-operational deposits and unsecured debt. During Q4-2016, unsecured wholesale funding contributed 59.50% (March 31, 2015: 50.19%) 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 20.89% (March 31, 2015: 24.58%) and 7.50% (March 31, 2015: 12.37%) 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.

Liquidity requirement of the Bank on account of market valuation changes for derivative transactions was limited as the Bank has not executed any Credit Support Annex (CSA) requiring it to post collateral for derivative transactions. However, the Bank may be required to post additional collateral due to market valuation changes on derivative transactions settled through Clearing Corporation of India (CCIL) which is a Qualified Central Counterparty (QCCP) in India including the Clearing Corporation of India (CCIL). The outflow on account of market valuation change for derivative transactions with QCCPs has been considered based on the prescribed look back approach.

Based on the above, monthly average LCR of the Bank for the three months ended March 31, 2016 was 91.62% (March 31, 2015: 101.45%). During the three months ended on March 31, 2016, 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. Average LCR of the Bank for USD currency was 87.90% (March 31, 2015: 100.83%) for the three months ended March 31, 2016.

## **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".
- **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.

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The following tables set forth, for the periods indicated, the business segment results on this basis.

₹ in million

Particulars	For the year ended March 31, 2016				Total
	Retail Banking	Wholesale Banking	Treasury	Other Banking Business	
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
<b>4 Segment results</b>	<b>38,977.4</b>	<b>(12,454.3)</b>	<b>90,974.1</b>	<b>4,460.0</b>	<b>121,957.2</b>
5 Unallocated expenses					–
6 Operating profit (4)–(5)					121,957.2
7 Income tax expenses (net of deferred tax credit)					24,694.3
<b>8 Net profit (6)–(7)</b>					<b>97,262.9</b>
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
<b>11 Total assets (9)+(10)</b>					<b>7,206,951.0</b>
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					–
<b>14 Total liabilities (12)+(13)</b>					<b>7,206,951.0</b>
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

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax asset (net).

2. Includes share capital and reserves and surplus.

₹ in million

Particulars	For the year ended March 31, 2015				Total
	Retail Banking	Wholesale Banking	Treasury	Other Banking Business	
1 Revenue	329,911.8	335,025.1	439,310.6	15,815.1	1,120,062.6
2 Less: Inter-segment revenue					507,389.9
3 Total revenue (1)–(2)					612,672.7
<b>4 Segment results</b>	<b>27,242.8</b>	<b>62,240.7</b>	<b>64,499.5</b>	<b>4,216.2</b>	<b>158,199.2</b>
5 Unallocated expenses					–
6 Operating profit (4)–(5)					158,199.2
7 Income tax expenses (including deferred tax credit)					46,445.7
<b>8 Net profit (6)–(7)</b>					<b>111,753.5</b>
9 Segment assets	1,297,275.5	2,612,211.8	2,379,339.6	125,687.6	6,414,514.5
10 Unallocated assets <sup>1</sup>					46,778.4
<b>11 Total assets (9)+(10)</b>					<b>6,461,292.9</b>
12 Segment liabilities	2,661,620.1	1,038,243.2	2,656,157.0 <sup>2</sup>	105,272.6	6,461,292.9
13 Unallocated liabilities					–
<b>14 Total liabilities (12)+(13)</b>					<b>6,461,292.9</b>
15 Capital expenditure	6,109.1	1,110.3	16.4	33.7	7,269.5
16 Depreciation	5,111.4	1,073.5	12.8	391.8	6,589.5

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax asset (net).

2. Includes share capital and reserves and surplus.

### 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.

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The following table sets forth, for the periods indicated, geographical segment revenues.

Revenue	₹ in million	
	Year ended March 31, 2016	Year ended March 31, 2015
Domestic operations	620,424.0	557,994.4
Foreign operations	60,200.9	54,678.3
<b>Total</b>	<b>680,624.9</b>	<b>612,672.7</b>

The following table sets forth, for the periods indicated, geographical segment assets.

Assets	₹ in million	
	At March 31, 2016	At March 31, 2015
Domestic operations	5,940,663.4	5,210,699.8
Foreign operations	1,188,387.1	1,203,814.7
<b>Total</b>	<b>7,129,050.5</b>	<b>6,414,514.5</b>

*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			
	Capital expenditure incurred during		Depreciation provided during	
	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
Domestic operations	7,331.5	7,203.7	6,916.9	6,539.1
Foreign operations	125.7	65.8	68.2	50.4
<b>Total</b>	<b>7,457.2</b>	<b>7,269.5</b>	<b>6,985.1</b>	<b>6,589.5</b>

#### 6. Maturity pattern

The following table sets forth, the maturity pattern of assets and liabilities of the Bank at March 31, 2016.

Maturity buckets	Loans & Advances <sup>1</sup>	Investment securities <sup>1</sup>	Deposits <sup>1</sup>	Borrowings <sup>1,2</sup>	₹ in million	
					Total foreign currency assets <sup>3</sup>	Total foreign currency liabilities <sup>3</sup>
Day 1	11,629.7	240,862.3	44,306.0	1,775.6	139,997.4	6,297.5
2 to 7 days	35,120.3	91,635.5	115,371.8	48,634.1	149,589.0	20,530.7
8 to 14 days	30,867.1	54,447.0	80,240.7	8,450.3	24,188.8	17,157.8
15 to 28 days	66,217.9	92,784.1	64,017.7	22,148.0	56,646.8	41,235.2
29 days to 3 months	262,943.9	66,139.0	297,478.2	103,160.0	116,419.5	112,508.2
3 to 6 months	293,775.4	83,065.1	262,497.9	132,031.8	84,434.7	61,002.1
6 months to 1 year	544,822.2	142,619.8	536,836.4	401,445.3	170,622.1	548,262.6
1 to 3 years	1,456,284.9	154,822.1	453,906.8	422,158.0	288,600.3	357,848.9
3 to 5 years	716,918.6	278,198.4	1,185,524.7	404,176.1	175,208.6	285,712.5
Above 5 years	934,059.4	399,544.6	1,174,076.9	204,094.6	248,472.2	85,671.8
<b>Total</b>	<b>4,352,639.4</b>	<b>1,604,117.9</b>	<b>4,214,257.1</b>	<b>1,748,073.8</b>	<b>1,454,179.4</b>	<b>1,536,227.3</b>

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.

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The following table sets forth the maturity pattern of assets and liabilities of the Bank at March 31, 2015.

Maturity buckets	Loans & Advances <sup>1</sup>	Investment securities <sup>1</sup>	Deposits <sup>1</sup>	Borrowings <sup>1,2</sup>	Total foreign currency assets <sup>3</sup>	Total foreign currency liabilities <sup>3</sup>
Day 1	13,214.3	141,697.8	41,567.5	598.0	151,131.3	4,647.3
2 to 7 days	16,158.5	141,036.3	119,412.1	84,014.6	14,229.3	14,626.4
8 to 14 days	25,935.4	78,590.9	75,983.5	24,794.1	28,086.5	18,353.3
15 to 28 days	63,509.3	112,192.5	95,239.7	29,923.7	50,989.7	27,824.4
29 days to 3 months	240,409.2	68,952.6	239,316.0	94,042.6	102,526.4	100,679.1
3 to 6 months	273,277.9	65,431.5	265,327.9	157,163.6	95,118.0	126,379.4
6 months to 1 year	403,853.0	159,217.2	335,020.7	264,608.5	84,371.5	234,962.4
1 to 3 years	1,563,199.5	139,682.6	533,335.7	384,309.3	360,253.4	486,870.8
3 to 5 years	592,051.6	214,532.1	976,972.0	217,966.7	193,476.2	205,960.2
Above 5 years	683,612.0	459,958.6	933,452.2	466,752.4	241,727.0	188,573.1
<b>Total</b>	<b>3,875,220.7</b>	<b>1,581,292.1</b>	<b>3,615,627.3</b>	<b>1,724,173.5</b>	<b>1,321,909.3</b>	<b>1,408,876.4</b>

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.

### 7. Preference shares

Certain government securities amounting to ₹ 3,189.8 million at March 31, 2016 (March 31, 2015: ₹ 3,088.6 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. Under the stock option scheme, eligible employees are entitled to apply for equity shares. Options granted prior to March, 2014, except mentioned below, 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. 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. The options granted in September 2015 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. The options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. The exercise price of Bank's options, except mentioned below, was 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.

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. The options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. Based on intrinsic value of options, compensation cost of ₹ 0.8 million was recognised during the year ended March 31, 2016 (March 31, 2015: ₹ 16.4 million).

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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, 2016 would have been higher by ₹ 3,726.5 million and proforma profit after tax would have been ₹ 93.54 billion. On a proforma basis, the Bank's basic and diluted earnings per share would have been ₹ 16.11 and ₹ 16.02 respectively. The key assumptions used to estimate the fair value of options granted during the year ended March 31, 2016 are given below.

Risk-free interest rate	7.58% to 8.19%
Expected life	3.16 to 5.78 years
Expected volatility	30.67% to 32.77%
Expected dividend yield	1.62% to 2.11%

The weighted average fair value of options granted during the year ended March 31, 2016 is ₹ 100.50 (March 31, 2015: ₹ 90.09).

The following table sets forth, for the periods indicated, the summary of the status of the Bank's stock option plan.

Particulars	₹ except number of options			
	Stock options outstanding			
	Year ended March 31, 2016	Year ended March 31, 2015		
Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	
Outstanding at the beginning of the year	<b>148,433,700</b>	<b>205.02</b>	140,521,765	183.74
Add: Granted during the year	<b>64,904,500</b>	<b>289.28</b>	32,375,500	259.96
Less: Lapsed during the year, net of re-issuance	<b>4,189,850</b>	<b>260.67</b>	1,382,765	235.40
Less: Exercised during the year	<b>17,523,785</b>	<b>161.16</b>	23,080,800	150.66
Outstanding at the end of the year	<b>191,624,565</b>	<b>236.36</b>	148,433,700	205.02
Options exercisable	<b>89,788,515</b>	<b>198.08</b>	75,938,800	180.80

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 following table sets forth, the summary of stock options outstanding at March 31, 2015.

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	4,771,000	80.81	2.41
100-199	74,346,685	177.35	4.41
200-299	69,291,015	243.22	8.06
300-399	25,000	321.17	9.59

The options were exercised regularly throughout the period and weighted average share price as per NSE price volume data during the year ended March 31, 2016 was ₹ 273.37 (March 31, 2015: ₹ 311.74).

### 9. Subordinated debt

During the year ended March 31, 2016, the Bank has not raised subordinated debt qualifying for Tier-2 capital (March 31, 2015: Nil).

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### 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	Minimum outstanding balance during the year ended March 31, 2016	Maximum outstanding balance during the year ended March 31, 2016	Daily average outstanding balance during the year ended March 31, 2016	Outstanding balance at March 31, 2016
<b>Year ended March 31, 2016</b>					
<b>Securities sold under Repo, LAF and MSF</b>					
i) Government Securities	10.2	133,067.0	51,943.4	40,129.4	
ii) Corporate Debt Securities	–	2,000.0	13.7		–
<b>Securities purchased under Reverse Repo and LAF</b>					
i) Government Securities	–	61,600.0	8,761.4	32,500.0	
ii) Corporate Debt Securities	–	750.0	186.5		–

1. Amounts reported are based on face value of securities under repo, reverse repo, LAF and MSF.

	₹ in million	Minimum outstanding balance during the year ended March 31, 2015	Maximum outstanding balance during the year ended March 31, 2015	Daily average outstanding balance during the year ended March 31, 2015	Outstanding balance at March 31, 2015
<b>Year ended March 31, 2015</b>					
<b>Securities sold under Repo and LAF</b>					
i) Government Securities	54.0	153,941.9	66,700.1	128,782.2	
ii) Corporate Debt Securities	–	–	–		–
<b>Securities purchased under Reverse Repo and LAF</b>					
i) Government Securities	–	105,439.7	10,113.8		–
ii) Corporate Debt Securities	–	–	–		–

1. Amounts reported are based on face value of securities under repo, reverse repo, 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.

Particulars	At March 31, 2016	At March 31, 2015
<b>1. Value of Investments<sup>1</sup></b>		
i) Gross value of investments		
a) In India	1,554,622.3	1,529,085.4
b) Outside India	82,517.5	79,061.7
ii) Provision for depreciation		
c) In India	(32,015.5)	(26,293.6)
d) Outside India	(1,006.3)	(561.3)
iii) Net value of investments		
e) In India	1,522,606.8	1,502,791.8
f) Outside India	81,511.2	78,500.4

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Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
<b>2. Movement of provisions held towards depreciation on investments</b>		
i) Opening balance <sup>2</sup>	25,931.8	23,775.0
ii) Add: Provisions made during the year	10,852.9	5,631.7
iii) Less: Write-off/(write-back) of excess provisions during the year	(3,762.9)	(2,551.8)
iv) Closing balance	33,021.8	26,854.9

1. Pursuant to RBI guidelines, investment in Rural Infrastructure and Development Fund and other related deposits of ₹ 280,661.8 million (March 31, 2015: ₹ 284,508.2 million) has been re-classified to line item 'Others' under Schedule 11 - Other Assets.
2. Application money has been re-classified from Schedule 8 - Investments to Schedule 11 - Other Assets. Accordingly, the corresponding provision has also been re-classified.

Pursuant to approval by the Board of Directors of the Bank on October 30, 2015, the Bank has sold equity shares representing 9% shareholding in ICICI Lombard General Insurance Company Limited during FY2016 for a total consideration of ₹ 15,502.5 million.

Pursuant to approval by the Board of Directors of the Bank on November 16, 2015 the Bank has sold equity shares representing 6% shareholding in ICICI Prudential Life Insurance Company Limited during FY2016 for a total consideration of ₹ 19,500.0 million.

## 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, 2016.

Sr. No.	Issuer	Amount	₹ in million			
			Extent of private placement <sup>2</sup>	Extent of 'below investment grade' securities	Extent of 'unrated' securities <sup>2,3</sup>	Extent of 'unlisted' securities <sup>3</sup>
			(a)	(b)	(c)	(d)
1	PSUs	15,452.7	9,633.9	—	—	5,737.6
2	FIs	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
	<b>Total</b>	<b>475,910.0</b>	<b>346,885.9</b>	<b>24,128.8</b>	<b>4,171.6</b>	<b>10,861.6</b>

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 Indian government securities amounting to ₹ 2,435.7 million.

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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, 2015.

Sr. No.	Issuer	Amount	₹ in million			
			Extent of private placement <sup>2</sup>	Extent of 'below investment grade' securities	Extent of 'unrated' securities <sup>3,4</sup>	Extent of 'unlisted' securities <sup>4</sup>
			(a)	(b)	(c)	(d)
1	PSUs	16,011.7	10,870.8	—	—	—
2	FIs	37,028.6	25,340.3	—	—	—
3	Banks	121,737.0	107,104.2	—	—	—
4	Private corporates	97,754.7	88,835.8	7,836.4	4,054.6	3,032.8
5	Subsidiaries/ Joint ventures	117,751.2	—	—	—	6,861.9
6	Others <sup>5,6,7</sup>	142,751.0	141,016.6	16,888.7	—	—
7	Provision held towards depreciation	(25,674.7)	N.A.	N.A.	N.A.	N.A.
	<b>Total</b>	<b>507,359.5</b>	<b>373,167.7</b>	<b>24,725.1</b>	<b>4,054.6</b>	<b>9,894.7</b>

1. Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.
2. Includes ₹ 33,050.4 million of application money towards corporate bonds/debentures and pass through certificates.
3. Excludes investments, amounting to ₹ 4,396.9 million in preference shares of subsidiaries and ₹ 2,465.0 million in subordinated bonds of subsidiary ICICI Bank Canada.
4. 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.
5. Excludes investments in non-Indian government securities by overseas branches amounting to ₹ 17,824.0 million.
6. Excludes investments in non-SLR Indian government securities amounting to ₹ 90.8 million.
7. Pursuant to RBI guidelines, investment in Rural Infrastructure and Development Fund and other related deposits of ₹ 284,508.2 million has been re-classified to line item 'Others' under Schedule 11 - Other Assets.

### 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	
	Year ended March 31, 2016	Year ended March 31, 2015
Revenue		
Opening balance	11,444.2	4,414.0
Additions during the year	8,075.2	7,633.5
Reduction during the year	(2,718.9)	(549.8)
Closing balance	16,800.5	11,497.7
<b>Total provision held</b>	<b>10,404.2</b>	<b>8,262.2</b>

1. Non-performing application money outstanding at March 31, 2015 has been re-classified from Schedule 8 - Investments to Schedule 11 - Other Assets.

### 13. Sales and transfers of securities to/from Held to Maturity (HTM) category

During the year ended March 31, 2016 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 ₹ 999,326.82 million at March 31, 2016 which includes investments in subsidiaries/joint ventures carried at cost.

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### **14. CBLO transactions**

Collateralised Borrowing and Lending Obligation (CBLO) is a discounted money market instrument, established by The Clearing Corporation of India Limited (CCIL) and approved by RBI, which involves secured borrowings and lending transactions. At March 31, 2016, the Bank had no outstanding borrowings (March 31, 2015: Nil) and no outstanding lending (March 31, 2015: 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 ₹ 68,296.0 million at March 31, 2016 (March 31, 2015: ₹ 84,853.6 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 and 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 Asset Liability Management Committee (ALCO). Subject to prevailing 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.

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The following table sets forth, for the period indicated, the details of derivative positions.

Sr. No.	Particulars	₹ in million			
		At March 31, 2016		At March 31, 2015	
		Currency derivative <sup>1</sup>	Interest rate derivative <sup>2</sup>	Currency derivative <sup>1</sup>	Interest rate derivative <sup>2</sup>
<b>1</b>	<b>Derivatives (Notional principal amount)</b>				
a)	For hedging	13,895.2	565,237.3	23,695.3	463,792.9
b)	For trading	946,749.3	2,348,522.6	1,027,190.7	2,537,928.1
<b>2</b>	<b>Marked to market positions<sup>3</sup></b>				
a)	Asset (+)	35,782.6	16,697.9	43,892.8	17,658.3
b)	Liability (-)	(33,844.0)	(17,159.2)	(43,608.8)	(19,957.6)
<b>3</b>	<b>Credit exposure<sup>4</sup></b>	86,084.6	62,874.1	99,796.9	65,281.4
<b>4</b>	<b>Likely impact of one percentage change in interest rate (100*PV01)<sup>5</sup></b>				
a)	On hedging derivatives <sup>6</sup>	96.9	16,621.7	218.1	14,423.4
b)	On trading derivatives	1,380.5	1,076.2	1,027.8	694.3
<b>5</b>	<b>Maximum and minimum of 100*PV01 observed during the period</b>				
a)	On hedging <sup>6</sup>				
	Maximum	228.0	16,960.1	345.4	15,651.1
	Minimum	93.7	12,732.7	172.3	13,067.2
b)	On trading				
	Maximum	1,730.8	1,708.6	1,080.8	832.8
	Minimum	962.4	88.4	714.7	73.9

1. Exchange traded and Over the Counter (OTC) options, cross currency interest rate swaps and currency futures are included in currency derivatives.
2. 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.

The following tables set forth, for the periods indicated, the details of forex contracts.

Sr. No.	Particulars	At March 31, 2016		At March 31, 2015	
		Trading	Non-trading	Trading	Non-trading
<b>1</b>	<b>Forex contracts (Notional principal amount)</b>	3,048,537.0	519,192.1	2,380,384.1	518,340.9
<b>2</b>	<b>Marked to market positions</b>				
a)	Asset (+)	16,659.3	3,563.5	22,585.2	3,660.1
b)	Liability (-)	(14,362.8)	(5,775.9)	(19,159.2)	(5,425.4)
<b>3</b>	<b>Credit exposure<sup>1</sup></b>	102,000.4	11,278.1	84,003.9	13,116.0
<b>4</b>	<b>Likely impact of one percentage change in interest rate (100*PV01)<sup>2</sup></b>	28.2	88.2	23.5	189.1

1. Computed based on current exposure method.
2. Amounts given are absolute values on a net basis.

The net overnight open position at March 31, 2016 was ₹ 1,272.1 million (March 31, 2015: ₹ 1,193.1 million).

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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, 2016 (March 31, 2015: Nil).

The Bank offers deposits to customers of its offshore 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, 2016, the net open notional position on this portfolio was Nil (March 31, 2015: Nil) with mark-to-market position of net gain of ₹ 0.1 million (March 31, 2015: net gain of ₹ 1.4 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, 2016 was a net loss of ₹ 16.5 million (March 31, 2015: net loss of ₹ 22.0 million). Non-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). Rupee denominated credit derivatives are marked to market by the Bank based on FIMMDA published CDS curve.

### 16. Exchange traded interest rate derivatives and currency options

#### *Exchange traded interest rate derivatives*

The following table sets forth, for the periods indicated, the details of exchange traded interest rate derivatives.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
i) Notional principal amount of exchange traded interest rate derivatives undertaken during the year - 10 year Government Security Notional Bond	61,510.0	76,383.2
ii) Notional principal amount of exchange traded interest rate derivatives outstanding - 10 year Government Security Notional Bond	2,352.4	9,125.0
iii) Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	N.A.	N.A.
iv) Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	N.A.	N.A.

#### *Exchange traded currency options*

The following table sets forth, for the periods indicated, the details of exchange traded currency options.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
i) Notional principal amount of exchange traded currency options undertaken during the year	369,688.2	148,171.1
ii) Notional principal amount of exchange traded currency options outstanding	2,938.5	4,645.4
iii) Notional principal amount of exchange traded currency options outstanding and not "highly effective"	N.A.	N.A.
iv) Mark-to-market value of exchange traded currency options outstanding and not "highly effective"	N.A.	N.A.

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### **Exchange traded currency futures**

The following table sets forth, for the periods indicated, the details of exchange traded currency futures.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
i) Notional principal amount of exchange traded currency futures undertaken during the year	1,428,952.1	625,328.4
ii) Notional principal amount of exchange traded currency futures outstanding	38,615.7	1,324.8
iii) Notional principal amount of exchange traded currency futures outstanding and not "highly effective"	N.A.	N.A.
iv) Mark-to-market value of exchange traded currency futures outstanding and not "highly effective"	N.A.	N.A.

### **17. Forward rate agreement (FRA)/Interest rate swaps (IRS)**

The Bank enters into FRA and IRS 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 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.

These contracts are subject to the risks of changes in market interest rates as well as the settlement risk with the counterparties.

The following table sets forth, for the periods indicated, the details of the forward rate agreements/interest rate swaps.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
i) The notional principal of FRA/IRS	2,885,362.8	2,936,228.7
ii) Losses which would be incurred if all counter parties failed to fulfil their obligations under the agreement <sup>1</sup>	21,423.6	22,018.1
iii) Collateral required by the Bank upon entering into FRA/IRS	–	–
iv) Concentration of credit risk <sup>2</sup>	1,875.8	1,610.7
v) The fair value of FRA/IRS <sup>3</sup>	17,371.6	15,174.9

1. For trading portfolio both mark-to-market and accrued interest have been considered and for hedging portfolio, only accrued interest has been considered.
2. Credit risk concentration is measured as the highest net receivable under swap contracts from a particular counter party.
3. Fair value represents mark-to-market including accrued interest.

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The following tables set forth, for the periods indicated, the nature and terms of FRA and IRS.

#### Hedging

Benchmark	Type	At March 31, 2016		At March 31, 2015	
		Notional principal	No. of deals	Notional principal	No. of deals
AUD LIBOR	Fixed receivable v/s floating payable	7,647.0	3	7,130.3	3
CHF LIBOR	Fixed receivable v/s floating payable	6,919.6	2	6,422.8	2
JPY LIBOR	Fixed receivable v/s floating payable	2,949.0	1	2,602.4	1
SGD SOR	Fixed receivable v/s floating payable	13,055.2	6	12,960.7	7
USD LIBOR	Fixed receivable v/s floating payable	534,666.5	111	434,676.8	90
<b>Total</b>		<b>565,237.3</b>	<b>123</b>	<b>463,792.9</b>	<b>103</b>

#### Trading

Benchmark	Type	At March 31, 2016		At March 31, 2015	
		Notional principal	No. of deals	Notional principal	No. of deals
CAD CDOR	Fixed receivable v/s floating payable	–	–	12,872.4	5
CAD CDOR	Floating receivable v/s fixed payable	102.8	1	13,609.4	8
CHF LIBOR	Fixed receivable v/s floating payable	3,113.8	1	2,890.2	1
CHF LIBOR	Floating receivable v/s fixed payable	–	–	706.5	2
CHF LIBOR	Floating receivable v/s floating payable	–	–	642.3	1
EURIBOR	Fixed receivable v/s floating payable	37,407.0	19	7,249.0	19
EURIBOR	Floating receivable v/s fixed payable	37,155.3	14	6,277.3	12
EURIBOR	Floating receivable v/s floating payable	1,738.3	3	670.7	1
GBP LIBOR	Fixed receivable v/s floating payable	3,725.0	9	8,894.9	11
GBP LIBOR	Floating receivable v/s fixed payable	5,371.4	7	6,601.8	9
INBMK	Fixed receivable v/s floating payable	14,500.0	27	18,000.0	36
INBMK	Floating receivable v/s fixed payable	32,649.8	53	46,379.6	74
JPY LIBOR	Fixed receivable v/s floating payable	5,935.6	13	8,470.7	16
JPY LIBOR	Floating receivable v/s fixed payable	3,655.0	5	4,439.3	8
JPY LIBOR	Floating receivable v/s floating payable	1,771.0	2	2,264.8	4
MIBOR	Fixed receivable v/s floating payable	301,141.8	590	406,038.1	625
MIBOR	Floating receivable v/s fixed payable	297,605.1	594	398,742.0	605
MIBOR	Floating receivable v/s floating payable	–	–	2,000.0	1
MIFOR	Fixed receivable v/s floating payable	249,585	498	261,565.0	553
MIFOR	Floating receivable v/s fixed payable	235,635	512	243,425.0	526
SGD SOR	Floating receivable v/s fixed payable	–	–	21.8	3
SGD SOR	Fixed receivable v/s floating payable	2,950.8	2	–	–
USD LIBOR	Fixed receivable v/s floating payable	542,236.5	699	488,955.8	684
USD LIBOR	Floating receivable v/s fixed payable	473,302.2	430	481,636.8	447
USD LIBOR	Floating receivable v/s floating payable	55,704.0	58	26,810.1	43
USD LIBOR v/s EURIBOR	Floating receivable v/s floating payable	2,499.8	2	3,144.2	2
Others	Fixed receivable v/s fixed payable	12,340.3	199	20,128.0	118
<b>Total</b>		<b>2,320,125.5</b>	<b>3,738</b>	<b>2,472,435.8</b>	<b>3,814</b>

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### 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.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
i) Net NPAs (funded) to net advances (%)	2.98%	1.61%
ii) Movement of NPAs (Gross)		
a) Opening balance <sup>1</sup>	150,946.9	105,058.4
b) Additions: Fresh NPAs during the year	167,108.5	79,674.1
Sub-total (1)	318,055.4	184,732.5
c) Reductions during the year		
■ Upgradations	(11,239.8)	(5,501.6)
■ Recoveries (excluding recoveries made from upgraded accounts)	(15,049.7)	(11,322.6)
■ Technical/prudential write-offs	(20,275.8)	(8,593.5)
■ Write-offs other than technical/prudential write-offs	(9,277.6)	(8,367.9)
Sub-total (2)	(55,842.9)	(33,785.6)
d) Closing balance <sup>1</sup> (1-2)	262,212.5	150,946.9
iii) Movement of Net NPAs		
a) Opening balance <sup>1</sup>	62,555.3	32,979.6
b) Additions during the year	106,209.9	50,210.1
c) Reductions during the year	(39,134.4)	(20,634.4)
d) Closing balance <sup>1</sup>	129,630.8	62,555.3
iv) Movement of provision for NPAs (excluding provision on standard assets)		
a) Opening balance <sup>1</sup>	88,391.6	72,078.8
b) Addition during the year	80,732.0	38,134.8
Sub-total (1)	169,123.6	110,213.6
c) Write-off/(write-back) of excess provisions		
■ Write-back of excess provision on account of upgradations	(2,908.9)	(1,342.7)
■ Write-back of excess provision on account of reduction in NPAs	(5,677.4)	(5,048.6)
■ Provision utilised for write-offs	(27,955.6)	(15,430.7)
Sub-total (2)	(36,541.9)	(21,822.0)
d) Closing balance <sup>1</sup> (1-2)	132,581.7	88,391.6

1. Net of write-off.

RBI had asked banks to review certain loan accounts and their classification over the two quarters ending December 31, 2015 and March 31, 2016. The bank has completed this exercise over the timeframe stipulated by RBI.

The following table sets forth, for the periods indicated, the details of movement in technical/prudential write-offs.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
Opening balance	52,476.0	46,628.1
Add: Technical/prudential write-offs during the period/year	20,275.8	8,593.5
Sub-total (1)	72,751.8	55,221.6
Less: Recoveries made from previously technical/prudential written-off accounts during the period/year	(1,603.0)	(1,525.4)
Less: Sacrifice made from previously technical/prudential written-off accounts during the period/year	(575.0)	(1,220.2)
Sub-total (2)	(2,178.0)	(2,745.6)
Closing balance (1-2)	70,573.8	52,476.0

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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.

#### **19. Provision on standard assets**

Standard assets provision amounting to ₹ 2,970.1 million was made during the year ended March 31, 2016 (March 31, 2015: ₹ 3,847.9 million) as per applicable RBI guidelines.

The provision on standard assets (including incremental provision on unhedged foreign currency exposure (UFCE)) held by the Bank at March 31, 2016 was ₹ 26,583.4 million (March 31, 2015: ₹ 23,336.0 million).

The Bank assesses the unhedged foreign currency exposures 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 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.

RBI, through its circular dated January 15, 2014 had advised banks to create incremental provision on advances to borrowers with UFCE. Incremental provision of ₹ 100.0 million was made against borrowers with UFCE during the year (March 31, 2015: ₹ 1,750.0 million).

The Bank held incremental capital of ₹ 5,580.0 million at March 31, 2016 on UFCE (March 31, 2015: ₹ 4,050.0 million).

#### **20. Provision Coverage Ratio**

The provision coverage ratio of the Bank at March 31, 2016 computed as per the extant RBI guidelines is 50.6% (March 31, 2015: 58.6%).

#### **21. 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.

Particulars	₹ in million, except number of loans securitised	
	Year ended March 31, 2016	Year ended March 31, 2015
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>	(39.5)	148.0

1. *Includes gain/(loss) on deal closures, gain amortised during the year and expenses relating to utilisation of credit enhancement.*

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
Outstanding credit enhancement (funded)	3,992.2	4,531.4
Outstanding liquidity facility	*	0.3
Net outstanding servicing asset/(liability)	(25.5)	(32.9)
Outstanding subordinate contributions	1,493.6	1,513.4

\* *Insignificant amount.*

The outstanding credit enhancement in the form of guarantees amounted to Nil at March 31, 2016 (March 31, 2015: Nil) and outstanding liquidity facility in the form of guarantees amounted to ₹ 265.6 million at March 31, 2016 (March 31, 2015: ₹ 265.5 million).

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Outstanding credit enhancement in the form of guarantees for third party originated securitisation transactions amounted to ₹ 4,089.3 million at March 31, 2016 (March 31, 2015: ₹ 5,530.3 million) and outstanding liquidity facility for third party originated securitisation transactions amounted to Nil at March 31, 2016 (March 31, 2015: Nil).

The following table sets forth, for the periods indicated, the details of provision for securitisation and direct assignment transactions.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
Opening balance	617.5	832.1
Additions during the year	141.5	–
Deductions during the year	(13.7)	(214.6)
Closing balance	745.3	617.5

- 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.
- The Bank, as an originator, had not sold any loan through securitisation during the year ended March 31, 2016 (March 31, 2015: Nil).
  - The following table sets forth, for the periods indicated, the information on the loans sold through direct assignment.

Sr. no.	Particulars	₹ in million	
		At March 31, 2016	At March 31, 2015
1	No of SPVs sponsored by the bank for securitisation transactions	–	–
2	Total amount of assets sold through direct assignment during the year	–	–
3	Total amount of exposures retained by the Bank to comply with Minimum Retention Requirement (MRR)	–	–
a)	Off-balance sheet exposures		
	■ First loss	–	–
	■ Others	–	–
b)	On-balance sheet exposures		
	■ First loss	–	–
	■ Others	47.8	59.6
4	Amount of exposure to securitisation transactions other than MRR		
a)	Off-balance sheet exposures		
i)	Exposure to own securitisation		
	■ First loss	–	–
	■ Others	–	–
ii)	Exposure to third party securitisation		
	■ First loss	–	–
	■ Others	151.0	74.4
b)	On-balance sheet exposures		
i)	Exposure to own securitisation		
	■ First loss	–	–
	■ Others	–	–
ii)	Exposure to third party securitisation		
	■ First loss	–	–
	■ Others	152.6	230.6

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Overseas branches of the Bank, as originators, have sold four loans through direct assignment amounting to ₹ 6,536.9 million during the year ended March 31, 2016 (March 31, 2015: two loans amounting to ₹ 1,698.1 million).

### **22. 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.BPBC.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 security receipts 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.

Particulars	₹ in million, except number of accounts	
	Year ended March 31, 2016	Year ended March 31, 2015
Number of accounts <sup>1</sup>	7	14
Aggregate value (net of provisions) of accounts sold to SC/RC	6,721.0	3,285.8
Aggregate consideration	7,305.8	2,480.0
Additional consideration realised in respect of accounts transferred in earlier years	–	–
Aggregate gain/(loss) over net book value	584.8	(805.8)

1. *Excludes accounts previously written-off.*

The following table sets forth, for the periods indicated, the details of the net book value of investments in security receipts.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
Net book value of investments in security receipts which are:		
Backed by NPAs sold by the Bank as underlying <sup>1</sup>	4,066.1	6,069.6
Backed by NPAs sold by other banks/financial institutions (FIs)/non-banking financial companies (NBFCs) as underlying	241.6	681.4
<b>Total</b>	<b>4,307.7</b>	<b>6,751.0</b>

1. *During the year ended March 31, 2016, asset reconstruction companies have fully redeemed one security receipt. The Bank incurred net loss of ₹ 470.2 million (March 31, 2015: Net loss of ₹ 81.3 million).*

### **23. 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.BPBC.No.98/21.04.132/2013-14 dated February 26, 2014 during the year ended March 31, 2016. 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.

Particulars	₹ in million, except number of accounts	
	Year ended March 31, 2016	Year ended March 31, 2015
No. of accounts	3	–
Aggregate value (net of provisions) of accounts sold, excluding those sold to SC/RC	12.8	–
Aggregate consideration	174.4	–
Aggregate gain/(loss) over net book value	161.6	–

Additionally, during the year ended March 31, 2016, the Bank sold a non-performing loan to a corporate for a consideration of ₹ 290.0 million on which the Bank recognised a gain of ₹ 290.0 million.

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### 24. Information in respect of restructured assets

The following tables set forth, for the year ended March 31, 2016 details of loan assets subjected to restructuring.

Sr. No.	Asset Classification Details	Type of Restructuring			Under CDR Mechanism					Under SME Debt Restructuring Mechanism			₹ in million, except number of accounts
		Standard	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)	Standard	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)		
1.	Restructured accounts at April 1, 2015	51	-	21	2	74	1	-	-	-	1	2	
No. of borrowers		80,736.5	-	37,938.5	435.6	119,010.6	0.0	-	-	-	34.0	34.0	
Amount outstanding		7,645.0	-	16,770.0	435.6	24,850.6	-	-	-	-	34.0	34.0	
Provision thereon													
2.	Fresh restructuring during the year ended March 31, 2016	-	-	-	-	-	-	-	-	-	-	-	
No. of borrowers		-	-	-	-	-	-	-	-	-	-	-	
Amount outstanding		-	-	-	-	-	-	-	-	-	-	-	
Provision thereon													
3.	Upgradations to restructured standard category during the year ended March 31, 2016	-	-	-	-	-	-	-	-	-	-	-	
No. of borrowers		-	-	-	-	-	-	-	-	-	-	-	
Amount outstanding		-	-	-	-	-	-	-	-	-	-	-	
Provision thereon													
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2016 <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	-	
No. of borrowers		3,336.0	-	4,703.7	-	8,039.7	1.6	-	-	-	-	-	
Amount outstanding													
Provision thereon													
5.	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		-	-	-	-	-	-	-	-	-	-	-	
Amount outstanding		-	-	-	-	-	-	-	-	-	-	-	
Provision thereon													
6.	Downgradations of restructured accounts during the year ended March 31, 2016	-	-	-	-	-	-	-	-	-	-	-	
No. of borrowers		(18)	-	12	6	-	-	-	-	-	-	-	
Amount outstanding		(27,368.0)	-	25,961.8	2,016.5	610.3	-	-	-	-	-	-	
Provision thereon		(2,791.8)	-	14,893.0	2,016.5	14,117.7	-	-	-	-	-	-	
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2016	-	-	-	-	-	-	-	-	-	-	-	
No. of borrowers		(1)	-	(7)	(1)	(9)	-	-	-	-	(1)	(1)	
Amount outstanding		(43.2)	-	(6,587.0)	(416.4)	(7,046.6)	-	-	-	-	(34.0)	(34.0)	
Provision thereon		(1.1)	-	(4,321.0)	(416.4)	(4,738.5)	-	-	-	-	(34.0)	(34.0)	
8.	Restructured accounts at March 31, 2016	32	-	26	7	65	1	-	-	-	1	1	
No. of borrowers		56,661.3	-	61,917.0	2,035.8	120,614.1	1.6	-	-	-	1.6	1.6	
Amount outstanding		4,678.0	-	35,524.8	2,035.8	42,238.6	-	-	-	-	-	-	
Provision thereon													

1. Insignificant amount.
2. Increase/(decrease) in borrower level outstanding of restructured accounts is due to 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.

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forming part of the Accounts (Contd.)

Type of Restructuring	Others					Total			₹ in million, except number of accounts
	Standard (a)	Sub- Standard (b)	Doubtful (c)	Loss (d)	Total (e)	Standard (a)	Sub- Standard (b)	Doubtful (c)	
1. Restructured accounts at April 1, 2015									
No. of borrowers	1,204	20	34	138	1,396	1,256	20	55	141
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
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
2. Fresh restructuring during the year ended March 31, 2016									
No. of borrowers	9	—	—	—	9	9	—	—	9
Amount outstanding	23,070.5	—	—	—	23,070.5	23,070.5	—	—	23,070.5
Provision thereon	1,201.3	—	—	—	1,201.3	1,201.3	—	—	1,201.3
3. Upgradations to restructured standard category during the year ended March 31, 2016									
No. of borrowers	18	5	(4)	(9)	—	18	(5)	(4)	(9)
Amount outstanding	18.4	(1.6)	(6.9)	(11.1)	(11.1)	18.4	(1.6)	(6.9)	(11.1)
Provision thereon	0.3	(0.3)	(6.1)	(11.1)	(17.2)	0.3	(0.3)	(6.1)	(11.1)
4. Increase/(Decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2016 <sup>1</sup>									
No. of borrowers	—	—	—	—	—	—	—	—	—
Amount outstanding	3,064.5	0.1	(40.6)	(33.3)	2,990.7	6,402.1	0.1	4,663.1	(33.3)
Provision thereon	510.5	—	1,677.7	(33.3)	2,154.9	336.4	—	9,851.5	(33.3)
5. 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)
Amount outstanding	(78.1)	—	—	—	(78.1)	(78.1)	—	—	(78.1)
Provision thereon	—	—	—	—	—	—	—	—	—
6. Downgradations of restructured accounts during the year ended March 31, 2016									
No. of borrowers	(764)	725	26	13	—	(782)	725	38	14
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
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
7. Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2016									
No. of borrowers	(75)	(1)	(7)	(22)	(105)	(76)	(1)	(14)	(24)
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)
Provision thereon	(14.9)	—	(1,514.1)	(1,614.8)	(3,143.8)	(16.0)	—	(5,826.1)	(2,065.2)
8. Restructured Accounts at March 31, 2016									
No. of borrowers	391	739	49	120	1,299	424	739	75	127
Amount outstanding	36,467.5	611.4	33,331.9	6,644.0	77,054.8	93,130.4	611.4	95,248.9.1	8,679.8
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

1. Increase/(decrease) in borrower level outstanding of restructured accounts is due to utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolution, conversion of loans into equity (including application pending allotment) as part of restructuring scheme, etc.

2. "Others" mechanism also include cases restructured under Joint Lender Forum (JLF) mechanism.

# Financial Statements of ICICI Bank Limited

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forming part of the Accounts (Contd.)

The following tables set forth, for the year ended March 31, 2015 details of loan assets subjected to restructuring.

Sr. No.	Asset Classification Details	Type of Restructuring			Under CDR Mechanism					Under SME Debt Restructuring Mechanism			₹ in million, except number of accounts	
		Standard	Sub-Standard (b)	Doubtful (c)	Total (e)	Standard (a)	Sub-Standard (b)	Doubtful (c)	Total (d)	Loss (e)				
1.	Restructured accounts at April 1, 2014 <sup>1</sup>	48	-	13	1	62	1	-	1	-	34.0	-	-	2
	No. of borrowers	88,618.9	-	5,224.2	21.1	93,864.2	4.0	-	34.0	-	34.0	-	-	38.0
	Amount outstanding	9,258.8	-	3802.6	21.1	13,082.5	0.2	-	34.0	-	34.0	-	-	34.2
2.	Fresh restructuring during the year ended March 31, 2015	19	-	1	-	20	-	-	-	-	-	-	-	-
	No. of borrowers	17,809.1	-	213.7	-	18,022.8	-	-	-	-	-	-	-	-
	Amount outstanding	1,562.5	-	213.7	-	1,766.2	-	-	-	-	-	-	-	-
3.	Upgradations to restructured standard category during the year ended March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2015 <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	Restructured standard advances at April 1, 2014, which cease to attract higher provisioning and/or additional risk weight at March 31, 2015 and hence need not be shown as restructured standard advances at April 1, 2015	16,160.5	-	12.4	(1.9)	16,171.0	(4.0)	-	-	-	-	-	-	(4.0)
	No. of borrowers	1,031.8	-	649.0	(1.9)	1,678.9	(0.2)	-	-	-	-	-	-	(0.2)
6.	Downgradations of restructured accounts during the year ended March 31, 2015	(12)	N.A.	N.A.	N.A.	(2)	-	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	-
	No. of borrowers	(2,750.2)	N.A.	N.A.	N.A.	(2,750.2)	-	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	-
	Amount outstanding	(63.9)	N.A.	N.A.	N.A.	(63.9)	-	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	-
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2015	-	11	1	-	-	-	-	-	(1)	1	-	-	-
	No. of borrowers	(36,160.6)	-	35,175.3	416.4	(568.9)	-	-	-	(34.0)	34.0	-	-	-
	Amount outstanding	(4,066.3)	-	13,583.7	416.4	9,933.8	-	-	-	(34.0)	34.0	-	-	-
8.	Restructured accounts at March 31, 2015	(2,941.2)	-	(4)	-	(6)	-	-	-	-	-	-	-	-
	No. of borrowers	(67.9)	-	(2,787.1)	-	(5,728.3)	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	(1,479.0)	-	(1,546.9)	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-
	No. of borrowers	51	-	21	2	74	1	-	-	-	1	2	-	-
	Amount outstanding	80,736.5	-	37,838.5	435.6	119,010.6	0.0 <sup>3</sup>	-	-	-	34.0	34.0	-	-
	Provision thereon	7,645.0	-	16,770.0	435.6	24,850.6	-	-	-	-	34.0	34.0	-	-

- Three borrowers with amount outstanding of ₹ 7,673.3 million and provision of ₹ 446.1 million at March 31, 2014 was reported in "others" mechanism during the year ended March 31, 2014.
- Subsequently these account have been re-classified under "CDR" mechanism.
- Increase/(decrease) in borrower level outstanding of restructured accounts is due to utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based development, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.
- Insignificant amount.

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Type of Restructuring	Others						Total	₹ in million, except number of accounts				
	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total		
Sr. No.	Asset Classification Details		(a)	(b)	(c)	(d)	(e)	(a)	(b)	(c)	(d)	(e)
1. Restructured accounts at April 1, 2014 <sup>1</sup>												
No. of borrowers	807	8	188	13	1,016	856	8	202	14	1,080		
Amount outstanding	27,901.8	287.6	11,734.6	603.6	40,527.6	116,524.7	287.6	16,992.8	624.7	134,429.8		
Provision thereon	1,686.2	78.3	7,035.5	351.3	9,151.3	10,945.2	78.3	10,872.1	372.4	22,268.0		
2. Fresh restructuring during the year ended March 31, 2015												
No. of borrowers	455	6	—	—	461	474	6	1	—	—	481	
Amount outstanding	17,523.4	762.6	—	—	18,286.0	35,332.5	762.6	213.7	—	36,308.8		
Provision thereon	1,072.2	114.4	—	—	1,188.6	2,624.7	114.4	213.7	—	2,932.8		
3. Upgradations to restructured standard category during the year ended March 31, 2015												
No. of borrowers	17	—	(17)	—	—	—	17	—	(17)	—	—	
Amount outstanding	246.8	—	(257.2)	—	(10.4)	246.8	—	(257.2)	—	(10.4)		
Provision thereon	—	—	(168.8)	—	(168.8)	—	—	(168.8)	—	(168.8)		
4. Increase/(Decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2015 <sup>2</sup>												
No. of borrowers	—	—	—	—	—	—	—	—	—	—	—	
Amount outstanding	2,205.0	—	23.1	(99.5)	2,128.6	18,361.5	—	—	35.5	(101.4)	18,295.6	
Provision thereon	(62.1)	—	1,443.5	152.8	1,534.2	969.5	—	2,092.5	150.9	3,212.9		
5. Restructured standard advances at April 1, 2014, which cease to attract higher provisioning and/or additional risk weight at March 31, 2015 and hence need not be shown as restructured standard advances at April 1, 2015												
No. of borrowers	(17)	N.A.	N.A.	N.A.	(17)	(19)	N.A.	N.A.	N.A.	N.A.	(19)	
Amount outstanding	(10.2)	N.A.	N.A.	N.A.	(10.2)	(2,760.4)	N.A.	N.A.	N.A.	N.A.	(2,760.4)	
Provision thereon	—	N.A.	N.A.	N.A.	—	(63.9)	N.A.	N.A.	N.A.	N.A.	(63.9)	
6. Downgradations of restructured accounts during the year ended March 31, 2015												
No. of borrowers	(34)	9	(103)	128	—	(46)	9	(93)	130	—		
Amount outstanding	(9,131.4)	2,604.1	4,780.4	1,795.6	48.7	(45,292.0)	2,604.1	39,921.7	2,246.0	(520.2)		
Provision thereon	(1,052.6)	733.0	790.4	1,795.6	2,266.4	(5,118.9)	733.0	14,340.1	2,246.0	12,200.2		
7. Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2015												
No. of borrowers	(24)	(3)	(34)	(3)	(64)	(26)	(3)	(38)	(3)	(70)		
Amount outstanding	(11.5)	(1.8)	(2,790.9)	(0.8)	(2,805.0)	(2,952.7)	(1.8)	(5,578.0)	(0.8)	(8,533.3)		
Provision thereon	(1.6)	(0.2)	(1,306.4)	(0.8)	(1,309.0)	(69.5)	(0.2)	(2,735.4)	(0.8)	(2,855.9)		
8. Restructured Accounts at March 31, 2015												
No. of borrowers	1,204	20	34	138	1,396	1,256	20	55	141	1,472		
Amount outstanding	38,723.9	3,682.5	13,490.0	2,298.9	58,165.3	119,460.4	3,652.5	51,328.5	2,768.5	177,299.9		
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		

1. Three borrowers with amount outstanding of ₹ 7,673.3 million and provision of ₹ 446.1 million at March 31, 2014 was reported in "others" mechanism during the year ended March 31, 2014.

Subsequently these account have been re-classified under "CBR" mechanism.

2. Increase/(decrease) in borrower level outstanding of restructured accounts is due to utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application pending allotment) as part of restructuring scheme, etc.

3. "Others" mechanism also include cases restructured under Joint Lender Forum (JLF) mechanism.

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The interest income on loan accounts under strategic debt restructuring (SDR) scheme of RBI, which has been approved by the Bank, is recognised upon realisation. Accordingly, the interest income on SDR cases not recognised for the year ended March 31, 2016 was ₹ 1,093.5 million.

### 25. Provision on Funded Interest Term Loan

In 2008, RBI issued guidelines on debt restructuring, which also covered the treatment of funded interest in cases of debt restructuring, that is, instances where interest for a certain period was funded by a Funded Interest Term Loan (FITL) which was then repaid based on a contracted maturity schedule. In line with these guidelines, the Bank was providing fully for any interest income which was funded through a FITL for cases restructured subsequent to the issuance of the guideline. However, during the year ended March 31, 2015, RBI required similar treatment of outstanding FITL pertaining to cases restructured prior to the 2008 guidelines which were not yet repaid. In view of the above, and since this item relates to prior years, the Bank had with the approval of the RBI debited its reserves by ₹ 9,291.6 million to fully provide outstanding FITLs pertaining to restructurings prior to the issuance of the guideline in the quarter ended March 31, 2015 as against over three quarters permitted by RBI.

### 26. Floating provision

The Bank holds floating provision of ₹ 1.9 million at March 31, 2016 (March 31, 2015: ₹ 1.9 million) taken over from erstwhile Bank of Rajasthan on amalgamation.

### 27. Concentration of Deposits, Advances, Exposures and NPAs

#### (I) Concentration of deposits, advances, exposures and NPAs

	₹ in million	
	At March 31, 2016	At March 31, 2015
Concentration of deposits		
Total deposits of 20 largest depositors	309,666.1	232,603.9
Deposits of 20 largest depositors as a percentage of total deposits of the Bank	7.35%	6.43%

	₹ in million	
	At March 31, 2016	At March 31, 2015
Concentration of advances <sup>1</sup>		
Total advances to 20 largest borrowers (including banks)	1,316,111.4	1,337,961.7
Advances to 20 largest borrowers as a percentage of total advances of the Bank	14.61%	16.50%

1. Represents credit exposure (funded and non-funded) including derivatives exposures as per RBI guidelines on exposure norms.

	₹ in million	
	At March 31, 2016	At March 31, 2015
Concentration of exposures <sup>1</sup>		
Total exposure to 20 largest borrowers/customers (including banks)	1,348,617.3	1,354,445.8
Exposures to 20 largest borrowers/customers as a percentage of total exposure of the Bank	14.30%	15.87%

1. Represents credit and investment exposures as per RBI guidelines on exposure norms.

	₹ in million	
	At March 31, 2016	At March 31, 2015
Concentration of NPAs <sup>1</sup>		
Total exposure <sup>1</sup> to top four NPA accounts	108,418.9	62,016.3

1. Represents gross exposure (funded and non-funded).

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### forming part of the Accounts (Contd.)

#### (II) Sector-wise Advances

₹ in million except percentages

Sr. no.	Sector	At March 31, 2016		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
<b>A. Priority sector</b>				
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%
	<b>Sub-total (A)</b>	<b>937,416.6</b>	<b>21,037.7</b>	<b>2.24%</b>
<b>B. Non-priority sector</b>				
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%
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%
	<b>Sub-total (B)</b>	<b>3,564,409.0</b>	<b>241,174.7</b>	<b>6.77%</b>
	<b>Total (A+B)</b>	<b>4,501,825.6</b>	<b>262,212.4</b>	<b>5.82%</b>

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

Sr. no.	Sector	At March 31, 2015		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
<b>A. Priority sector</b>				
1.	Agriculture and allied activities	237,737.6	7,051.4	2.97%
2.	Advances to industries sector eligible as priority sector lending	114,316.8	3,660.3	3.20%
3.	Services of which:	118,499.0	1,963.1	1.66%
	Transport operators	61,484.7	1,273.5	2.07%
	Wholesale Trade	14,487.1	487.7	3.37%
4.	Personal loans of which:	301,750.1	3,818.1	1.27%
	Housing	217,485.4	2,571.4	1.18%
	Vehicle loans	78,868.5	967.2	1.23%
	<b>Sub-total (A)</b>	<b>772,303.5</b>	<b>16,492.9</b>	<b>2.14%</b>

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₹ in million except percentages			
		At March 31, 2015	
Sr. no.	Sector	Outstanding advances	% of gross NPAs to total advances in that sector
<b>B. Non-priority sector</b>			
1.	Agriculture and allied activities	–	–
2.	Advances to industries sector of which:	1,532,182.6	73,115.3 4.77%
	Infrastructure	492,067.9	17,174.3 3.49%
	Basic metal and metal products	311,448.4	11,462.2 3.68%
3.	Services of which:	851,479.8	50,175.6 5.89%
	Commercial real estate	264,316.4	4,914.1 1.86%
	Wholesale Trade	128,156.7	4,299.1 3.35%
4.	Personal loans <sup>1</sup> , of which:	833,654.3	11,163.1 1.34%
	Housing	575,848.8	3,488.5 0.61%
	<b>Sub-total (B)</b>	<b>3,217,316.7</b>	<b>134,454.0 4.18%</b>
	<b>Total (A+B)</b>	<b>3,989,620.3</b>	<b>150,946.9 3.78%</b>

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.

(III) Overseas assets, NPAs and revenue

Particulars	₹ in million	
	Year ended March 31, 2016	Year ended March 31, 2015
Total assets <sup>1</sup>	1,188,387.1	1,203,814.7
Total NPAs (net)	38,937.5	8,516.8
Total revenue <sup>1</sup>	60,200.9	54,678.3

1. 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. no. Name of the SPV sponsored<sup>1,2</sup>

**A Domestic<sup>3</sup>**

- ICICI Strategic Investments Fund
- India Advantage Fund-III
- India Advantage Fund-IV

**B Overseas**

- None

1. The nature of business of the above entities is venture capital fund.
2. SPVs/Trusts which are consolidated and set-up/sponsored by the Bank/Subsidiaries of the Bank.
3. During the three months ended December 31, 2015, ICICI Equity Fund redeemed its units held by the Group 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. 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.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
1. Total amount of intra-group exposures	104,789.7	102,495.0
2. Total amount of top 20 intra-group exposures	104,789.7	102,495.0
3. Percentage of intra-group exposure to total exposures of the Bank on borrowers/customers	1.11%	1.20%
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.

Capital Market Sector	₹ in million	
	At March 31, 2016	At March 31, 2015
I. 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	18,262.1	22,597.0
II. 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	1,746.0	1,867.7
III. 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	85,157.5	99,828.3
IV. 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	-	-
V. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers	47,282.3	37,754.5
VI. 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	-	-
VII. Bridge loans to companies against expected equity flows/issues	-	-
VIII. 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	-	-
IX. Financing to stockbrokers for margin trading	-	-
X. All exposures to venture capital funds (both registered and unregistered)	10,350.1	12,400.8
XI. Others	8,256.5	8,332.4
<b>Total exposure to capital market<sup>1</sup></b>	<b>171,054.5</b>	<b>182,780.7</b>

1. At March 31, 2016, excludes investments in equity shares under Strategic Debt Restructuring (SDR) scheme amounting to ₹ 4,683.4 million.

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The following table sets forth, for the periods indicated, the summary of exposure to real estate sector.

	₹ in million	At March 31, 2016	At March 31, 2015
Real estate sector			
<b>I. Direct exposure</b>			
i) Residential mortgages		1,538,771.3	1,340,716.4
of which: individual housing loans eligible for priority sector advances		1,155,305.7	945,862.1
ii) Commercial real estate <sup>1</sup>		182,852.8	172,465.4
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposure		351,808.5	356,451.4
a. Residential		31,657.1	38,402.9
b. Commercial real estate		27,850.9	36,624.4
<b>II. Indirect exposure</b>		3,806.2	1,778.5
i) Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		121,131.7	85,681.9
<b>Total exposure to real estate sector<sup>2</sup></b>		121,137.7	85,681.9
<b>Total exposure to real estate sector<sup>2</sup></b>	<b>1,659,903.0</b>	<b>1,426,398.3</b>	

1. 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.
2. Excludes non-banking assets acquired in satisfaction of claims.

### 30. Factoring business

At March 31, 2016, the outstanding receivables acquired by the Bank under factoring business were ₹ 4,290.6 million (March 31, 2015: ₹ 3,737.6).

### 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 2.51% (March 31, 2015: 2.53%), Singapore was 1.50% (March 31, 2015: 1.31%) and United Kingdom was 1.50% (March 31, 2015: 0.52%). As the net funded exposure to United States of America, Singapore and United Kingdom exceeds 1.0% of total funded assets, the Bank held a provision of ₹ 530.0 million on country exposure at March 31, 2016 (March 31, 2015: ₹ 345.0 million) based on RBI guidelines.

The following table sets forth, for the periods indicated, the details of exposure (net) and provision held by the bank.

	₹ in million	Exposure (net) at March 31, 2016	Provision held at March 31, 2016	Exposure (net) at March 31, 2015	Provision held at March 31, 2015
Risk category					
Insignificant		902,987.8	530.0	784,254.1	345.0
Low		204,850.4	–	189,069.3	–
Moderately Low		20,254.5	–	27,593.9	–
Moderate		15,425.1	–	10,823.3	–
Moderately High		–	–	–	–
High		–	–	–	–
Very High		–	–	–	–
<b>Total</b>		<b>1,143,517.8</b>	<b>530.0</b>	<b>1,011,740.6</b>	<b>345.0</b>

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### **32. Details of Single Borrower Limit and Borrower Group Limit exceeded by the Bank**

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 during the year. 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.

During the year ended March 31, 2015, the Bank complied with the RBI guidelines on single borrower and borrower group limit.

### **33. Unsecured advances against intangible assets**

The Bank has not made advances against intangible collaterals of the borrowers, which are classified as 'unsecured' in its financial statements at March 31, 2016 (March 31, 2015: Nil) and the estimated value of the intangible collaterals was Nil at March 31, 2016 (March 31, 2015: Nil).

### **34. Fixed Assets**

#### *i. Revaluation*

The Bank revalued its premises (land and buildings) at March 31, 2016. The revalued amount of the premises was ₹ 58,404.6 million as compared to the historical cost less accumulated depreciation of ₹ 30,229.9 million on the date of revaluation. The valuation was carried out by external valuers using methods applicable to the valuation of premises such as direct comparison method and income generation method.

#### *ii. Software*

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
At cost at March 31 of preceding year	11,260.7	9,433.7
Additions during the year	1,877.7	1,827.9
Deductions during the year	(1.8)	(0.9)
Depreciation to date	(10,074.9)	(8,554.8)
<b>Net block</b>	<b>3,061.7</b>	<b>2,705.9</b>

### **35. 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, not acknowledged as 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 outstanding forward 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.

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Sr. no.	Contingent liability	Brief Description
4.	Guarantees given on behalf of constituents, acceptances, endorsements and 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, interest rate swaps, currency options and 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 the Bank is contingently 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 the 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.

### 36. Insurance business

The following table sets forth, for the periods indicated, the break-up of income derived from insurance business.

Sr. No.	Nature of income	₹ in million	
		Year ended March 31, 2016	Year ended March 31, 2015
1.	Income from selling life insurance policies	7,667.7	6,325.7
2.	Income from selling non-life insurance policies	735.1	678.2
3.	Income from selling mutual fund/collective investment scheme products	1,794.5	2,426.6

### 37. 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.

Particulars	₹ in million	
	Year ended March 31, 2015	Year ended March 31, 2014
<b>Opening obligations</b>	12,999.9	10,209.9
Service cost	251.0	217.8
Interest cost	1,034.7	943.5
Actuarial (gain)/loss	1,594.7	3,174.7
Liabilities extinguished on settlement	(1,554.0)	(1,381.1)
Benefits paid	(134.7)	(164.9)
<b>Obligations at the end of year</b>	14,191.6	12,999.9
<b>Opening plan assets, at fair value</b>	10,103.4	9,018.8
Expected return on plan assets	902.9	743.3
Actuarial gain/(loss)	(4.1)	104.7
Assets distributed on settlement	(1,726.7)	(1,534.6)

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Particulars	₹ in million	
	Year ended March 31, 2015	Year ended March 31, 2014
Contributions	4,050.8	1,936.1
Benefits paid	(134.7)	(164.9)
<b>Closing plan assets, at fair value</b>	<b>13,191.6</b>	<b>10,103.4</b>
Fair value of plan assets at the end of the year	13,191.6	10,103.4
Present value of the defined benefit obligations at the end of the year	14,191.6	12,999.9
Amount not recognised as an asset (limit in Para 59(b) of AS-15 on 'employee benefits')	–	–
<b>Asset/(liability)</b>	<b>(1,000.0)</b>	<b>(2,896.5)</b>
<b>Cost for the Year<sup>1</sup></b>		
Service cost	251.0	217.8
Interest cost	1,034.7	943.5
Expected return on plan assets	(902.9)	(743.3)
Actuarial (gain)/loss	1,598.8	3,070.0
Curtailments & settlements (gain)/loss	172.7	153.5
Effect of the limit in para 59(b) of AS-15 on 'employee benefits'	–	–
<b>Net cost</b>	<b>2,154.3</b>	<b>3,641.5</b>
Actual return on plan assets	898.8	848.0
Expected employer's contribution next year	3,000.0	3,000.0
<b>Investment details of plan assets</b>		
Insurer managed funds <sup>2</sup>	1.04%	84.51%
Government of India securities	48.64%	7.12%
Corporate bonds	43.23%	8.12%
Equity securities in listed companies	2.48%	–
Others	4.61%	0.25%
<b>Assumptions</b>		
Discount rate	7.95%	8.00%
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%

1. Included in line item payments to and provision for employees of Schedule-16 Operating expenses.

2. During the year ended March 31, 2015, majority of the funds were invested in Government of India securities and corporate bonds.

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

Particulars	₹ in million				
	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
Plan assets	13,191.6	10,103.4	9,018.8	9,526.8	9,379.5
Defined benefit obligations	14,191.6	12,999.9	10,209.9	10,392.5	9,602.7
Amount not recognised as an asset (limit in para 59(b) of AS-15 on 'employee benefits')	–	–	–	–	–
Surplus/(deficit)	(1,000.0)	(2,896.5)	(1,191.1)	(865.7)	(223.2)
Experience adjustment on plan assets	(4.1)	104.7	(29.1)	102.3	51.7
Experience adjustment on plan liabilities	1,503.4	1,271.2	2,549.6	1,525.2	2,692.3

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### **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.

Particulars	₹ in million	
	Year ended March 31, 2016	Year ended March 31, 2015
<b>Opening obligations</b>	<b>6,754.6</b>	<b>5,818.5</b>
Add: Adjustment for exchange fluctuation on opening obligations	4.4	3.1
<b>Adjusted opening obligations</b>	<b>6,759.0</b>	<b>5,821.6</b>
Service cost	626.7	529.8
Interest cost	538.7	529.9
Actuarial (gain)/loss	128.0	514.3
Past service cost	—	—
Liability transferred from/to other companies	(5.9)	(7.3)
Benefits paid	(659.8)	(633.7)
<b>Obligations at the end of the year</b>	<b>7,386.8</b>	<b>6,754.6</b>
<b>Opening plan assets, at fair value</b>	<b>6,570.7</b>	<b>5,729.9</b>
Expected return on plan assets	502.6	443.5
Actuarial gain/(loss)	(345.7)	589.1
Contributions	871.1	449.2
Asset transferred from/to other companies	(5.9)	(7.3)
Benefits paid	(659.8)	(633.5)
<b>Closing plan assets, at fair value</b>	<b>6,933.0</b>	<b>6,570.7</b>
Fair value of plan assets at the end of the year	6,933.0	6,570.7
Present value of the defined benefit obligations at the end of the year	7,386.7	6,754.6
Amount not recognised as an asset (limit in Para 59(b) of AS-15 on 'employee benefits')	—	—
<b>Asset/(liability)</b>	<b>(453.7)</b>	<b>(183.9)</b>
<b>Cost for the year<sup>1</sup></b>		
Service cost	626.7	529.8
Interest cost	538.7	529.9
Expected return on plan assets	(502.6)	(443.5)
Actuarial (gain)/loss	473.7	(74.8)
Past service cost	—	—
Exchange fluctuation loss/(gain)	4.3	3.1
Effect of the limit in para 59(b) of AS15 on 'employee benefits'	—	—
<b>Net cost</b>	<b>1,140.8</b>	<b>544.5</b>
Actual return on plan assets	156.9	1,032.6
Expected employer's contribution next year	500.0	510.2
<b>Investment details of plan assets</b>		
Insurer managed funds	7.38%	8.68%
Government of India securities	31.08%	40.29%
Corporate bonds	24.19%	18.37%
Special deposit schemes	4.20%	4.43%
Equity	13.53%	12.81%
Others	19.62%	15.42%
<b>Assumptions</b>		
Discount rate	7.85%	7.90%
Salary escalation rate	7.00%	7.00%
Estimated rate of return on plan assets	8.00%	8.00%

1. 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.

Particulars	<b>Year ended March 31, 2016</b>	₹ in million			
		Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
Plan assets	<b>6,933.0</b>	6,570.7	5,729.9	5,530.5	5,027.4
Defined benefit obligations	<b>7,386.7</b>	6,754.6	5,818.5	5,643.1	5,247.2
Amount not recognised as an asset (limit in para 59(b) of AS-15 on 'employee benefits')	—	—	—	—	—
Surplus/(deficit)	(453.7)	(183.9)	(88.6)	(112.6)	(219.8)
Experience adjustment on plan assets	(345.7)	589.1	(29.5)	34.4	20.1
Experience adjustment on plan liabilities	<b>120.1</b>	41.9	217.6	153.6	44.1

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 Bank has not made any provision for the year ended March 31, 2016 (March 31, 2015: Nil).

The following tables set forth, for the periods indicated, reconciliation of opening and closing balance of the present value of the defined benefit obligation for provident fund.

Particulars	<b>Year ended March 31, 2016</b>	₹ in million	
		Year ended March 31, 2015	
<b>Opening obligations</b>	<b>17,746.8</b>	<b>15,693.3</b>	
Service cost	925.4	920.4	
Interest cost	1,382.0	1,383.2	
Actuarial (gain)/loss	199.0	322.3	
Employees contribution	1,905.1	1,814.6	
Liability transferred from/to other companies	120.1	100.9	
Benefits paid	(2,357.8)	(2,487.9)	
<b>Obligations at end of the year</b>	<b>19,920.6</b>	<b>17,746.8</b>	
<b>Opening plan assets</b>	<b>17,746.8</b>	<b>15,689.8</b>	
Expected return on plan assets	1,572.3	1,362.6	
Actuarial gain/(loss)	8.7	346.4	
Employer contributions	925.4	920.4	
Employees contributions	1,905.1	1,814.6	
Asset transferred from/to other companies	120.1	100.9	
Benefits paid	(2,357.8)	(2,487.9)	
<b>Closing plan assets</b>	<b>19,920.6</b>	<b>17,746.8</b>	
Plan assets at the end of the year	19,920.6	17,746.8	
Present value of the defined benefit obligations at the end of the year	<b>19,920.6</b>	<b>17,746.8</b>	
<b>Asset/(liability)</b>	—	—	
<b>Cost for the year<sup>1</sup></b>			
Service cost	925.4	920.4	
Interest cost	1,382.0	1,383.2	
Expected return on plan assets	(1,572.3)	(1,362.6)	
Actuarial (gain)/loss	190.3	(24.1)	
<b>Net cost</b>	<b>925.4</b>	<b>916.9</b>	

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Particulars	₹ in million	
	Year ended March 31, 2016	Year ended March 31, 2015
Actual return on plan assets	1,581.0	1,709.0
Expected employer's contribution next year	990.1	984.9
<b>Investment details of plan assets</b>		
Government of India securities	41.55%	39.49%
Corporate bonds	53.73%	54.11%
Special deposit scheme	2.72%	2.99%
Others	2.00%	3.41%
<b>Assumption</b>		
Discount rate	7.85%	7.90%
Expected rate of return on assets	9.03%	8.74%
Discount rate for the remaining term to maturity of investments	7.68%	7.96%
Average historic yield on the investment	8.68%	8.80%
Guaranteed rate of return	8.75%	8.75%

1. Included in line item payments to and provision for employees of Schedule-16 Operating expenses.

### Experience adjustment

Particulars	₹ in million			
	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
Plan assets	19,920.6	17,746.8	15,689.8	13,719.5
Defined benefit obligations	19,920.6	17,746.8	15,693.3	13,719.5
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	8.7	346.4	(150.5)	(22.1)
Experience adjustment on plan liabilities	199.0	322.3	(49.1)	(26.4)

The Bank has contributed ₹ 1,612.8 million to provident fund for the year ended March 31, 2016 (March 31, 2015: ₹ 1,511.0 million), which includes compulsory contribution made towards employee pension scheme under Employees Provident Fund and Miscellaneous Provisions Act, 1952.

### Superannuation Fund

Bank has contributed ₹ 122.7 million for the year ended March 31, 2016 (March 31, 2015: ₹ 110.7 million) to superannuation fund.

### 38. Movement in provision for credit card/debit card/savings account reward points

The following table sets forth, for the periods indicated, movement in provision for credit card/debit card/savings account reward points.

Particulars	₹ in million	
	Year ended March 31, 2016	Year ended March 31, 2015
Opening provision for reward points	1,083.2	836.0
Provision for reward points made during the year	1,535.1	1,144.0
Utilisation/write-back of provision for reward points	(1,200.8)	(896.8)
Closing provision for reward points <sup>1</sup>	1,417.5	1,083.2

1. The closing provision is based on the actuarial valuation of accumulated credit card/debit card/savings account reward points. This amount will be utilised towards redemption of the credit card/debit card/savings accounts reward points.

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#### **39. 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.

Particulars	₹ in million	
	Year ended March 31, 2016	Year ended March 31, 2015
Provisions for depreciation of investments	1,706.9	2,979.2
Provision towards non-performing and other assets <sup>1</sup>	<b>72,156.7</b>	31,412.7
Provision towards income tax		
- Current	57,886.1	48,591.4
- Deferred	(33,191.8)	(2,195.7)
Provision towards wealth tax	–	50.0
Collective contingency and related reserve <sup>2</sup>	36,000.0	–
Other provisions and contingencies <sup>3</sup>	6,814.6	4,607.9
<b>Total provisions and contingencies</b>	<b>141,372.5</b>	<b>85,445.5</b>

1. Includes provision towards NPA amounting to ₹ 64,019.9 million (March 31, 2015: ₹ 30,232.5 million).

2. The weak global economic environment, the sharp downturn in the commodity cycle and the gradual nature of the domestic economic recovery has adversely impacted the borrowers in certain sectors like iron and steel, mining, power, rigs and cement. While the banks are working towards resolution of stress on certain borrowers in these sectors, it may take some time for solutions to be worked out, given the weak operating and recovery environment. In view of the above, the Bank has on a prudent basis made a collective contingency and related reserve during the year ended March 31, 2016, amounting to ₹ 36,000.0 million towards exposures to these sectors. This is over and above provisions made for non-performing and restructured loans as per RBI guidelines.

3. Includes general provision towards standard assets amounting to ₹ 2,970.1 million (March 31, 2015: ₹ 3,847.9 million).

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 Accounting Standard - 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.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
Opening provision	3,978.0	3,795.2
Movement during the year (net)	2,168.6	182.8
<b>Closing provision</b>	<b>6,146.6</b>	3,978.0

1. Excludes provision towards sundry expenses.

# Financial Statements of ICICI Bank Limited

## Schedules

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### 40. Details of provisioning pertaining to fraud accounts

The following table sets forth for the year ended March 31, 2016, the details of provisioning pertaining to fraud accounts.

Particulars	₹ in million
	At March 31, 2016
Number of frauds reported	5,670
Amount involved in frauds	3,622.8
Provision made	1,212.4
Unamortised provision debited from 'other reserves'	-

### 40A. 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.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
Opening balance	2,575.8	-
Amounts transferred during the year	1,054.7	2,598.8
Amounts reimbursed by the Fund towards claims during the year	(46.4)	(23.0)
Closing balance	3,584.1	2,575.8

### 41. Provisions for income tax

The provision for income tax (including deferred tax) for the year ended March 31, 2016 amounted to ₹ 24,694.3 million (March 31, 2015: ₹ 46,395.7 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.

### 42. Deferred tax

At March 31, 2016, the Bank has recorded net deferred tax asset of ₹ 47,700.3 million (March 31, 2015: ₹ 14,480.0 million), which has 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.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
<b>Deferred tax asset</b>		
Provision for bad and doubtful debts	68,974.1	37,860.0
Capital loss	-	50.5
Foreign currency translation reserve <sup>1</sup>	5,877.5	-
Others	4,458.7	3,118.1
<b>Total deferred tax asset</b>	<b>79,310.3</b>	<b>41,028.6</b>
<b>Deferred tax liability</b>		
Special Reserve deduction	25,775.6	21,273.0
Mark-to-market gains <sup>1</sup>	610.1	-
Depreciation on fixed assets	5,224.3	5,270.7
Others	-	4.9
<b>Total deferred tax liability</b>	<b>31,610.0</b>	<b>26,548.6</b>
<b>Total net deferred tax asset/(liability)</b>	<b>47,700.3</b>	<b>14,480.0</b>

1. These items are considered in accordance with the requirements of Income Computation and Disclosure Standards.

# **Financial Statements of ICICI Bank Limited**

## **Schedules**

### **forming part of the Accounts (Contd.)**

#### **43. Dividend distribution tax**

Dividend received from Indian subsidiaries, on which dividend distribution tax has been paid by them and dividend received from offshore subsidiaries, on which tax has been paid under section 115BBD of the Income Tax Act, 1961, has 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.

#### **44. 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.

##### ***Subsidiaries***

ICICI Bank UK PLC, ICICI Bank Canada, ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Prudential Asset Management Company Limited, ICICI Securities Limited, ICICI Securities Primary Dealership Limited, ICICI Home Finance Company Limited, ICICI Venture Funds Management Company Limited, ICICI International Limited, ICICI Trusteeship Services Limited, ICICI Investment Management Company Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Prudential Trust Limited and ICICI Prudential Pension Funds Management Company Limited.

##### ***Associates/joint ventures/other related entities***

ICICI Strategic Investments Fund<sup>1</sup>, FINO PayTech 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, ICICI Merchant Services Private Limited, India Infradebt Limited, India Advantage Fund-III, India Advantage Fund-IV<sup>2</sup> and Akzo Nobel India Limited.

1. Entity consolidated as per Accounting Standard (AS) 21 on 'Consolidated Financial Statements'.

2. Identified as a related party during the three months ended September 30, 2014.

ICICI Bank Eurasia Limited Liability Company, ICICI Equity Fund and I-Ven Biotech Limited ceased to be related parties from the three months ended March 31, 2015 , December 31, 2015 and March 31, 2016 respectively.

##### ***Key management personnel***

Ms. Chanda Kochhar, Mr. N. S. Kannan, Ms. Vishakha Mulye<sup>1</sup>, Mr. K. Ramkumar, Mr. Rajiv Sabharwal

1. Identified as related party from the three months ended March 31, 2016.

##### ***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. Jaya Ramkumar, Mr. R. Shyam, Ms. R. Suchithra, Mr. K. Jayakumar, Mr. R. Krishnaswamy, Ms. J. Krishnaswamy, Ms. Pushpa Muralidharan, Ms. Malathi Vinod, Ms. Sangeeta Sabharwal, Mr. Kartik Sabharwal and Mr. Arnav Sabharwal.

1. Identified as related parties from the three months ended March 31, 2016.

The following were the significant transactions between the Bank and its related parties for the year ended March 31, 2016. 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.

##### ***Insurance services***

During the year ended March 31, 2016, the Bank paid insurance premium to insurance subsidiaries amounting to ₹ 1,406.8 million (March 31, 2015: ₹ 1,200.5 million). The material transactions for the year ended March 31, 2016 were payment of insurance premium to ICICI Lombard General Insurance Company Limited amounting to ₹ 1,180.3 million (March 31, 2015: ₹ 1,070.1 million) and to ICICI Prudential Life Insurance Company Limited amounting to ₹ 226.5 million (March 31, 2015: ₹ 130.4 million).

During the year ended March 31, 2016, the Bank's insurance claims (including the claims received by the Bank on behalf of key management personnel) from the insurance subsidiaries amounted to ₹ 167.1 million

# Financial Statements of ICICI Bank Limited

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(March 31, 2015: ₹ 245.0 million). The material transactions for the year ended March 31, 2016 were with ICICI Prudential Life Insurance Company Limited amounting to ₹ 94.1 million (March 31, 2015: ₹ 86.5 million) and with ICICI Lombard General Insurance Company Limited amounting to ₹ 73.0 million (March 31, 2015: ₹ 158.5 million).

### **Fees and commission income**

During the year ended March 31, 2016, the Bank received fees from its subsidiaries amounting to ₹ 9,009.8 million (March 31, 2015: ₹ 7,761.4 million), from its associates/joint ventures/other related entities amounting to ₹ 9.9 million (March 31, 2015: ₹ 10.0 million), from its key management personnel amounting to ₹ 0.0<sup>1</sup> million (March 31, 2015: ₹ 0.3 million) and from relatives of key management personnel amounting to ₹ 0.0<sup>1</sup> million (March 31, 2015: Nil). The material transaction for the year ended March 31, 2016 was with ICICI Prudential Life Insurance Company Limited amounting to ₹ 7,712.4 million (March 31, 2015: ₹ 6,409.8 million).

#### *1. Insignificant amount*

During the year ended March 31, 2016, the Bank received commission on bank guarantees from its subsidiaries amounting to ₹ 38.1 million (March 31, 2015: ₹ 46.2 million). The material transaction for the year ended March 31, 2016 was with ICICI Bank UK PLC amounting to ₹ 36.2 million (March 31, 2015: ₹ 44.4 million).

### **Lease of premises, common corporate and facilities expenses**

During the year ended March 31, 2016, the Bank recovered from its subsidiaries an amount of ₹ 1,228.6 million (March 31, 2015: ₹ 1,253.3 million) and from its associates/joint ventures/other related entities an amount of ₹ 63.9 million (March 31, 2015: ₹ 57.5 million). The material transactions for the year ended March 31, 2016 were with ICICI Home Finance Company Limited amounting to ₹ 323.8 million (March 31, 2015: ₹ 312.1 million), ICICI Securities Limited amounting to ₹ 234.3 million (March 31, 2015: ₹ 262.6 million), ICICI Lombard General Insurance Company Limited amounting to ₹ 201.2 million (March 31, 2015: ₹ 187.1 million), ICICI Prudential Life Insurance Company Limited amounting to ₹ 185.7 million (March 31, 2015: ₹ 206.6 million) and with ICICI Bank UK PLC amounting to ₹ 180.2 million (March 31, 2015: ₹ 175.2 million).

### **Secondment of employees**

During the year ended March 31, 2016, the Bank recovered towards deputation of employees from its subsidiaries an amount of ₹ 57.0 million (March 31, 2015: ₹ 56.4 million) and from its associates/joint ventures/other related entities an amount of ₹ 7.7 million (March 31, 2015: ₹ 7.1 million). The material transactions for the year ended March 31, 2016 were with ICICI Investment Management Company Limited amounting to ₹ 44.0 million (March 31, 2015: ₹ 40.0 million), ICICI Securities Limited amounting to ₹ 10.1 million (March 31, 2015: ₹ 11.2 million) and with I-Process Services (India) Private Limited amounting to ₹ 7.5 million (March 31, 2015: ₹ 7.1 million).

### **Purchase of investments**

During the year ended March 31, 2016, the Bank purchased certain investments from its subsidiaries amounting to ₹ 9,506.5 million (March 31, 2015: ₹ 9,931.6 million). The material transactions for the year ended March 31, 2016 were with ICICI Bank UK PLC amounting to ₹ 4,237.6 million (March 31, 2015: Nil), ICICI Securities Primary Dealership Limited amounting to ₹ 2,936.7 million (March 31, 2015: ₹ 5,886.8 million) and with ICICI Prudential Life Insurance Company Limited amounting to ₹ 2,332.2 million (March 31, 2015: ₹ 2,877.9 million).

During the year ended March 31, 2016, the Bank invested, through purchase from ICICI Venture Funds Management Company Limited, in the units of India Advantage Fund-III amounting to Nil (March 31, 2015: ₹ 499.1 million) and in the units of India Advantage Fund-IV amounting to Nil (March 31, 2015: ₹ 417.9 million).

### **Sale of investments**

During the year ended March 31, 2016, the Bank sold certain investments to its subsidiaries amounting to ₹ 5,146.7 million (March 31, 2015: ₹ 5,311.6 million). The material transactions for the year ended March 31, 2016 were with ICICI Lombard General Insurance Company Limited amounting to ₹ 2,942.9 million (March 31, 2015: ₹ 928.6 million), ICICI Securities Limited amounting to ₹ 1,358.0 million (March 31, 2015: ₹ 72.8 million), ICICI Prudential Life Insurance Company Limited amounting to ₹ 845.8 million (March 31, 2015: ₹ 902.2 million) and with ICICI Securities Primary Dealership Limited amounting to Nil (March 31, 2015: ₹ 3,408.0 million).

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## **Schedules**

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### ***Investment in Certificate of Deposits (CDs)/bonds issued by ICICI Bank***

During the year ended March 31, 2016, subsidiaries have invested in CDs/bonds issued by the Bank amounting to Nil (March 31, 2015: ₹ 3,210.0 million). The material transactions for the year ended March 31, 2016 were with ICICI Prudential Life Insurance Company Limited amounting to Nil (March 31, 2015: ₹ 2,000.0 million) and with ICICI Securities Primary Dealership Limited amounting to Nil (March 31, 2015: ₹ 1,210.0 million).

### ***Redemption/buyback of investments***

During the year ended March 31, 2016, the Bank received ₹ 2,561.5 million (equivalent to CAD 50.0 million) [March 31, 2015: Nil] on account of redemption of bonds, ₹ 2,561.5 million (equivalent to CAD 50.0 million) [March 31, 2015: ₹ 3,922.6 million (equivalent to CAD 80.0 million)] on account of buyback of equity shares and ₹ 1,900.2 million (equivalent to CAD 37.1 million) [March 31, 2015: Nil] on account of redemption of preference shares by ICICI Bank Canada.

During the year ended March 31, 2016, the Bank received Nil [March 31, 2015: ₹ 4,687.5 million (equivalent to USD 75.0 million)] from ICICI Bank UK PLC on account of buyback of equity shares.

During the year ended March 31, 2016, the Bank received ₹ 305.0 million (March 31, 2015: ₹ 74.4 million) from ICICI Equity Fund, ₹ 188.2 million (March 31, 2015: ₹ 118.0 million) from India Advantage Fund-III, and ₹ 94.6 million (March 31, 2015: ₹ 21.6 million) from India Advantage Fund-IV on account of redemption of units and distribution of gain/loss on units.

### ***Reimbursement of expenses to subsidiaries***

During the year ended March 31, 2016, the Bank reimbursed expenses to its subsidiaries amounting to ₹ 108.1 million (March 31, 2015: ₹ 60.4 million). The material transactions for the year ended March 31, 2016 were with ICICI Bank UK PLC amounting to ₹ 102.6 million (March 31, 2015: ₹ 57.4 million).

### ***Reimbursement of expenses to the Bank***

During the year ended March 31, 2016, subsidiaries reimbursed expenses to the Bank amounting to ₹ 4.2 million (March 31, 2015: ₹ 5.8 million). The material transactions for the year ended March 31, 2016 were with ICICI Home Finance Company Limited amounting to ₹ 2.7 million (March 31, 2015: Nil), ICICI Lombard General Insurance Company Limited amounting to ₹ 0.8 million (March 31, 2015: Nil), ICICI Bank Canada amounting to ₹ 0.7 million (March 31, 2015: ₹ 4.7 million) and with ICICI Bank UK PLC amounting to Nil (March 31, 2015: ₹ 1.1 million).

### ***Brokerage, fees and other expenses***

During the year ended March 31, 2016, the Bank paid brokerage, fees and other expenses to its subsidiaries amounting to ₹ 786.0 million (March 31, 2015: ₹ 833.1 million) and to its associates/joint ventures/other related entities amounting to ₹ 5,248.6 million (March 31, 2015: ₹ 4,645.1 million). The material transactions for the year ended March 31, 2016 were with I-Process Services (India) Private Limited amounting to ₹ 2,830.9 million (March 31, 2015: ₹ 2,362.7 million), ICICI Merchant Services Private Limited amounting to ₹ 2,341.3 million (March 31, 2015: ₹ 2,216.0 million) and with ICICI Home Finance Company Limited amounting to ₹ 652.5 million (March 31, 2015: ₹ 662.1 million).

### ***Income on custodial services***

During the year ended March 31, 2016, the Bank recovered custodial charges from its subsidiaries amounting to ₹ 11.3 million (March 31, 2015: ₹ 11.8 million) and from its associates/joint ventures/other related entities amounting to ₹ 1.6 million (March 31, 2015: ₹ 1.5 million). The material transactions for the year ended March 31, 2016 were with ICICI Prudential Asset Management Company Limited amounting to ₹ 8.8 million (March 31, 2015: ₹ 7.3 million) and with ICICI Securities Primary Dealership Limited amounting to ₹ 2.5 million (March 31, 2015: ₹ 4.5 million).

### ***Interest expenses***

During the year ended March 31, 2016, the Bank paid interest to its subsidiaries amounting to ₹ 402.9 million (March 31, 2015: ₹ 614.2 million), to its associates/joint ventures/other related entities amounting to ₹ 102.6 million (March 31, 2015: ₹ 257.9 million), to its key management personnel amounting to ₹ 3.8 million (March 31, 2015: ₹ 6.2 million) and to relatives of key management personnel amounting to ₹ 3.0 million (March 31, 2015: ₹ 2.3 million).

# Financial Statements of ICICI Bank Limited

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The material transactions for the year ended March 31, 2016 were with ICICI Securities Limited amounting to ₹ 351.7 million (March 31, 2015: ₹ 373.3 million), India Infradebt Limited amounting to ₹ 88.0 million (March 31, 2015: ₹ 232.0 million) and with ICICI Prudential Life Insurance Company Limited amounting to ₹ 23.2 million (March 31, 2015: ₹ 185.7 million).

### **Interest income**

During the year ended March 31, 2016, the Bank received interest from its subsidiaries amounting to ₹ 1,037.5 million (March 31, 2015: ₹ 1,407.6 million), from its associates/joint ventures/other related entities amounting to ₹ 48.2 million (March 31, 2015: ₹ 48.2 million), from its key management personnel amounting to ₹ 1.6 million (March 31, 2015: ₹ 1.0 million) and from relatives of key management personnel amounting to ₹ 0.8 million (March 31, 2015: ₹ 1.5 million). The material transactions for the year ended March 31, 2016 were with ICICI Home Finance Company Limited amounting to ₹ 721.9 million (March 31, 2015: ₹ 942.1 million), ICICI Venture Funds Management Company Limited amounting to ₹ 161.0 million (March 31, 2015: ₹ 167.3 million) and with ICICI Bank Canada amounting to ₹ 23.4 million (March 31, 2015: ₹ 160.4 million).

### **Other income**

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. During the year ended March 31, 2016, the net loss of the Bank on forex and derivative transactions entered with subsidiaries was ₹ 848.3 million (March 31, 2015: net gain of ₹ 1,887.3 million). The material transactions for the year ended March 31, 2016 were loss of ₹ 1,097.4 million (March 31, 2015: gain of ₹ 1,803.5 million) with ICICI Bank UK PLC, gain of ₹ 245.5 million (March 31, 2015: gain of ₹ 383.0 million) with ICICI Bank Canada, gain of ₹ 6.8 million (March 31, 2015: loss of ₹ 144.0 million) with ICICI Securities Primary Dealership Limited and loss of ₹ 41.5 million (March 31, 2015: loss of ₹ 184.7 million) with ICICI Home Finance Company Limited.

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.

### **Dividend income**

During the year ended March 31, 2016, the Bank received dividend from its subsidiaries amounting to ₹ 15,352.1 million (March 31, 2015: ₹ 15,590.6 million). The material transactions for the year ended March 31, 2016 were with ICICI Prudential Life Insurance Company Limited amounting to ₹ 8,744.0 million (March 31, 2015: ₹ 6,173.6 million), ICICI Securities Limited amounting to ₹ 1,610.7 million (March 31, 2015: ₹ 1,860.8 million), ICICI Home Finance Company Limited amounting to ₹ 1,261.6 million (March 31, 2015: ₹ 1,607.5 million), ICICI Securities Primary Dealership Limited amounting to ₹ 1,219.5 million (March 31, 2015: ₹ 1,590.8 million) and with ICICI Bank UK PLC amounting to Nil (March 31, 2015: ₹ 1,870.1 million).

### **Dividend paid**

During the year ended March 31, 2016, the Bank paid dividend to its key management personnel amounting to ₹ 13.8 million (March 31, 2015: ₹ 10.0 million) and to relatives of key management personnel amounting to ₹ 0.0<sup>1</sup> million (March 31, 2015: ₹ 0.0<sup>1</sup> million). The dividend paid during the year ended March 31, 2016 to Ms. Chanda Kochhar was ₹ 11.1 million (March 31, 2015: ₹ 7.9 million), to Mr. N. S. Kannan was ₹ 2.1 million (March 31, 2015: ₹ 1.1 million) and to Mr. Rajiv Sabharwal was ₹ 0.6 million (March 31, 2015: ₹ 1.0 million).

1. *Insignificant amount.*

### **Remuneration to whole-time directors**

Remuneration paid to the whole-time directors of the Bank, excluding the perquisite value on account of employee stock options exercised, during the year ended March 31, 2016 was ₹ 219.0 million (March 31, 2015: ₹ 164.5 million). The remuneration paid for the year ended March 31, 2016 to Ms. Chanda Kochhar was ₹ 68.8 million (March 31, 2015: ₹ 53.5 million), to Mr. N. S. Kannan was ₹ 47.2 million (March 31, 2015: ₹ 37.4 million), to Ms. Vishakha Mulye<sup>1</sup> was ₹ 10.1 million (March 31, 2015: N.A.), to Mr. K. Ramkumar was ₹ 48.1 million (March 31, 2015: ₹ 38.6 million) and to Mr. Rajiv Sabharwal was ₹ 44.8 million (March 31, 2015: ₹ 35.0 million).

1. *Identified as related party from the three months ended March 31, 2016.*

# **Financial Statements of ICICI Bank Limited**

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#### ***Sale of fixed assets***

During the year ended March 31, 2016, the Bank sold fixed assets to ICICI Prudential Asset Management company Limited amounting to ₹ 0.1 million (March 31, 2015: Nil) and to ICICI Venture Funds Management Company Limited amounting to Nil (March 31, 2015: ₹ 0.7 million).

#### ***Purchase of fixed assets***

During the year ended March 31, 2016, the Bank purchased fixed assets from ICICI Securities Limited amounting to ₹ 1.8 million (March 31, 2015: Nil), from ICICI Venture Funds Management Company Limited amounting to ₹ 0.2 million (March 31, 2015: Nil) and from ICICI Prudential Life Insurance Company Limited amounting to Nil (March 31, 2015: ₹ 23.0 million).

#### ***Donation***

During the year ended March 31, 2016, the Bank has given donation to ICICI Foundation for Inclusive Growth amounting to ₹ 450.0 million (March 31, 2015: ₹ 260.0 million).

#### ***Purchase of loan***

During the year ended March 31, 2016, the Bank purchased loan from ICICI Bank UK PLC amounting to ₹ 5,650.3 million (March 31, 2015: Nil).

During the year ended March 31, 2015, the Bank purchased loan from ICICI Bank Eurasia Limited Liability Company amounting to ₹ 1,138.1 million.

#### ***Risk participation***

During the year ended March 31, 2016, the Bank has entered into funded risk participation with ICICI Bank UK PLC amounting to ₹ 6,876.2 million (March 31, 2015: ₹ 4,101.6 million) and entered into unfunded risk participation with ICICI Bank Canada amounting to ₹ 588.0 million (March 31, 2015: ₹ 312.5 million).

#### ***Purchase of bank guarantees***

During the year ended March 31, 2016, the Bank purchased bank guarantee from ICICI Bank UK PLC amounting to Nil (March 31, 2015: ₹ 1,329.4 million).

#### ***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 ₹ 492.7 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 (currently equivalent to ₹ 128.1 million) each, aggregating to Canadian dollar 17.5 million (currently equivalent to ₹ 896.5 million). The aggregate amount of ₹ 1,389.2 million at March 31, 2016 (March 31, 2015: ₹ 1,312.9 million) is included in the contingent liabilities.

During the year ended March 31, 2016, Canada Deposit Insurance Corporation (CDIC) has released the Bank from the obligations of the undertaking provided on behalf of its banking subsidiary ICICI Bank Canada.

The letters of comfort in the nature of letters of awareness that were outstanding at March 31, 2016 issued by the Bank on behalf of its subsidiaries in respect of their borrowings made or proposed to be made, aggregated to ₹ 12,486.1 million (March 31, 2015: ₹ 12,748.0 million). During the year ended March 31, 2016, borrowings pertaining to letters of comfort aggregating ₹ 261.9 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.

# Financial Statements of ICICI Bank Limited

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### **Related party balances**

The following table sets forth, the balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel at March 31, 2016.

Items/Related party	₹ in million				
	Subsidiaries	Associates/ joint ventures/ other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	6,621.8	1,004.4	35.8	63.6	<b>7,725.6</b>
Deposits of ICICI Bank	250.5	–	–	–	<b>250.5</b>
Call/term money lent	1,650.0	–	–	–	<b>1,650.0</b>
Call/term money borrowed	–	–	–	–	–
Reverse repurchase	–	–	–	–	–
Advances	6,749.4	0.4	54.7	7.9	<b>6,812.4</b>
Investments of ICICI Bank	110,282.0	2,914.3	–	–	<b>113,196.3</b>
Investments of related parties in ICICI Bank	250.0	–	7.2	0.0 <sup>1</sup>	<b>257.2</b>
Receivables <sup>2</sup>	715.2	1.2	–	–	<b>716.4</b>
Payables <sup>2</sup>	297.5	676.7	–	–	<b>974.2</b>
Guarantees/ letter of credit/ indemnity given by the Bank	15,113.5	0.5	–	–	<b>15,114.0</b>
Guarantees/ letter of credit/ indemnity issued by related parties	1,852.6	–	–	–	<b>1,852.6</b>
Unfunded risk participation	–	–	–	–	–
Swaps/forward contracts (notional amount)	152,219.8	–	–	–	<b>152,219.8</b>
Employee stock options outstanding (Numbers)	–	–	29,811,500	–	<b>29,811,500</b>

1. Insignificant amount.

2. Excludes mark-to-market on outstanding derivative transactions.

3. During the year ended March 31, 2016, 723,500 employee stock options with exercise price of ₹ 75.3 million were exercised by the key management Personnel of the Bank.

The following table sets forth, the maximum balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel during the year ended March 31, 2016.

Items/Related party	₹ in million				
	Subsidiaries	Associates/ joint ventures/ other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	10,297.2	3,656.0	192.8	93.7	<b>14,239.7</b>
Deposits of ICICI Bank	1,503.6	–	–	–	<b>1,503.6</b>
Call/term money lent	8,000.0	–	–	–	<b>8,000.0</b>
Call/term money borrowed	–	–	–	–	–
Reverse repurchase	–	–	–	–	–
Advances	13,375.4	0.9	55.3	15.0	<b>13,429.7</b>
Investments of ICICI Bank	118,324.3	3,656.9	–	–	<b>121,981.3</b>
Investments of related parties in ICICI Bank <sup>1</sup>	1,615.0	–	7.2	0.0 <sup>2</sup>	<b>1,620.8</b>
Receivables	1,397.5	337.5	–	–	<b>1,735.0</b>
Payables <sup>1</sup>	4,458.5	793.2	–	–	<b>5,251.7</b>
Guarantees/ letter of credit/ indemnity given by the Bank	15,558.1	0.7	–	–	<b>15,558.8</b>
Guarantees/ letter of credit/ indemnity issued by related parties	3,481.6	–	–	–	<b>3,481.6</b>
Unfunded risk participation	587.3	–	–	–	<b>587.3</b>
Swaps/forward contracts (notional amount)	263,138.1	–	–	–	<b>263,138.1</b>

1. Maximum balances are determined based on comparison of the total outstanding balances at each quarter end during the financial year.

2. Insignificant amount.

# Financial Statements of ICICI Bank Limited

## Schedules

### forming part of the Accounts (Contd.)

The following table sets forth, the balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel at March 31, 2015.

Items/Related party	Subsidiaries	Associates/ joint ventures/ other related entities	Key Management Personnel	Relatives of Key Management Personnel	₹ in million
Deposits with ICICI Bank	7,560.7	2,299.8	97.4	42.3	<b>10,000.2</b>
Deposits of ICICI Bank	443.3	–	–	–	<b>443.3</b>
Call/term money lent	–	–	–	–	–
Call/term money borrowed	–	–	–	–	–
Reverse repurchase	–	–	–	–	–
Advances	10,139.1	1.2	37.0	15.0	<b>10,192.3</b>
Investments of ICICI Bank	117,751.2	3,656.9	–	–	<b>121,408.1</b>
Investments of related parties in ICICI Bank	1,615.0	–	5.2	0.0 <sup>1</sup>	<b>1,620.2</b>
Receivables <sup>2</sup>	1,128.1	69.5	–	–	<b>1,197.6</b>
Payables <sup>2</sup>	221.4	527.8	–	–	<b>749.2</b>
Guarantees/ letter of credit/ indemnity given by the Bank	14,296.4	0.0 <sup>1</sup>	–	–	<b>14,296.4</b>
Guarantees/ letter of credit/ indemnity issued by related parties	3,481.6	–	–	–	<b>3,481.6</b>
Unfunded risk participation	312.5	–	–	–	<b>312.5</b>
Swaps/forward contracts (notional amount)	171,988.5	–	–	–	<b>171,988.5</b>
Employee stock options outstanding (Numbers)	–	–	19,255,000	–	<b>19,255,000</b>

1. Insignificant amount.

2. Excludes mark-to-market on outstanding derivative transactions.

3. During the year ended March 31, 2015, 3,170,000 employee stock options with exercise price of ₹ 542.5 million were exercised by the key management personnel of the Bank.

The following table sets forth, the maximum balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel during the year ended March 31, 2015.

Items/Related party	Subsidiaries	Associates/ joint ventures/ other related entities	Key Management Personnel	Relatives of Key Management Personnel	₹ in million
Deposits with ICICI Bank	10,806.2	7,113.3	218.5	42.3	<b>18,180.3</b>
Deposits of ICICI Bank	3,511.8	–	–	–	<b>3,511.8</b>
Call/term money lent	10,409.7	–	–	–	<b>10,409.7</b>
Call/term money borrowed	631.8	–	–	–	<b>631.8</b>
Reverse repurchase	24,970.8	–	–	–	<b>24,970.8</b>
Advances	17,296.3	2.1	38.1	18.2	<b>17,354.7</b>
Investments of ICICI Bank	128,038.3	7,584.0	–	–	<b>135,622.3</b>
Investments of related parties in ICICI Bank <sup>1</sup>	1,615.0	–	5.2	0.0 <sup>2</sup>	<b>1,620.2</b>
Receivables	3,240.4	91.4 <sup>1</sup>	–	–	<b>3,331.8</b>
Payables <sup>1</sup>	221.4	527.8	–	–	<b>749.2</b>
Guarantees/ letter of credit/ indemnity given by the Bank	16,570.6	0.1	–	–	<b>16,570.7</b>
Guarantees/ letter of credit/ indemnity issued by related parties	3,837.6	–	–	–	<b>3,837.6</b>
Unfunded risk participation	312.5	–	–	–	<b>312.5</b>
Swaps/forward contracts (notional amount)	217,941.8	–	–	–	<b>217,941.8</b>

1. Maximum balances are determined based on comparison of the total outstanding balances at each quarter end during the financial year.

2. Insignificant amount.

# Financial Statements of ICICI Bank Limited

## Schedules

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### 45. Small and micro enterprises

Under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to enterprises covered under the Act. During the year ended March 31, 2016, the amount paid after the due date to vendors registered under the MSMED Act, 2006 was ₹ 0.4 million (March 31, 2015: ₹ 4.7 million). An amount of ₹ 0.01 million (March 31, 2015: ₹ 0.06 million) has been charged to profit & loss account towards payment of interest on these delayed payments.

### 46. 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, 2016 was Nil (March 31, 2015: ₹ 10.4 million).

### 47. 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 & Nomination Committee (BGRNC or Committee) is the main body overseeing remuneration. The BGRNC at March 31, 2016 comprised three independent Directors. The functions of the Committee include recommendation of appointments of Directors to the Board, evaluation of the performance of the Wholotime Directors (including the Managing Director & CEO) on predetermined parameters, recommendation to the Board of the remuneration (including performance bonus and perquisites) to Wholotime Directors, approval of the policy for and quantum of bonus payable to the members of the staff, including senior management and key management personnel, framing of guidelines for the Employees Stock Option Scheme (ESOS) and recommendation of 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

Not Applicable

###### ■ 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, approved by the Board on January 31, 2012, 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, 2016 was 72,175.

##### 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 Wholotime Directors 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 Wholotime Directors and equivalent positions. Based on its assessment, it makes recommendations to the Board regarding compensation for Wholotime

# **Financial Statements of ICICI Bank Limited**

## **Schedules**

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Directors 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 on April 27, 2015. The section on 'Effective Governance of Compensation' in the Compensation Policy was then modified pursuant to the 'Guidelines for Implementation of Countercyclical Capital Buffer (CCCB)'.

- **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 Wholetime Directors and 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.**

Not applicable

# Financial Statements of ICICI Bank Limited

## Schedules

forming part of the Accounts (*Contd.*)

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- 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 Wholetime Directors 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.
  - f) **Description of the different forms of variable remuneration that the Bank utilizes 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.

# Financial Statements of ICICI Bank Limited

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### forming part of the Accounts (Contd.)

#### **(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 Presidents

Particulars	₹ in million, except numbers	
	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
Number of meetings held by the BGRNC	8	5
Remuneration paid to its members during the financial year (sitting fees)	0.5	0.3
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>	201.7	172.6
Variable	–	65.0
Deferred	–	–
Non-deferred	–	65.0
Share-linked instruments <sup>2,3</sup>	4,610,000	4,395,000
Total amount of outstanding deferred remuneration		
Cash	23.4	54.3
Shares (nos.)	–	–
Shares-linked instruments <sup>4</sup>	16,725,000	13,057,500
Other forms	–	–

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 WTD and a President for the year ended March 31, 2016.
2. The shares-linked instruments (ESOPs) are at a face value of ₹ 2.
3. 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.
4. Includes special grants and stock options granted to a WTD during the year ended March 31, 2016.

#### **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, subject to the approval of shareholders and such other regulatory approvals as may be applicable and subject to the availability of net profits at the end of each financial year 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). The Board will seek the approval of shareholders at the forthcoming Annual General Meeting to be held in June 2016. The Bank has recognized an amount of ₹ 6.0 million as profit related commission payable to the non-executive Directors during the year ended March 31, 2016, subject to the same being approved by shareholders.

#### **48. 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, 2016 was ₹ 2,121.1 million (March 31, 2015: ₹ 1,715.8 million).

The following table sets forth, for the periods indicated, the amount spent by the Bank on CSR related activities.

Sr. No	Particulars	<b>Year ended March 31, 2016</b>			<b>Year ended March 31, 2015</b>		
		<b>In cash</b>	<b>Yet to be paid in cash</b>	<b>Total</b>	<b>In cash</b>	<b>Yet to be paid in cash</b>	<b>Total</b>
(i)	Construction/acquisition of any asset	–	–	–	–	–	–
	On purposes other than (i) above	1,070.5	644.9	1,715.3	1,144.6	410.7	1,555.3

# Financial Statements of ICICI Bank Limited

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forming part of the Accounts (Contd.)

The following table sets forth, for the periods indicated, the details of related party transactions pertaining to CSR related activities.

Sr. No.	Related Party	₹ in million	
		Year ended March 31, 2016	Year ended March 31, 2015
(i)	ICICI Foundation	450.0	260.0
(ii)	FINO PayTech Limited	35.6	13.2
	<b>Total</b>	<b>485.6</b>	<b>273.2</b>

The following table sets forth, for the periods indicated, the details of movement of amounts yet to be paid for CSR related activities.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
Opening balance	451.3	385.7
Provided during the year	644.9	410.7
Paid during the year	(280.5)	(345.0)
Closing balance	815.7	451.4

### 49. Disclosure of customers complaints

The following table sets forth, for the periods indicated, the movement of the outstanding number of complaints.

Complaints relating to Bank's customers on Bank's ATMs	Year ended	
	March 31, 2016	Year ended March 31, 2015
No. of complaints pending at the beginning of the year	177	314
No. of complaints received during the year	5,307	5,920
No. of complaints redressed during the year	5,377	6,057
No. of complaints pending at the end of the year	107	177

1. *The above does not include complaints redressed within 1 working day.*

Complaints relating to Bank's customers on others banks' ATMs	Year ended	
	March 31, 2016	Year ended March 31, 2015
No. of complaints pending at the beginning of the year	1,003	1,535
No. of complaints received during the year	72,772	78,833
No. of complaints redressed during the year	72,173	79,365
No. of complaints pending at the end of the year	1,602	1,003

1. *The above does not include complaints redressed within 1 working day.*

Complaints relating to other than ATM transactions	Year ended	
	March 31, 2016	Year ended March 31, 2015
No. of complaints pending at the beginning of the year	1,707	1,475
No. of complaints received during the year	113,374	116,923
No. of complaints redressed during the year	113,390	116,691
No. of complaints pending at the end of the year	1,691	1,707

1. *The above does not include complaints redressed within 1 working day.*

# Financial Statements of ICICI Bank Limited

## Schedules

### forming part of the Accounts (Contd.)

	<b>Year ended March 31, 2016</b>	Year ended March 31, 2015
Total complaints		
No. of complaints pending at the beginning of the year	2,887	3,324
No. of complaints received during the year	191,453	201,676
No. of complaints redressed during the year	190,940	202,113
No. of complaints pending at the end of the year	3,400	2,887

1. The above does not include complaints redressed within 1 working day.

The following table sets forth, for the periods indicated, the details of awards during the year.

Particulars	<b>Year ended March 31, 2016</b>	Year ended March 31, 2015
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	–	–

#### 50. Drawdown from reserves

The Bank has not drawn down any amount from Investment Reserve Account (March 31, 2015: ₹ 1,270.0 million) in accordance with provisions of RBI guidelines on 'Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by banks'.

#### 51. Investor Education and Protection Fund

The unclaimed dividend amount due to be transferred to the Investor Education and Protection Fund in FY2016 has been transferred without any delay.

#### 52. 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**  
Chartered Accountants  
ICAI Firm Registration  
no.: 101248W/W-100022

**M. K. Sharma**  
Chairman

**Dileep Choksi**  
Director

**Chanda Kochhar**  
Managing Director & CEO

**Venkataramanan Vishwanath**  
Partner  
Membership no.: 113156

**N. S. Kannan**  
Executive Director

**K. Ramkumar**  
Executive Director

**Rajiv Sabharwal**  
Executive Director

**Vishakha Mulye**  
Executive Director

Place : Mumbai  
Date : April 29, 2016

**P. Sanker**  
Senior General Manager  
(Legal) & Company Secretary

**Rakesh Jha**  
Chief Financial Officer

**Ajay Mittal**  
Chief Accountant

# Independent Auditors' Report

To the Members of  
**ICICI Bank Limited**

We have audited the accompanying consolidated financial statements of ICICI Bank Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the ICICI Group") and associates, comprising of the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Profit and Loss account and Consolidated Cash Flow Statement for the year then ended, and a summary of 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 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the 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 directions issued by the Reserve Bank of India ('RBI') from time to time.

The respective Board of Directors of the companies included in the 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 the 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 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 our 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 Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing 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 disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 sub-paragraph (a) of 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, 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 the ICICI

# **Independent Auditors' Report**

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Group and its associates as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## **EMPHASIS OF MATTER**

We draw attention to Note 15 to the consolidated financial statements, which provides details with regard to the creation of provision relating to Funded Interest Term Loan through utilization of reserves pertaining to the year ended 31 March 2015, as permitted by the RBI vide letter dated 6 January 2015. Our opinion is not modified in respect of this matter.

## **OTHER MATTERS**

- (a) We did not audit the financial statements of thirteen subsidiaries, whose financial statements reflect total assets of Rs. 1,067,124 million as at 31 March 2016, total revenues of Rs. 64,249 million and net cash inflows amounting to Rs. 7,375 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the ICICI Group's share of net profit of Rs. 91 million for the year ended 31 March 2016, as considered in the consolidated financial statements, in respect of an 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 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 associate, is based solely on the reports of the other auditors.
- (b) We have jointly audited with other auditor, the financial statements of a subsidiary whose financial statements reflect total assets of Rs. 1,047,662 million as at 31 March 2016, total revenues of Rs. 231,799 million for the year ended 31 March 2016 and net cash inflows amounting to Rs. 22,195 million for the year ended 31 March 2016. 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 ICICI Group's share of net profit of Rs. 223 million for the year ended 31 March 2016, 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 other financial information are unaudited and 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 associates, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, insofar 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 the ICICI Group.
- (d) The auditors of ICICI Prudential Life Insurance Company, the ICICI Group's Life Insurance subsidiary 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 March 31, 2016 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory Development Authority ("IRDAI" / "Authority") and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon 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 on standalone financial statements of the Company".
- (e) The auditors of ICICI Lombard General Insurance Company Limited, the ICICI Group's General Insurance subsidiary have reported, "The Actuarial valuation of liabilities in respect of Incurred But Not Reported ('IBNR') and Incurred But Not Enough Reported ('IBNER') as at March 31, 2016, 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 recognized based on estimates received from DR pool".

# Independent Auditors' Report

Our opinion 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 / financial information certified by Management.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by section 143 (3) of the Act, 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 presentation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the 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 and to the extent of the direction given by the RBI in respect to the matter dealt with in the Emphasis of Matter paragraph above;
  - (e) on the basis of written representations received from the directors of the Holding Company as at 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the ICICI Group and its associate companies incorporated in India is disqualified as on 31 March 2016 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 the ICICI Group and its associate companies and the operating effectiveness of such controls, refer 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the 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 (a) Note 7 to the consolidated financial statements in respect of such items as it relate to the ICICI Group and its associate entities and (b) the ICICI Group's share of net profit 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 and its subsidiaries and associate companies incorporated in India.

For **B S R & Co. LLP**

Chartered Accountants

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

**Venkataramanan Vishwanath**

Partner

Membership No: 113156

Mumbai

29 April 2016

# **Annexure A**

**to the Independent Auditor's Report of even date on the Consolidated Financial Statements of ICICI Bank Limited**

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## **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT')**

1. 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 2016, 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**

2. The respective Board of Directors of the Holding Company, its subsidiary companies and its associate 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 Group 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.

### **AUDITOR'S RESPONSIBILITY**

3. Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by 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.
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 judgment, 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 Group's internal financial controls system over financial reporting.

### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

6. 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 authorizations of management and directors of the company; and (3) provide reasonable assurance 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.

# Annexure A

to the Independent Auditor's Report of even date on the Consolidated 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 Holding Company, its subsidiary companies and 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 2016, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

## OTHER MATTERS

9. The auditors of ICICI Prudential Life Insurance Company, the Group's Life Insurance subsidiary have reported, "We report that the actuarial valuation of liabilities for life policies in force and policies where premium is discontinued but liability exists as at March 31, 2016 has been certified by the Appointed Actuary as per the regulations, and has been relied upon by us as mentioned in para other matters of our audit report on the financial statements for the year ended March 31, 2016. Our opinion is not modified in respect of above matter."
10. The auditors of ICICI Lombard General Insurance Company Limited, the Group's General Insurance subsidiary have reported, "The Actuarial valuation of liabilities in respect of Incurred But Not Reported ('IBNR') and Incurred But Not Enough Reported ('IBNER') as at March 31, 2016, 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 and has been relied upon by us as mentioned in para 9(h) of our Audit Report on the financial statements for the year ended 31st March, 2016. Accordingly, our opinion on the 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".
11. 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 Companies Act, 2013 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.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Venkataramanan Vishwanath**

Partner

Membership No: 113156

Mumbai

29 April 2016

# Consolidated Financial Statements

# Consolidated Balance Sheet

at March 31, 2016

	Schedule	At 31.03.2016	At 31.03.2015	₹ in '000s
<b>CAPITAL AND LIABILITIES</b>				
Capital	1	<b>11,631,656</b>	11,596,608	
Employees stock options outstanding		<b>67,019</b>	74,388	
Reserves and surplus	2	<b>929,408,451</b>	835,374,445	
Minority interest	2A	<b>33,556,448</b>	25,058,148	
Deposits	3	<b>4,510,773,918</b>	3,859,552,465	
Borrowings	4	<b>2,203,776,561</b>	2,112,520,026	
Liabilities on policies in force		<b>970,533,948</b>	936,193,819	
Other liabilities and provisions	5	<b>527,813,976</b>	480,421,804	
<b>TOTAL CAPITAL AND LIABILITIES</b>		<b>9,187,561,977</b>	<b>8,260,791,703</b>	
<b>ASSETS</b>				
Cash and balances with Reserve Bank of India	6	<b>272,775,620</b>	258,376,695	
Balances with banks and money at call and short notice	7	<b>377,584,082</b>	217,995,002	
Investments	8	<b>2,860,440,872</b>	2,743,108,109	
Advances	9	<b>4,937,291,077</b>	4,384,900,954	
Fixed assets	10	<b>87,134,646</b>	58,712,089	
Other assets	11	<b>652,335,680</b>	597,698,854	
<b>TOTAL ASSETS</b>		<b>9,187,561,977</b>	<b>8,260,791,703</b>	
Contingent liabilities	12	<b>11,176,470,163</b>	10,190,385,671	
Bills for collection		<b>217,500,551</b>	162,914,850	
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

**Dileep Choksi**  
Director

**Chanda Kochhar**  
Managing Director & CEO

**Venkataramanan Vishwanath**  
Partner  
Membership no.: 113156

**N. S. Kannan**  
Executive Director

**K. Ramkumar**  
Executive Director

**Rajiv Sabharwal**  
Executive Director

**Vishakha Mulye**  
Executive Director

Place : Mumbai  
Date : April 29, 2016

**P. Sanker**  
Senior General Manager  
(Legal) & Company Secretary

**Rakesh Jha**  
Chief Financial Officer

**Ajay Mittal**  
Chief Accountant

# Consolidated Financial Statements

# Consolidated Profit and Loss Account

for the year ended March 31, 2016

	Schedule	Year ended 31.03.2016	Year ended 31.03.2015
<b>I. INCOME</b>			
Interest earned	13	592,937,057	549,639,961
Other income	14	421,021,403	352,522,357
<b>TOTAL INCOME</b>		<b>1,013,958,460</b>	<b>902,162,318</b>
<b>II. EXPENDITURE</b>			
Interest expended	15	339,964,746	323,181,538
Operating expenses	16	407,895,615	350,227,119
Provisions and contingencies (refer note 18.7)		156,829,183	99,330,676
<b>TOTAL EXPENDITURE</b>		<b>904,689,544</b>	<b>772,739,333</b>
<b>III. PROFIT/(LOSS)</b>			
Net profit for the year		109,268,916	129,422,985
Less: Minority interest		7,469,331	6,954,333
Net profit after minority interest		101,799,585	122,468,652
Profit brought forward		198,278,702	145,475,548
<b>TOTAL PROFIT/(LOSS)</b>		<b>300,078,287</b>	<b>267,944,200</b>
<b>IV. APPROPRIATIONS/TRANSFERS</b>			
Transfer to Statutory Reserve		24,316,000	27,939,000
Transfer to Reserve Fund		9,340	7,660
Transfer to Capital Reserve		23,822,375	2,919,250
Transfer to/(from) Investment Reserve Account		-	(1,270,000)
Transfer to Special Reserve		13,860,000	11,396,000
Transfer to/(from) Revenue and other reserves		5,207,028	(5,600,841)
Dividend (including corporate dividend tax) for the previous year paid during the year		38,513	29,784
Proposed equity share dividend		29,075,153	28,988,072
Proposed preference share dividend		35	35
Corporate dividend tax		5,539,079	4,882,652
Balance carried over to balance sheet		198,210,764	198,652,588
<b>TOTAL</b>		<b>300,078,287</b>	<b>267,944,200</b>
Significant accounting policies and notes to accounts	17 & 18		
<b>Earnings per share (Refer note 18.1)</b>			
Basic (₹)		17.53	21.17
Diluted (₹)		17.41	20.94
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

Venkataramanan Vishwanath  
Partner  
Membership no.: 113156

Place : Mumbai  
Date : April 29, 2016

M. K. Sharma  
Chairman

N. S. Kannan  
Executive Director

P. Sanker  
Senior General Manager  
(Legal) & Company Secretary

Dileep Choksi  
Director

K. Ramkumar  
Executive Director

Rakesh Jha  
Chief Financial Officer

Chanda Kochhar  
Managing Director & CEO

Rajiv Sabharwal  
Executive Director

Ajay Mittal  
Chief Accountant

Vishakha Mulye  
Executive Director

# Consolidated Financial Statements

# Consolidated Cash Flow Statement

for the year ended March 31, 2016

	₹ in '000s	Year ended 31.03.2016	Year ended 31.03.2015
<b>Cash flow from operating activities</b>			
Profit before taxes	135,574,704	176,435,930	
<b>Adjustments for:</b>			
Depreciation and amortisation	9,567,289	9,102,686	
Net (appreciation)/depreciation on investments	(34,641,416)	324,940	
Provision in respect of non-performing and other assets	88,308,555	36,181,416	
Prudential provision for standard assets	3,175,576	4,053,835	
Provision for contingencies and others	28,584,825	999,282	
(Profit)/loss on sale of fixed assets	(264,335)	(33,994)	
Employees stock options grants	142,309	94,432	
	(i)	230,447,507	227,158,527
<b>Adjustments for:</b>			
(Increase)/decrease in investments	(40,179,999)	(144,940,347)	
(Increase)/decrease in advances	(648,486,064)	(567,661,237)	
Increase/(decrease) in deposits	651,221,453	264,425,642	
(Increase)/decrease in other assets	(24,030,865)	57,627,927	
Increase/(decrease) in other liabilities and provisions	132,466,667	94,006,046	
	(ii)	70,991,192	(296,541,969)
Refund/(payment) of direct taxes	(iii)	(64,985,465)	(53,347,975)
<b>Net cash flow from/(used in) operating activities (i)+(ii)+(iii)</b>	(A)	236,453,234	(122,731,417)
<b>Cash flow from investing activities</b>			
Purchase of fixed assets	(8,483,857)	(12,446,322)	
Proceeds from sale of fixed assets	703,145	367,499	
(Purchase)/sale of held to maturity securities	(110,411,892)	(117,238,214)	
<b>Net cash used in investing activities</b>	(B)	(118,192,604)	(129,317,037)
<b>Cash flow from financing activities</b>			
Proceeds from issue of share capital (including ESOPs)	2,824,200	3,477,284	
Proceeds from long term borrowings	455,604,563	439,781,096	
Repayment of long term borrowings	(319,709,230)	(271,340,761)	
Net proceeds/(repayment) of short term borrowings	(46,055,502)	107,195,242	
Dividend and dividend tax paid	(34,524,887)	(30,840,867)	
<b>Net cash generated from/(used in) financing activities</b>	(C)	58,139,144	248,271,994
<b>Effect of exchange fluctuation on translation reserve</b>	(D)	(2,411,769)	(2,434,107)
<b>Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C) + (D)</b>		173,988,005	(6,210,567)
<b>Cash and cash equivalents at beginning of the year</b>		476,371,697	482,582,264
<b>Cash and cash equivalents at end of the year</b>		650,359,702	476,371,697

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. Sharma  
Chairman

Dileep Choksi  
Director

Chanda Kochhar  
Managing Director & CEO

Venkataramanan Vishwanath  
Partner  
Membership no.: 113156

N. S. Kannan  
Executive Director

K. Ramkumar  
Executive Director

Rajiv Sabharwal  
Executive Director

Vishakha Mulye  
Executive Director

Place : Mumbai  
Date : April 29, 2016

P. Sanker  
Senior General Manager  
(Legal) & Company Secretary

Rakesh Jha  
Chief Financial Officer

Ajay Mittal  
Chief Accountant

# Consolidated Financial Statements

# Schedules

forming part of the Consolidated Balance Sheet

	At 31.03.2016	At 31.03.2015
<b>SCHEME 1 - CAPITAL</b>		
<b>Authorised capital</b>		
6,375,000,000 equity shares of ₹ 2 each (March 31, 2015: 6,375,000,000 equity shares of ₹ 2 each)	12,750,000	12,750,000
15,000,000 shares of ₹ 100 each (March 31, 2015: 15,000,000 shares of ₹ 100 each) <sup>1</sup>	1,500,000	1,500,000
350 preference shares of ₹ 10 million each (March 31, 2015: 350 preference shares of ₹ 10 million each) <sup>2</sup>	3,500,000	3,500,000
<b>Equity share capital</b>		
Issued, subscribed and paid-up capital		
5,797,244,645 equity shares of ₹ 2 each (March 31, 2015: 5,774,163,845 equity shares)	11,594,489	11,548,327
Add: 17,523,785 equity shares of ₹ 2 each (March 31, 2015: 23,080,800 equity shares) issued pursuant to exercise of employee stock options.	35,048	46,162
	<b>11,629,537</b>	<b>11,594,489</b>
Add: 266,089 equity shares of ₹ 10 each forfeited (March 31, 2015: 266,089 equity shares)	2,119	2,119
<b>TOTAL CAPITAL</b>	<b>11,631,656</b>	<b>11,596,608</b>

1. 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.
2. Pursuant to RBI circular, the issued and paid-up preference shares are grouped under Schedule 4- "Borrowings".

# Consolidated Financial Statements

## Schedules

forming part of the Consolidated Balance Sheet (*Contd.*)

	₹ in '000s	
	At 31.03.2016	At 31.03.2015
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
<b>I. Statutory reserve</b>		
Opening balance	163,205,519	135,266,519
Additions during the year	24,316,000	27,939,000
Deductions during the year	-	-
Closing balance	<b>187,521,519</b>	<b>163,205,519</b>
<b>II. Special Reserve</b>		
Opening balance	69,454,700	58,058,700
Additions during the year	13,860,000	11,396,000
Deductions during the year	-	-
Closing balance	<b>83,314,700</b>	<b>69,454,700</b>
<b>III. Securities premium</b>		
Opening balance	319,054,660	315,537,750
Additions during the year <sup>1</sup>	2,938,832	3,516,910
Deductions during the year	-	-
Closing balance	<b>321,993,492</b>	<b>319,054,660</b>
<b>IV. Investment reserve account</b>		
Opening balance	-	1,270,000
Additions during the year	-	-
Deductions during the year	-	(1,270,000)
Closing balance	-	-
<b>V. Unrealised investment reserve<sup>2</sup></b>		
Opening balance	35,153	34,100
Additions during the year	88,956	1,053
Deductions during the year	(128,553)	-
Closing balance	<b>(4,444)</b>	<b>35,153</b>
<b>VI. Capital reserve</b>		
Opening balance	26,095,641	23,176,391
Additions during the year <sup>3</sup>	23,822,375	2,919,250
Deductions during the year	-	-
Closing balance <sup>4</sup>	<b>49,918,016</b>	<b>26,095,641</b>
<b>VII. Foreign currency translation reserve</b>		
Opening balance	22,999,128	25,433,235
Additions during the year	6,589,367	11,062,032
Deductions during the year <sup>5</sup>	(9,411,886)	(13,496,139)
Closing balance	<b>20,176,609</b>	<b>22,999,128</b>
<b>VIII. Revaluation reserve</b>		
Opening balance	-	-
Additions during the year <sup>6</sup>	<b>28,174,747</b>	-
Deductions during the year	-	-
Closing balance	<b>28,174,747</b>	-
<b>IX. Reserve fund</b>		
Opening balance	36,694	95,865
Additions during the year <sup>7</sup>	9,340	7,660
Deductions during the year <sup>8</sup>	-	(66,831)
Closing balance	<b>46,034</b>	<b>36,694</b>

# Consolidated Financial Statements

## Schedules

forming part of the Consolidated Balance Sheet (Contd.)

	At 31.03.2016	At 31.03.2015
<b>X. Revenue and other reserves</b>		
Opening balance	<b>36,214,248</b>	48,334,225
Additions during the year <sup>8</sup>	<b>5,618,430</b>	4,015,939
Deductions during the year <sup>9,10</sup>	<b>(1,775,664)</b>	(16,135,916)
Closing balance <sup>11,12</sup>	<b>40,057,014</b>	<b>36,214,248</b>
<b>XI Balance in profit and loss account</b>	<b>198,210,764</b>	198,652,588
Deductions during the year <sup>9</sup>	—	(373,886)
Balance in profit and loss account	<b>198,210,764</b>	198,278,702
<b>TOTAL RESERVES AND SURPLUS</b>	<b>929,408,451</b>	<b>835,374,445</b>

1. Includes ₹ 2,789.2 million (March 31, 2015: ₹ 3,431.1 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, 2015: ₹ 80.7 million).
5. Includes exchange profit on repatriation of retained earnings from overseas branches of the Bank.
6. Represents gain on revaluation of premises carried out by the Bank at March 31, 2016.
7. Includes appropriations made to Reserve Fund for the year ended March 31, 2015 in accordance with regulations applicable to Sri Lanka branch of the Bank.
8. In terms of the guidelines issued by Central Bank of Sri Lanka, banks in Sri Lanka are no longer required to make appropriation towards Investment Fund Account. The balance of ₹ 66.8 million outstanding in Investment Fund Account had been transferred to revenue and other reserves during the year ended March 31, 2015 in accordance with these guidelines.
9. At March 31, 2015, includes amount utilised for creation of deferred tax liability of ICICI Home Finance Company Limited on balance in Special Reserve at March 31, 2014 in accordance with National Housing Board circular dated May 27, 2014.
10. At March 31, 2015, includes ₹ 9,291.6 million utilised with approval of RBI to provide for outstanding Funded Interest Term Loans (FITL) related to accounts restructured prior to the issuance of RBI guideline in 2008.
11. Includes unrealised profit/(loss), net of tax, of ₹ (530.9) million (March 31, 2015: ₹ (407.4) million) pertaining to the investments in the available-for-sale category of ICICI Bank UK PLC.
12. Includes restricted reserve of ₹ 1,265.0 million (March 31, 2015: ₹ 1,281.1 million) primarily relating to lapsed contracts of the life insurance subsidiary.

	At 31.03.2016	At 31.03.2015
<b>SCHEDULE 2A - MINORITY INTEREST</b>		
Opening minority interest	<b>25,058,148</b>	20,107,641
Subsequent increase/(decrease) during the year	<b>8,498,300</b>	4,950,507
<b>CLOSING MINORITY INTEREST</b>	<b>33,556,448</b>	<b>25,058,148</b>

	At 31.03.2016	At 31.03.2015
<b>SCHEDULE 3 - DEPOSITS</b>		
A. I. Demand deposits		
i) From banks	39,713,920	37,225,312
ii) From others	563,675,244	467,371,342
II. Savings bank deposits	1,444,551,013	1,221,061,995
III. Term deposits		
i) From banks	95,975,771	82,869,479
ii) From others	2,366,857,970	2,051,024,337
<b>TOTAL DEPOSITS</b>	<b>4,510,773,918</b>	<b>3,859,552,465</b>
B. I. Deposits of branches in India	4,097,654,748	3,495,286,634
II. Deposits of branches/subsidiaries outside India	413,119,170	364,265,831
<b>TOTAL DEPOSITS</b>	<b>4,510,773,918</b>	<b>3,859,552,465</b>

# Consolidated Financial Statements

## Schedules

forming part of the Consolidated Balance Sheet (*Contd.*)

	₹ in '000s	At	At
	31.03.2016	31.03.2015	
<b>SCHEDULE 4 - BORROWINGS</b>			
<b>I. Borrowings in India</b>			
i) Reserve Bank of India	115,411,000	179,758,800	
ii) Other banks	76,202,937	52,409,514	
iii) Other institutions and agencies			
a) Government of India	-	-	
b) Financial institutions	198,462,255	181,754,472	
iv) Borrowings in the form of			
a) Deposits	2,866,149	2,613,694	
b) Commercial paper	8,701,661	14,671,235	
c) Bonds and debentures (excluding subordinated debt)	119,263,431	110,250,918	
v) Application money-bonds	-	-	
vi) Capital instruments			
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital)	13,010,000	13,010,000	
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital)	98,152,555	98,159,787	
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)	193,976,348	221,762,009	
<b>TOTAL BORROWINGS IN INDIA</b>	<b>829,546,336</b>	<b>877,890,429</b>	
<b>II. Borrowings outside India</b>			
i) Capital instruments			
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital)	22,517,983	21,227,648	
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital)	65,233,121	61,498,053	
c) Unsecured redeemable debentures/bonds (subordinated debt included in Tier 2 capital)	9,916,081	9,339,593	
ii) Bonds and notes	492,616,248	419,855,672	
iii) Other borrowings <sup>1</sup>	783,946,792	722,708,631	
<b>TOTAL BORROWINGS OUTSIDE INDIA</b>	<b>1,374,230,225</b>	<b>1,234,629,597</b>	
<b>TOTAL BORROWINGS</b>	<b>2,203,776,561</b>	<b>2,112,520,026</b>	

1. Includes borrowings guaranteed by Government of India for the equivalent of ₹ 5,132.2 million (March 31, 2015: ₹ 13,336.4 million).
2. Secured borrowings in I and II above amount to ₹ 169,644.9 million (March 31, 2015: ₹ 145,869.2 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.

# Consolidated Financial Statements

## Schedules

forming part of the Consolidated Balance Sheet (Contd.)

	At 31.03.2016	At 31.03.2015
<b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>		
I. Bills payable	48,422,363	52,914,088
II. Inter-office adjustments (net)	1,295,074	2,268,830
III. Interest accrued	35,086,739	43,756,791
IV. Sundry creditors	164,490,577	133,345,526
V. Provision for standard assets	29,178,492	25,507,118
VI. Others <sup>1,2</sup>	249,340,731	222,629,451
<b>TOTAL OTHER LIABILITIES AND PROVISIONS</b>	<b>527,813,976</b>	<b>480,421,804</b>

1. For the year ended March 31, 2016, includes ₹ 36,000.0 million towards collective contingency and related reserve.
2. Includes:
  - a) Proposed dividend amounting to ₹ 29,075.2 million (March 31, 2015: ₹ 28,988.1 million).
  - b) Corporate dividend tax payable amounting to ₹ 3,786.8 million (March 31, 2015: ₹ 3,710.6 million).

	At 31.03.2016	At 31.03.2015
<b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>		
I. Cash in hand (including foreign currency notes)	67,477,373	68,586,251
II. Balances with Reserve Bank of India in current accounts	205,298,247	189,790,444
<b>TOTAL CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>	<b>272,775,620</b>	<b>258,376,695</b>

	At 31.03.2016	At 31.03.2015
<b>SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE</b>		
<b>I. In India</b>		
i) Balances with banks		
a) In current accounts	1,905,925	3,375,768
b) In other deposit accounts	9,791,225	13,170,773
ii) Money at call and short notice		
a) With banks	66,771,325	–
b) With other institutions	–	2,925,489
<b>TOTAL</b>	<b>78,468,475</b>	<b>19,472,030</b>
<b>II. Outside India</b>		
i) In current accounts	134,753,654	147,922,798
ii) In other deposit accounts	69,838,416	26,968,517
iii) Money at call and short notice	94,523,537	23,631,657
<b>TOTAL</b>	<b>299,115,607</b>	<b>198,522,972</b>
<b>TOTAL BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE</b>	<b>377,584,082</b>	<b>217,995,002</b>

# Consolidated Financial Statements

## Schedules

**forming part of the Consolidated Balance Sheet (Contd.)**

	₹ in '000s	At	At
	31.03.2016	31.03.2015	
<b>SCHEDULE 8 - INVESTMENTS</b>			
<b>I. Investments in India [net of provisions]</b>			
i) Government securities	1,436,810,801	1,334,237,788	
ii) Other approved securities	-	-	
iii) Shares (includes equity and preference shares) <sup>1</sup>	78,470,821	70,833,737	
iv) Debentures and bonds	205,599,336	235,166,133	
v) Assets held to cover linked liabilities of life insurance business	752,957,948	747,775,359	
vi) Others (commercial paper, mutual fund units, pass through certificates, security receipts, certificate of deposits) <sup>2</sup>	271,392,503	268,734,925	
<b>TOTAL INVESTMENTS IN INDIA</b>	<b>2,745,231,409</b>	<b>2,656,747,942</b>	
<b>II. Investments outside India [net of provisions]</b>			
i) Government securities	61,032,012	52,301,686	
ii) Others (equity shares, bonds and certificate of deposits)	54,177,451	34,058,481	
<b>TOTAL INVESTMENTS OUTSIDE INDIA</b>	<b>115,209,463</b>	<b>86,360,167</b>	
<b>TOTAL INVESTMENTS</b>	<b>2,860,440,872</b>	<b>2,743,108,109</b>	
<b>A. Investments in India</b>			
Gross value of investments <sup>3</sup>	2,760,752,923	2,662,884,603	
Less: Aggregate of provision/depreciation/(appreciation)	15,521,514	6,136,661	
Net investments	2,745,231,409	2,656,747,942	
<b>B. Investments outside India</b>			
Gross value of investments	117,260,970	87,689,018	
Less: Aggregate of provision/depreciation/(appreciation)	2,051,507	1,328,851	
Net investments	115,209,463	86,360,167	
<b>TOTAL INVESTMENTS</b>	<b>2,860,440,872</b>	<b>2,743,108,109</b>	

1. Includes cost of investment in associates amounting to ₹ 3,696.1 million (March 31, 2015: ₹ 4,590.5 million).
2. In accordance with RBI circular dated July 16, 2015, investment in Rural Infrastructure and Development Fund and other related deposits of ₹ 280,661.8 million (March 31, 2015: ₹ 284,508.2 million) has been re-classified to line item 'Rural Infrastructure and Development Fund' under Schedule 11 - Other Assets.
3. Includes net appreciation amounting to ₹ 69,077.9 million (March 31, 2015: ₹ 140,769.2 million) on investments held to cover linked liabilities of life insurance business.

# Consolidated Financial Statements

## Schedules

forming part of the Consolidated Balance Sheet (Contd.)

	At 31.03.2016	At 31.03.2015
<b>SCHEDULE 9 - ADVANCES [net of provisions]</b>		
A. i) Bills purchased and discounted	143,811,829	139,070,145
ii) Cash credits, overdrafts and loans repayable on demand	849,039,557	680,082,886
iii) Term loans	3,944,439,691	3,565,747,923
<b>TOTAL ADVANCES</b>	<b>4,937,291,077</b>	<b>4,384,900,954</b>
B. i) Secured by tangible assets (includes advances against book debts)	3,948,314,956	3,611,662,833
ii) Covered by bank/government guarantees	103,079,622	112,798,745
iii) Unsecured	885,896,499	660,439,376
<b>TOTAL ADVANCES</b>	<b>4,937,291,077</b>	<b>4,384,900,954</b>
C. I. Advances in India		
i) Priority sector	924,348,694	762,092,862
ii) Public sector	44,329,101	35,374,080
iii) Banks	283,403	146,618
iv) Others	2,525,626,771	2,202,248,007
<b>TOTAL ADVANCES IN INDIA</b>	<b>3,494,587,969</b>	<b>2,999,861,567</b>
II. Advances outside India		
i) Due from banks	18,204,673	12,899,084
ii) Due from others		
a) Bills purchased and discounted	42,433,900	48,389,649
b) Syndicated and term loans	1,013,131,071	1,000,048,245
c) Others	368,933,464	323,702,409
<b>TOTAL ADVANCES OUTSIDE INDIA</b>	<b>1,442,703,108</b>	<b>1,385,039,387</b>
<b>TOTAL ADVANCES</b>	<b>4,937,291,077</b>	<b>4,384,900,954</b>

	At 31.03.2016	At 31.03.2015
<b>SCHEDULE 10 - FIXED ASSETS</b>		
<b>I. Premises</b>		
At cost at March 31 of preceding year	51,764,728	47,929,434
Additions during the year <sup>1</sup>	29,609,849	4,464,603
Deductions during the year	(724,254)	(629,309)
Depreciation to date <sup>2</sup>	(13,358,550)	(12,257,917)
<b>Net block<sup>3</sup></b>	<b>67,291,773</b>	<b>39,506,811</b>
<b>II. Other fixed assets (including furniture and fixtures)</b>		
At cost at March 31 of preceding year	55,271,663	50,801,492
Additions during the year	7,510,219	7,518,817
Deductions during the year	(3,214,712)	(3,048,646)
Depreciation to date <sup>4</sup>	(42,138,931)	(38,392,681)
<b>Net block</b>	<b>17,428,239</b>	<b>16,878,982</b>
<b>III. Assets given on lease</b>		
At cost at March 31 of preceding year	17,299,544	17,299,544
Additions during the year	-	-
Deductions during the year	-	-
Depreciation to date, accumulated lease adjustment and provisions <sup>5</sup>	(14,884,909)	(14,973,248)
<b>Net block</b>	<b>2,414,635</b>	<b>2,326,296</b>
<b>TOTAL FIXED ASSETS</b>	<b>87,134,646</b>	<b>58,712,089</b>

1. Includes ₹ 28,174.7 million added on revaluation carried out by the Bank on March 31, 2016.

2. Includes depreciation charge amounting to ₹ 1,513.3 million (March 31, 2015: ₹ 1,558.5 million).

3. Includes assets of ₹ 13.6 million of the Bank (March 31, 2015: ₹ 2.0 million) which are held for sale.

4. Includes depreciation charge amounting to ₹ 6,725.6 million (March 31, 2015: ₹ 6,073.1 million).

5. Includes depreciation charge/lease adjustment amounting to ₹ 192.2 million (March 31, 2015: ₹ 350.6 million).

# Consolidated Financial Statements

## Schedules

forming part of the Consolidated Balance Sheet (*Contd.*)

	₹ in '000s	At	At
	31.03.2016	31.03.2015	
<b>SCHEDULE 11 - OTHER ASSETS</b>			
I. Inter-office adjustments (net)	—	—	
II. Interest accrued	<b>77,457,994</b>	71,772,042	
III. Tax paid in advance/tax deducted at source (net)	<b>35,319,277</b>	37,594,663	
IV. Stationery and stamps	<b>1,710</b>	2,230	
V. Non-banking assets acquired in satisfaction of claims <sup>1</sup>	<b>18,158,876</b>	875,462	
VI. Advance for capital assets	<b>1,454,762</b>	2,050,488	
VII. Deposits	<b>13,542,444</b>	13,598,473	
VIII. Deferred tax asset (net)	<b>49,611,861</b>	16,134,788	
IX. Rural Infrastructure and Development Fund	<b>280,661,817</b>	284,508,152	
X. Others <sup>2</sup>	<b>176,126,939</b>	171,162,556	
<b>TOTAL OTHER ASSETS</b>	<b>652,335,680</b>	<b>597,698,854</b>	

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. Includes goodwill on consolidation amounting to ₹ 1,257.0 million (March 31, 2015: ₹ 1,257.0 million).

	₹ in '000s	At	At
	31.03.2016	31.03.2015	
<b>SCHEDULE 12 - CONTINGENT LIABILITIES</b>			
I. Claims against the Group not acknowledged as debts	<b>41,298,568</b>	45,940,699	
II. Liability for partly paid investments	<b>12,455</b>	65,787	
III. Liability on account of outstanding forward exchange contracts <sup>1</sup>	<b>3,740,067,266</b>	3,047,985,649	
IV. Guarantees given on behalf of constituents			
a) In India	<b>750,021,991</b>	755,773,834	
b) Outside India	<b>262,980,560</b>	248,099,209	
V. Acceptances, endorsements and other obligations	<b>474,131,095</b>	496,851,207	
VI. Currency swaps <sup>1</sup>	<b>468,883,265</b>	534,295,396	
VII. Interest rate swaps, currency options and interest rate futures <sup>1</sup>	<b>5,385,604,359</b>	5,021,951,604	
VIII. Other items for which the Group is contingently liable	<b>53,470,604</b>	39,422,286	
<b>TOTAL CONTINGENT LIABILITIES</b>	<b>11,176,470,163</b>	<b>10,190,385,671</b>	

1. Represents notional amount.

# Consolidated Financial Statements

## Schedules

forming part of the Consolidated Profit and Loss Accounts

	₹ in '000s	Year ended 31.03.2016	Year ended 31.03.2015
<b>SCHEDULE 13 - INTEREST EARNED</b>			
I. Interest/discount on advances/bills	415,508,980	380,597,058	
II. Income on investments <sup>1</sup>	143,244,729	137,799,376	
III. Interest on balances with Reserve Bank of India and other inter-bank funds	3,039,556	3,661,576	
IV. Others <sup>1,2,3</sup>	31,143,792	27,581,951	
<b>TOTAL INTEREST EARNED</b>	<b>592,937,057</b>	<b>549,639,961</b>	

1. *Interest on Rural Infrastructure and Development Fund and other related deposits (RIDF) of ₹ 16,618.9 million (March 31, 2015: ₹ 13,518.0 million) has been re-classified from line item 'income on investments' to 'Others' consequent to re-classification of RIDF investments from Schedule 8 - Investments to Schedule 11 - Other assets.*
2. *Includes interest on income tax refunds amounting to ₹ 3,274.4 million (March 31, 2015: ₹ 2,753.5 million).*
3. *Includes interest and amortisation of premium on non-trading interest rate swaps and foreign currency swaps.*

	₹ in '000s	Year ended 31.03.2016	Year ended 31.03.2015
<b>SCHEDULE 14 - OTHER INCOME</b>			
I. Commission, exchange and brokerage	87,696,973	83,938,513	
II. Profit/(loss) on sale of investments (net) <sup>1</sup>	46,675,463	24,787,803	
III. Profit/(loss) on revaluation of investments (net)	(4,248,050)	(167,456)	
IV. Profit/(loss) on sale of land, buildings and other assets (net) <sup>2</sup>	264,335	33,994	
V. Profit/(loss) on exchange/derivative transactions (net) <sup>3</sup>	23,794,434	22,073,402	
VI. Premium and other operating income from insurance business	263,839,764	220,771,454	
VII. Miscellaneous income (including lease income) <sup>4</sup>	2,998,484	1,084,647	
<b>TOTAL OTHER INCOME</b>	<b>421,021,403</b>	<b>352,522,357</b>	

1. *Includes profit on sale of part of equity investment in ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited.*
2. *Includes profit/(loss) on sale of assets given on lease.*
3. *Includes exchange profit/(loss) on repatriation of retained earnings/capital from overseas branches/subsidiaries.*
4. *Includes share of profit/(loss) from associates of ₹ 174.0 million (March 31, 2015: ₹ 198.3 million).*

	₹ in '000s	Year ended 31.03.2016	Year ended 31.03.2015
<b>SCHEDULE 15 - INTEREST EXPENDED</b>			
I. Interest on deposits	219,989,769	207,723,125	
II. Interest on Reserve Bank of India/inter-bank borrowings	15,587,314	16,935,155	
III. Others (including interest on borrowings of erstwhile ICICI Limited)	104,387,663	98,523,258	
<b>TOTAL INTEREST EXPENDED</b>	<b>339,964,746</b>	<b>323,181,538</b>	

# Consolidated Financial Statements

## Schedules

forming part of the Consolidated Profit and Loss Accounts (*Contd.*)

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	₹ in '000s	Year ended 31.03.2016	Year ended 31.03.2015
<b>SCHEDULE 16 - OPERATING EXPENSES</b>			
I. Payments to and provisions for employees	69,122,888	65,683,216	
II. Rent, taxes and lighting	12,424,715	11,540,155	
III. Printing and stationery	1,742,022	1,587,878	
IV. Advertisement and publicity	7,199,746	5,281,639	
V. Depreciation on property	8,238,922	7,631,612	
VI. Depreciation (including lease equalisation) on leased assets	192,206	350,597	
VII. Directors' fees, allowances and expenses	62,939	59,228	
VIII. Auditors' fees and expenses	230,227	222,336	
IX. Law charges	1,127,613	1,272,588	
X. Postages, courier, telephones, etc.	4,028,285	3,744,913	
XI. Repairs and maintenance	11,540,341	10,082,794	
XII. Insurance	3,332,350	3,147,514	
XIII. Direct marketing agency expenses	11,521,566	10,131,867	
XIV. Claims and benefits paid pertaining to insurance business	53,973,461	41,274,246	
XV. Other expenses pertaining to insurance business <sup>1</sup>	178,736,575	150,365,430	
XVI. Other expenditure	44,421,759	37,851,106	
<b>TOTAL OPERATING EXPENSES</b>	<b>407,895,615</b>	<b>350,227,119</b>	

1. Includes commission expenses and reserves for actuarial liabilities (including the investible portion of the premium on the unit-linked policies).

# Consolidated Financial Statements Schedules

forming part of the Consolidated Accounts (*Contd.*)

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## 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 paragraph 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.

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The consolidated financial statements include the results of the following entities in addition to the Bank.

Sr. no.	Name of the entity	Country of incorporation	Nature of relationship	Nature of business	Ownership interest
1.	ICICI Bank UK PLC	United 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 Limited	India	Subsidiary	Securities investment, trading and underwriting	100.00%
7.	ICICI Venture Funds Management 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 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 Limited	India	Subsidiary	Life insurance	67.66%
14.	ICICI Lombard General Insurance Company Limited	India	Subsidiary	General insurance	63.82%
15.	ICICI Prudential Asset Management Company Limited	India	Subsidiary	Asset management company	51.00%
16.	ICICI Prudential Trust Limited	India	Subsidiary	Trustee company	50.80%
17.	ICICI Strategic Investments Fund	India	Consolidated as per AS 21	Unregistered venture capital fund	100.00%
18.	FINO PayTech Limited <sup>2</sup>	India	Associate	Support services for financial inclusion	27.05%
19.	I-Process Services (India) Private Limited <sup>2</sup>	India	Associate	Services related to back end operations	19.00%
20.	NIIT Institute of Finance Banking and Insurance Training Limited <sup>2</sup>	India	Associate	Education and training in banking and finance	18.79%
21.	ICICI Merchant Services Private Limited <sup>2</sup>	India	Associate	Merchant servicing	19.00%
22.	India Infradebt Limited <sup>2</sup>	India	Associate	Infrastructure finance	31.00%
23.	India Advantage Fund-III <sup>2</sup>	India	Associate	Venture capital fund	24.10%
24.	India Advantage Fund-IV <sup>2</sup>	India	Associate	Venture capital fund	47.14%

1. ICICI Prudential Pension Funds Management Company Limited is a wholly owned subsidiary of ICICI Prudential Life Insurance Company Limited.
2. 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'.
3. During the three months ended December 31, 2015, ICICI Equity Fund redeemed its units held by the Group and accordingly, ICICI Equity Fund has not been consolidated.
4. During the three months ended March 31, 2016, the Group sold its equity shareholding in I-Ven Biotech Limited and accordingly, I-Ven Biotech Limited has not been consolidated.

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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 relevant to closing exchange rates notified by FEDAI relevant to 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. On the disposal/partial disposal of a non-integral foreign operation, the cumulative/proportionate amount of the exchange differences which has been accumulated in the foreign currency translation reserve and which relates to that operation are recognised as income or expenses in the same period in which the gain or loss on disposal is recognised.

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 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 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. Further, the interest income on loan accounts where restructuring has been approved by the Bank under Strategic Debt Restructuring (SDR) scheme of RBI, is recognised upon realisation.
- 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. Finance leases entered into prior to April 1, 2001 have been accounted for as per the Guidance Note on Accounting for Leases issued by the Institute of Chartered Accountants of India (ICAI). The finance leases entered post April 1, 2001 have been accounted for as per Accounting Standard 19 - Leases.

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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.
- l) 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) 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.
- n) 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.
- o) 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.
- p) 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.
- q) 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 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.
- r) 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 company level. The expected claim cost is calculated and duly certified by the Appointed Actuary.

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### 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 wholifetime 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 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 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. In the case of ICICI Prudential Life Insurance Company and 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.

### 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. 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 revaluated on availability of further information. Claims IBNR represent that amount of claims that may

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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 and to be allocated to succeeding accounting periods for risks to be borne by the entity under contractual obligations on contract period basis or risk period basis, whichever is appropriate. It is calculated on a daily pro-rata basis subject to a minimum of 50.00% of the aggregated premium, written on policies during the twelve months preceding the balance sheet date for fire, marine, cargo and miscellaneous business and 100.00% for marine hull business, 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 4.92% to 5.53% per annum (previous year – 4.47% to 5.39% 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.

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 5.18% (previous year – 4.49%).

### **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.

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### 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 employee 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' 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.

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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.

### ***Leave encashment***

The Group provides for leave encashment benefit 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**

- i) 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 trades/quotes on the recognised stock exchanges, subsidiary general ledger account transactions, price list of RBI or prices declared by Primary Dealers Association of India 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.

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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 scheme is provided over a period of four calendar quarters from the date of conversion of debt into equity in accordance with the 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 and reverse repurchase transactions, are accounted for as borrowing and lending transactions respectively in accordance with the extant RBI guidelines. The transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as borrowing and lending transactions.
- 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.
- l) 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.
- ii) The Bank's consolidating venture capital funds carry 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. Bonus shares and right entitlements are recorded when such benefits are known. Quoted investments are valued on the valuation date at the closing market price. Quoted investments that are not traded on the valuation date

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but are traded during the two months prior to the valuation date are valued at the latest known closing price. An appropriate discount is applied where the asset management company considers it necessary to reflect restrictions on disposal. Quoted investments not traded during the two months prior to the valuation date are treated as unquoted. Unquoted investments are valued at their estimated fair values by applying appropriate valuation methods. Where there is a decline, other than temporary in the carrying amounts of investments, the resultant reduction in the carrying amount is charged to the profit and loss account during the period in which such decline is identified.

- 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 development 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, 2000, 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.

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- c. Mutual fund investments (other than venture capital fund) are stated at fair value, being the closing net asset value at balance sheet date.
- d. 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 21.48% of the total investments at March 31, 2016.

### **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 at a borrower level, 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 scheme 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.

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- 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.
  - 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, provision on exposures to step-down subsidiaries of Indian companies and floating provision taken over from erstwhile Bank of Rajasthan upon amalgamation. 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, 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.
- 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 10.22% of the total loans at March 31, 2016.

### **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 the case of loans sold to an asset reconstruction company, the excess provision is not reversed but is utilised to meet the shortfall/loss on account of sale of other financial assets to securitisation company (SC)/reconstruction company (RC) in accordance with RBI guideline dated July 13, 2005. With effect from February 26, 2014, in accordance with RBI guidelines, in case of non-performing loans sold to SCs/RCs, the Bank reverses the excess provision in profit and loss account in the year in which amounts are received.

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".

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### 16. Fixed assets and depreciation

Premises and other fixed assets are carried at cost less accumulated depreciation and impairment, if any. 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 a fixed asset on a straight-line basis. The useful life of fixed assets for domestic group companies is based on past experience and expectation of usage, which for some categories of fixed assets, is different from the useful life as prescribed in Schedule II of 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 put to use.

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.

### 17. Accounting for derivative contracts

The Group enters into derivative contracts such as foreign currency options, 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 United Kingdom and Canadian banking subsidiaries, where 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.

Foreign currency and rupee derivative contracts entered into for trading purposes are marked to market and the resulting gain or loss, (net of provisions, if any) 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.

### 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 and diluted earnings per share are computed in accordance with Accounting Standard 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.

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### **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.

	<b>₹ in million, except per share data</b>	
	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
<b>Basic</b>		
Weighted average no. of equity shares outstanding	<b>5,807,339,489</b>	5,785,726,485
Net profit	<b>101,799.6</b>	122,468.7
Basic earnings per share (₹)	<b>17.53</b>	21.17
<b>Diluted</b>		
Weighted average no. of equity shares outstanding	<b>5,840,224,893</b>	5,842,092,456
Net profit	<b>101,703.1</b>	122,340.2
Diluted earnings per share (₹)	<b>17.41</b>	20.94
Nominal value per share (₹)	<b>2.00</b>	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 their relatives.

###### ***Associates/other related entities***

FINO PayTech 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, ICICI Merchant Services Private Limited, India Infradebt Limited, India Advantage Fund-III, India Advantage Fund-IV, Catalyst Management Services Private Limited and Akzo Nobel India Limited.

India Advantage Fund-IV has been identified as a related party during the three months ended September 30, 2014.

###### ***Key management personnel***

Ms. Chanda Kochhar, Mr. N. S. Kannan, Ms. Vishakha Mulye<sup>1</sup>, Mr. K. Ramkumar, Mr. Rajiv Sabharwal.

1. *Identified as related party from the three months ended March 31, 2016.*

###### ***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. Jaya Ramkumar, Mr. R. Shyam, Ms. R. Suchithra, Mr. K. Jayakumar, Mr. R. Krishnaswamy, Ms. J. Krishnaswamy, Ms. Pushpa Muralidharan, Ms. Malathi Vinod, Ms. Sangeeta Sabharwal, Mr. Kartik Sabharwal, Mr. Arnav Sabharwal and Mr. Sanjiv Sabharwal.

1. *Identified as related parties from the three months ended March 31, 2016.*

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The following were the significant transactions between the Group and its related parties for the year ended March 31, 2016. 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.

### ***Insurance services***

During the year ended March 31, 2016, the Group received insurance premiums from associates/other related entities amounting to ₹ 42.1 million (March 31, 2015: ₹ 34.4 million), from key management personnel of the Bank amounting to ₹ 3.3 million (March 31, 2015: ₹ 1.3 million) and from relatives of key management personnel amounting to ₹ 2.0 million (March 31, 2015: ₹ 1.3 million). The material transactions for the year ended March 31, 2016 were with ICICI Foundation for Inclusive Growth amounting to ₹ 22.5 million (March 31, 2015: ₹ 16.0 million) and with FINO PayTech Limited amounting to ₹ 13.3 million (March 31, 2015: ₹ 12.1 million).

During the year ended March 31, 2016, the Group paid insurance claims to associates/other related entities amounting to ₹ 22.1 million (March 31, 2015: ₹ 0.3 million) and to relatives of key management personnel of the Bank amounting to Nil (March 31, 2015: ₹ 0.6 million). The material transactions for the year ended March 31, 2016 were with FINO PayTech Limited amounting to ₹ 12.7 million (March 31, 2015: Nil), Akzo Nobel India Limited amounting to ₹ 9.2 million (March 31, 2015: Nil) and with I-Process Services (India) Private Limited amounting to ₹ 0.2 million (March 31, 2015: ₹ 0.3 million).

### ***Fees, commission and other income***

During the year ended March 31, 2016, the Group received fees from its associates/other related entities amounting to ₹ 21.1 million (March 31, 2015: ₹ 30.7 million), from key management personnel of the Bank amounting to ₹ 0.3 million (March 31, 2015: ₹ 1.7 million) and from relatives of key management personnel amounting to ₹ 0.1 million (March 31, 2015: ₹ 0.01 million). The material transactions for the year ended March 31, 2016 were with India Infradebt Limited amounting to ₹ 17.2 million (March 31, 2015: ₹ 9.2 million), ICICI Merchant Services Private Limited amounting to ₹ 3.4 million (March 31, 2015: ₹ 5.5 million) and with India Advantage Fund-IV amounting to ₹ 0.01 million (March 31, 2015: ₹ 12.5 million).

1. *Insignificant amount.*

### ***Lease of premises, common corporate and facilities expenses***

During the year ended March 31, 2016, the Group recovered from its associates/other related entities an amount of ₹ 87.1 million (March 31, 2015: ₹ 80.4 million) for lease of premises, common corporate and facilities expenses. The material transactions for the year ended March 31, 2016 were with ICICI Foundation for Inclusive Growth amounting to ₹ 57.1 million (March 31, 2015: ₹ 52.0 million) and with FINO PayTech Limited amounting to ₹ 23.2 million (March 31, 2015: ₹ 22.9 million).

### ***Secondment of employees***

During the year ended March 31, 2016, the Group recovered for deputation of employees from its associates/other related entities an amount of ₹ 10.7 million (March 31, 2015: ₹ 19.2 million). The material transactions for the year ended March 31, 2016 were with I-Process Services (India) Private Limited amounting to ₹ 7.5 million (March 31, 2015: ₹ 7.1 million) and with ICICI Foundation for Inclusive Growth amounting to ₹ 3.2 million (March 31, 2015: ₹ 12.1 million).

### ***Brokerage, fees and other expenses***

During the year ended March 31, 2016, the Group paid brokerage/fees and other expenses to its associates/other related entities amounting to ₹ 5,338.7 million (March 31, 2015: ₹ 4,876.1 million). The material transactions for the year ended March 31, 2016 were with I-Process Services (India) Private Limited amounting to ₹ 2,915.9 million (March 31, 2015: ₹ 2,397.7 million) and with ICICI Merchant Services Private Limited amounting to ₹ 2,341.3 million (March 31, 2015: ₹ 2,216.0 million).

### ***Purchase of investments***

During the year ended March 31, 2016, the Group invested in the units of India Advantage Fund-IV amounting to Nil (March 31, 2015: ₹ 1,970.4 million) and in the units of India Advantage Fund-III amounting to Nil (March 31, 2015: ₹ 1,163.5 million).

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During the year ended March 31, 2016, the Group invested in the non-convertible debentures (NCDs) issued by India Infradebt Limited amounting to ₹ 4,242.0 million (March 31, 2015: ₹ 800.0 million). During the year ended March 31, 2016, ICICI Securities Primary Dealership Limited invested ₹ 3,642.0 million (March 31, 2015: ₹ 550.0 million) and ICICI Prudential Life Insurance Company Limited invested ₹ 600.0 million (March 31, 2015: ₹ 250.0 million).

#### ***Redemption/buyback of investments***

During the year ended March 31, 2016, the Group received ₹ 453.6 million (March 31, 2015: ₹ 280.9 million) from India Advantage Fund-III and ₹ 445.8 million (March 31, 2015: ₹ 101.8 million) from India Advantage Fund-IV on account of redemption of units and distribution of gain/loss on units.

#### ***Income on custodial services***

During the year ended March 31, 2016, the Group received custodial charges from its associates/other related entities amounting to ₹ 1.5 million (March 31, 2015: ₹ 1.1 million). The material transactions for the year ended March 31, 2016 were with India Advantage Fund-III amounting to ₹ 0.8 million (March 31, 2015: ₹ 0.7 million) and with India Advantage Fund-IV amounting to ₹ 0.6 million (March 31, 2015: ₹ 0.4 million).

#### ***Interest expenses***

During the year ended March 31, 2016, the Group paid interest to its associates/other related entities amounting to ₹ 97.6 million (March 31, 2015: ₹ 235.3 million), to its key management personnel amounting to ₹ 3.8 million (March 31, 2015: ₹ 6.2 million) and to relatives of key management personnel amounting to ₹ 3.3 million (March 31, 2015: ₹ 2.3 million). The material transaction for the year ended March 31, 2016 was with India Infradebt Limited amounting to ₹ 88.0 million (March 31, 2015: ₹ 232.0 million).

#### ***Interest income***

During the year ended March 31, 2016, the Group received interest from its associates/other related entities amounting to ₹ 118.5 million (March 31, 2015: ₹ 71.3 million), from its key management personnel of the Bank amounting to ₹ 1.6 million (March 31, 2015: ₹ 1.0 million) and from relatives of key management personnel amounting to ₹ 0.8 million (March 31, 2015: ₹ 1.5 million). The material transactions for the year ended March 31, 2016 were with India Infradebt Limited amounting to ₹ 70.2 million (March 31, 2015: ₹ 23.1 million) and with ICICI Merchant Services Private Limited amounting to ₹ 48.1 million (March 31, 2015: ₹ 48.0 million).

#### ***Dividend paid***

During the year ended March 31, 2016, the Bank paid dividend to its key management personnel amounting to ₹ 13.8 million (March 31, 2015: ₹ 10.0 million) and to relatives of key management personnel amounting to ₹ 0.0<sup>1</sup> million (March 31, 2015: ₹ 0.0<sup>1</sup> million). The dividend paid during the year ended March 31, 2016 to Ms. Chanda Kochhar was ₹ 11.1 million (March 31, 2015: ₹ 7.9 million), to Mr. N. S. Kannan was ₹ 2.1 million (March 31, 2015: ₹ 1.1 million) and to Mr. Rajiv Sabharwal was ₹ 0.6 million (March 31, 2015: ₹ 1.0 million).

1. *Insignificant amount.*

#### ***Remuneration to whole-time directors***

Remuneration paid to the whole-time directors of the Bank, excluding the perquisite value on account of employee stock options exercised, during the year ended March 31, 2016 was ₹ 219.0 million (March 31, 2015: ₹ 164.5 million). The remuneration paid for the year ended March 31, 2016 to Ms. Chanda Kochhar was ₹ 68.8 million (March 31, 2015: ₹ 53.5 million), to Mr. N. S. Kannan was ₹ 47.2 million (March 31, 2015: ₹ 37.4 million), to Ms. Vishakha Mulye<sup>1</sup> ₹ 10.1 million (March 31, 2015: N.A.), to Mr. K. Ramkumar was ₹ 48.1 million (March 31, 2015: ₹ 38.6 million) and to Mr. Rajiv Sabharwal was ₹ 44.8 million (March 31, 2015: ₹ 35.0 million).

1. *Identified as related party from the three months ended March 31, 2016.*

#### ***Donation***

During the year ended March 31, 2016, the Group has given donation to ICICI Foundation for Inclusive Growth amounting to ₹ 861.6 million (March 31, 2015: ₹ 707.3 million).

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### **Related party balances**

The following table sets forth, for the periods indicated, the balance payable to/receivable from its associates/other related entities:

Items	₹ in million	
	At March 31, 2016	At March 31, 2015
Deposits with the Group	1,004.3	2,033.9
Advances	0.4	1.2
Investments of the Group in related parties	5,362.6	5,683.3
Payables	730.4	653.4
Receivables	37.5	69.1
Guarantees issued by the Group	0.5	0.0 <sup>1</sup>

1. *Insignificant amount.*

The following table sets forth, for the periods indicated, the balance payable to/receivable from key management personnel:

Items	₹ in million, except number of shares	
	At March 31, 2016	At March 31, 2015
Deposits	35.8	97.4
Advances	54.7	37.0
Investments	7.2	5.2
Employee Stock Options Outstanding (Numbers)	29,811,500	19,255,000

1. *During the year ended March 31, 2016, 723,500 employee stock options with exercise price of ₹ 75.3 million were exercised by the Key Management Personnel of the Bank (March 31, 2015: 3,170,000 with exercise price of ₹ 542.5 million).*

The following table sets forth, for the periods indicated, the balance payable to/receivable from relatives of key management personnel:

Items	₹ in million	
	At March 31, 2016	At March 31, 2015
Deposits	63.6	42.3
Advances	7.9	15.0

The following table sets forth, for the periods indicated, the maximum balance payable to/receivable from key management personnel:

Items	₹ in million	
	Year ended March 31, 2016	Year ended March 31, 2015
Deposits	192.8	218.5
Advances	55.3	38.1
Investments <sup>1</sup>	7.2	5.2

1. *Maximum balances are determined based on comparison of the total outstanding balances at each quarter end during the financial year.*

The following table sets forth, for the periods indicated, the maximum balance payable to/receivable from relatives of key management personnel:

Items	₹ in million	
	Year ended March 31, 2016	Year ended March 31, 2015
Deposits	93.7	42.3
Advances	15.0	18.2

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### 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. Under the stock option scheme, eligible employees are entitled to apply for equity shares. Options granted prior to March, 2014, except mentioned below, 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. 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. The options granted in September 2015 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. The options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. The exercise price of Bank's options, except mentioned below, was the last closing price on the stock exchange which recorded highest trading volume, one day prior to the date of grant of options. Hence, there was no compensation cost based on intrinsic value of options.

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. The options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. Based on intrinsic value of options, compensation cost of ₹ 0.8 million was recognised during the year ended March 31, 2016 (March 31, 2015: ₹ 16.4 million).

If the Bank had used the fair value of options based on binomial tree model, compensation cost in the year ended March 31, 2016 would have been higher by ₹ 3,726.5 million and proforma profit after tax would have been ₹ 93.54 billion. On a proforma basis, the Bank's basic and diluted earnings per share would have been ₹ 16.11 and ₹ 16.02 respectively. The key assumptions used to estimate the fair value of options granted during the year ended March 31, 2016 are given below.

Risk-free interest rate	7.58% to 8.19%
Expected life	3.16 to 5.78 years
Expected volatility	30.67% to 32.77%
Expected dividend yield	1.62% to 2.11%

The weighted average fair value of options granted during the year ended March 31, 2016 was ₹ 100.50 (March 31, 2015: ₹ 90.09).

The following table sets forth, for the periods indicated, the summary of the status of the Bank's stock option plan.

Particulars	Stock options outstanding			
	Year ended March 31, 2016		Year ended March 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	148,433,700	205.02	140,521,765	183.74
Add: Granted during the year	64,904,500	289.28	32,375,500	259.96
Less: Lapsed during the year, net of re-issuance	4,189,850	260.67	1,382,765	235.40
Less: Exercised during the year	17,523,785	161.16	23,080,800	150.66
Outstanding at the end of the year	191,624,565	236.36	148,433,700	205.02
Options exercisable	89,788,515	198.08	75,938,800	180.80

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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 following table sets forth, the summary of stock options outstanding at March 31, 2015.

Range of exercise price (` per share)	Number of shares arising out of options	Weighted average exercise price (` per share)	Weighted average exercise price (number of years)
60-99	4,771,000	80.81	2.41
100-199	74,346,685	177.35	4.41
200-299	69,291,015	243.22	8.06
300-399	25,000	321.17	9.59

The options were exercised regularly throughout the period and weighted average share price as per NSE price volume data during the year ended March 31, 2016 was ₹ 273.37 (March 31, 2015: ₹ 311.74).

### ICICI Life:

ICICI Prudential Life Insurance Company has formulated ESOS for their employees. There is no compensation cost for the year ended March 31, 2016 based on the intrinsic value of options. If the entity had used the fair value approach for accounting of options compensation cost for the year ended March 31, 2016 would have been higher by Nil (March 31, 2015: ₹ 22.2 million).

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.

Particulars	Stock options outstanding			₹ except number of options
	Year ended March 31, 2016		Year ended March 31, 2015	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at the beginning of the year	7,057,417	232.45	10,201,948	200.10
Add: Granted during the year	-	-	-	-
Less: Forfeited/lapsed during the year	559,175	329.58	588,000	324.93
Less : Exercised during the year	499,067	108.40	2,556,531	82.10
Outstanding at the end of the year	5,999,175	233.72	7,057,417	232.45
Options exercisable	5,999,175	233.72	7,057,417	232.45

The following table sets forth, summary of stock options outstanding of ICICI Prudential Life Insurance Company at March 31, 2016.

Range of exercise price (` per share)	Number of shares arising out of options (number of shares)	Weighted average exercise price (` per share)	Weighted average remaining contractual 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, 2016 based on the intrinsic value of options. If the entity had used the fair value approach for accounting of options compensation cost for the year ended March 31, 2016 would have been higher by Nil (March 31, 2015: ₹ 4.5 million).

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.

Particulars	Stock options outstanding				₹ except number of options
	Year ended March 31, 2016		Year ended March 31, 2015		
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	
Outstanding at the beginning of the year	8,121,462	109.32	9,844,494	105.39	
Add: Granted during the year	—	—	—	—	
Less: Forfeited/ lapsed during the year	200,200	148.9	254,516	116.10	
Less : Exercised during the year	917,014	67.12	1,468,516	81.82	
Outstanding at the end of the year	7,004,248	113.71	8,121,462	109.32	
Options exercisable	7,004,248	113.71	8,121,462	109.32	

The following table sets forth, summary of stock options outstanding of ICICI Lombard General Insurance Company at March 31, 2016.

Range of exercise price (₹ per share)	Number of shares arising out of options (number of shares)	Weighted average exercise price (₹ per share)	Weighted average remaining contractual life (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, 2016 would have been higher by ₹ 3,585.0 million (March 31, 2015: ₹ 2,761.1 million) and the proforma consolidated profit after tax would have been ₹ 98.21 billion (March 31, 2015: ₹ 119.71 billion). On a proforma basis, the Group's basic earnings per share would have been ₹ 16.91 (March 31, 2015: ₹ 20.69) and diluted earnings per share would have been ₹ 16.80 (March 31, 2015: ₹ 20.47).

#### 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.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
At cost at March 31 of preceding year	15,735.1	13,525.0
Additions during the year	2,507.7	2,439.1
Deductions during the year	(439.6)	(229.0)
Depreciation to date	(13,615.4)	(11,876.8)
<b>Net block</b>	<b>4,187.8</b>	<b>3,858.3</b>

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### 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.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
Not later than one year	470.7	561.2
Later than one year and not later than five years	1,195.4	562.9
Later than five years	568.8	103.1
<b>Total</b>	<b>2,234.9</b>	<b>1,227.2</b>

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 ₹ 3,189.8 million at March 31, 2016 (March 31, 2015: ₹ 3,088.6 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.

Particulars	₹ in million	
	Year ended March 31, 2016	Year ended March 31, 2015
Provision for depreciation of investments	2,985.1	4,128.9
Provision towards non-performing and other assets	77,188.6	36,307.6
Provision towards income tax		
- Current	67,365.4	56,758.0
- Deferred	(33,590.4)	(2,841.8)
Provision towards wealth tax	0.2	51.1
Collective contingency and related reserve	36,000.0	–
Other provisions and contingencies <sup>1</sup>	6,880.3	4,926.9
<b>Total provisions and contingencies</b>	<b>156,829.2</b>	<b>99,330.7</b>

1. Includes general provision towards standard assets amounting to ₹ 3,175.6 million (March 31, 2015: ₹ 3,927.6 million).

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 IRDA.

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### 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.

Particulars	₹ in million	
	Year ended March 31, 2016	Year ended March 31, 2015
<b>Opening obligations</b>	<b>12,999.9</b>	<b>10,209.9</b>
Service cost	251.0	217.8
Interest cost	1,034.7	943.5
Actuarial (gain)/loss	1,594.7	3,174.7
Liabilities extinguished on settlement	(1,554.0)	(1,381.1)
Benefits paid	(134.7)	(164.9)
<b>Obligations at the end of year</b>	<b>14,191.6</b>	<b>12,999.9</b>
<b>Opening plan assets, at fair value</b>	<b>10,103.4</b>	<b>9,018.8</b>
Expected return on plan assets	902.9	743.3
Actuarial gain/(loss)	(4.1)	104.7
Assets distributed on settlement	(1,726.7)	(1,534.6)
Contributions	4,050.8	1,936.1
Benefits paid	(134.7)	(164.9)
<b>Closing plan assets, at fair value</b>	<b>13,191.6</b>	<b>10,103.4</b>
Fair value of plan assets at the end of the year	13,191.6	10,103.4
Present value of defined benefit obligations at the end of the year	(14,191.6)	(12,999.9)
Amount not recognised as an asset (limit in Para 59(b) of AS 15 on 'employee benefits')	—	—
<b>Asset/(liability)</b>	<b>(1,000.0)</b>	<b>(2,896.5)</b>
<b>Cost for the year</b>		
Service cost	251.0	217.8
Interest cost	1,034.7	943.5
Expected return on plan assets	(902.9)	(743.3)
Actuarial (gain)/loss	1,598.8	3,070.0
Curtailments & settlements (gain)/loss	172.7	153.5
Effect of the limit in para 59(b) of AS 15 on 'employee benefits'	—	—
<b>Net cost</b>	<b>2,154.3</b>	<b>3,641.5</b>
Actual return on plan assets	898.8	848.1
Expected employer's contribution next year	3,000.0	3,000.0
<b>Investment details of plan assets</b>		
Insurer Managed Funds <sup>1</sup>	1.04%	84.51%
Government of India securities	48.64%	7.12%
Corporate Bonds	43.23%	8.12%
Equity securities in listed companies	2.48%	—
Others	4.61%	0.25%
<b>Assumptions</b>		
Interest rate	7.95%	8.00%
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%

1. For the year ended March 31, 2015, majority of the funds were invested in Government of India securities and corporate bonds.

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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

Particulars	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
	₹ in million				
Plan assets	13,191.6	10,103.4	9,018.8	9,526.8	9,379.5
Defined benefit obligations	(14,191.6)	(12,999.9)	(10,209.9)	(10,392.5)	(9,602.7)
Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee benefits')	—	—	—	—	—
Surplus/(deficit)	(1,000.0)	(2,896.5)	(1,191.1)	(865.7)	(223.2)
Experience adjustment on plan assets	(4.1)	104.7	(29.1)	102.3	51.7
Experience adjustment on plan liabilities	1,503.4	1,271.2	2,549.6	1,525.2	2,692.3

### 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.

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
	₹ in million	
<b>Defined benefit obligation liability</b>		
<b>Opening obligations</b>	8,470.2	7,252.6
Add: Adjustment for exchange fluctuation on opening obligation	4.4	3.1
<b>Adjusted opening obligations</b>	8,474.6	7,255.7
Service cost	834.9	716.1
Interest cost	677.5	662.8
Actuarial (gain)/loss	221.0	643.5
Past service cost	—	—
Obligations transferred from/to other companies	8.7	(15.6)
Benefits paid	(826.9)	(792.3)
<b>Obligations at the end of year</b>	9,389.8	8,470.2
<b>Opening plan assets, at fair value</b>	7,862.7	6,744.3
Expected return on plan assets	597.1	518.6
Actuarial gain/(loss)	(398.1)	699.4
Contributions	1,118.1	708.3
Assets transfer from/to other companies	8.7	(15.6)
Benefits paid	(826.9)	(792.3)
<b>Closing plan assets, at fair value</b>	8,361.6	7,862.7
Fair value of plan assets at the end of the year	8,361.6	7,862.7
Present value of the defined benefit obligations at the end of the year	(9,389.8)	(8,470.2)
Unrecognised past service cost	—	—
Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee benefits')	—	—
<b>Asset/(liability)</b>	(1,028.2)	(607.5)

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Particulars	₹ in million	
	Year ended March 31, 2016	Year ended March 31, 2015
<b>Cost for the year</b>		
Service cost	834.9	716.1
Interest cost	677.5	662.8
Expected return on plan assets	(597.1)	(518.6)
Actuarial (gain)/loss	619.1	(55.9)
Past service cost	—	—
Losses/(gains) on "Acquisition/Divestiture"	—	—
Exchange fluctuation loss/(gain)	4.3	3.1
Effect of the limit in para 59(b) of AS 15 on 'employee benefits'	—	(0.1)
<b>Net cost</b>	<b>1,538.7</b>	<b>807.4</b>
Actual return on plan assets	199.0	1,218.0
Expected employer's contribution next year	745.0	755.2
<b>Investment details of plan assets</b>		
Insurer managed funds	23.19%	23.68%
Government of India securities	25.77%	33.67%
Corporate bonds	20.06%	15.35%
Special Deposit schemes	3.48%	3.70%
Equity	11.22%	10.71%
Others	16.28%	12.89%
<b>Assumptions</b>		
Interest rate	7.50%-8.05%	7.80%-8.05%
Salary escalation rate	7.00%-10.00%	5.00%-10.00%
Estimated rate of return on plan assets	7.50%-8.50%	7.50%-8.50%

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.

### Experience adjustment

Particulars	₹ in million				
	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
Plan assets	8,361.6	7,862.7	6,744.3	6,394.9	5,724.3
Defined benefit obligations	(9,389.8)	(8,470.2)	(7,252.6)	(6,887.3)	(6,257.9)
Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee benefits')	—	—	(0.1)	(0.5)	—
Surplus/(deficit)	(1,028.2)	(607.5)	(508.4)	(492.9)	(533.6)
Experience adjustment on plan assets	(398.1)	699.4	(8.4)	51.0	23.1
Experience adjustment on plan liabilities	171.4	70.6	308.7	216.0	119.4

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, 2016 (March 31, 2015: Nil).

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Particulars	₹ in million	
	Year ended March 31, 2016	Year ended March 31, 2015
<b>Opening obligations</b>	<b>20,683.7</b>	<b>18,356.2</b>
Service cost	1,044.9	1,046.1
Interest cost	1,614.4	1,615.3
Actuarial (gain) / loss	252.5	325.7
Employees contribution	2,150.8	2,058.2
Obligations transferred from/to other companies	68.1	71.6
Benefits paid	(2,604.9)	(2,789.4)
<b>Obligations at end of the year</b>	<b>23,209.5</b>	<b>20,683.7</b>
<b>Opening plan assets</b>	<b>20,683.7</b>	<b>18,352.7</b>
Expected return on plan assets	1,839.8	1,597.5
Actuarial gain / (loss)	27.1	347.0
Employer contributions	1,044.9	1,046.1
Employees contributions	2,150.8	2,058.2
Assets transfer from/to other companies	68.1	71.6
Benefits paid	(2,604.9)	(2,789.4)
<b>Closing plan assets</b>	<b>23,209.5</b>	<b>20,683.7</b>
Plan assets at the end of the year	23,209.5	20,683.7
Present value of the defined benefit obligations at the end of the year	(23,209.5)	(20,683.7)
<b>Asset/(liability)</b>	<b>-</b>	<b>-</b>
<b>Cost for the year</b>		
Service cost	1,044.9	1,046.1
Interest cost	1,614.4	1,615.3
Expected return on plan assets	(1,839.8)	(1,597.5)
Actuarial (gain)/loss	225.4	(21.3)
<b>Net cost</b>	<b>1,044.9</b>	<b>1,042.6</b>
Actual return on plan assets	1,866.9	1,944.5
Expected employer's contribution next year	1,119.3	1,117.1
<b>Investment details of plan assets</b>		
Government of India securities	42.48%	40.52%
Corporate Bonds	52.49%	53.06%
Special deposit scheme	2.35%	2.59%
Others	2.67%	3.83%
<b>Assumptions</b>		
Discount rate	7.65%-7.95%	7.80%-7.95%
Expected rate of return on assets	8.22%-9.03%	8.12%-9.00%
Discount rate for the remaining term to maturity of investments	7.68%-7.95%	7.80%-7.97%
Average historic yield on the investment	8.14%-9.01%	8.19%-9.00%
Guaranteed rate of return	8.75%	8.75%

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### Experience adjustment

Particulars	Year ended March 31, 2016	₹ in million		
		Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
Plan assets	23,209.5	20,683.7	18,352.7	16,136.8
Defined benefit obligations	(23,209.5)	(20,683.7)	(18,356.2)	(16,136.8)
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	27.1	347.0	(136.3)	17.3
Experience adjustment on plan liabilities	252.5	325.7	(9.9)	24.2

The Group has contributed ₹ 2,167.6 million to provident fund including Government of India managed employees provident fund for the year ended March 31, 2016 (March 31, 2015: ₹ 2,030.3 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, 2016 amounted to ₹ 33,775.0 million (March 31, 2015: ₹ 53,916.2 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.

### 10. Deferred tax

At March 31, 2016, the Group has recorded net deferred tax asset of ₹ 49,611.9 million (March 31, 2015: ₹ 16,134.8 million), which has 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.

Particulars	₹ in million	
	At March 31, 2016	At March 31, 2015
<b>Deferred tax asset</b>		
Provision for bad and doubtful debts	70,339.8	39,199.1
Capital loss	—	50.5
Foreign currency translation reserve <sup>1</sup>	5,877.5	—
Others	6,232.7	4,463.4
<b>Total deferred tax asset</b>	<b>82,450.0</b>	<b>43,713.0</b>
<b>Deferred tax liability</b>		
Special reserve deduction	26,632.2	22,057.3
Depreciation on fixed assets	5,329.4	5,359.9
Mark-to-market gains <sup>1</sup>	715.4	—
Others	161.1	161.0
<b>Total deferred tax liability</b>	<b>32,838.1</b>	<b>27,578.2</b>
<b>Total net deferred tax asset/(liability)</b>	<b>49,611.9</b>	<b>16,134.8</b>

1. These items are considered in accordance with the requirements of Income Computation and Disclosure Standards.

2. Deferred tax asset/(liability) pertaining to foreign branches/subsidiaries is included in respective categories.

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### 11. Information about business and geographical segments

#### A. Business segments for the year ended March 31, 2016

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".
- 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, ICICI Bank Canada and ICICI Bank Eurasia LLC (up to December 31, 2014).
- v. **Life insurance** represents results of ICICI Prudential Life Insurance Company Limited.
- vi. **General insurance** represents results of ICICI Lombard General Insurance Company Limited.
- 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, ICICI Kinfral Limited (upto September 30, 2014), 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.

The 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, 2016 are not comparable with that of reported segments for the year ended March 31, 2015 to the extent new entities have been consolidated and entities that have been discontinued from consolidation.

# Consolidated Financial Statements

## Schedules

forming part of the Consolidated Accounts (Contd.)

The following table sets forth, the business segment results for the year ended March 31, 2016.

Sr. no.	Particulars	Retail banking	Wholesale banking	Treasury	Other banking business	Life insurance	General insurance	Others	Inter-segment adjustments	Total	₹ in million
1	Revenue	391,878.0	328,923.5	483,414.5	39,343.1	231,798.6	66,995.2	46,484.7	(574,879.1)	1,013,958.5	
2	<b>Segment results</b>	<b>38,977.4</b>	<b>(12,454.3)</b>	<b>86,162.7</b>	<b>6,790.0</b>	<b>17,715.8</b>	<b>7,076.9</b>	<b>14,251.9</b>	<b>(15,476.3)</b>	<b>143,044.1</b>	
3	Unallocated expenses									-	
4	Operating profit (2) - (3)									143,044.1	
5	Income tax expenses (net)/ (net deferred tax credit)									33,775.2	
6	<b>Net profit<sup>1</sup> (4) - (5)</b>									<b>109,268.9</b>	
	<b>Other information</b>										
7	Segment assets	1,724,805.5	2,663,659.1	2,580,816.4	799,535.9	1,046,996.2	153,745.8	279,392.0	(146,320.0)	9,102,630.9	
8	Unallocated assets <sup>2</sup>									84,931.1	
9	<b>Total assets (7) + (8)</b>									<b>9,187,562.0</b>	
10	Segment liabilities	3,133,932.7	1,197,853.2	2,764,452.7 <sup>3</sup>	750,871.6 <sup>3</sup>	1,048,622.5 <sup>3</sup>	156,758.4 <sup>3</sup>	281,390.9 <sup>3</sup>	(146,320.0) <sup>3</sup>	<b>9,187,562.0</b>	
11	Unallocated liabilities									-	
12	<b>Total liabilities (10) + (11)</b>									<b>9,187,562.0</b>	
13	Capital expenditure	6,474.5	937.0	11.2	166.9	539.4	464.5	351.8	-	<b>8,945.3</b>	
14	Depreciation	5,718.9	1,016.3	14.9	327.1	455.4	565.4	349.6	(16.5)	<b>8,431.1</b>	

1. Includes share of net profit of minority shareholders.

2. Includes tax paid in advance/tax deducted at source (net), deferred tax asset (net).

3. Includes share capital and reserves and surplus.

# Consolidated Financial Statements

## Schedules

forming part of the Consolidated Accounts (Contd.)

The following table sets forth, the business segment results for the year ended March 31, 2015.

Sr. no.	Particulars	Retail banking	Wholesale banking	Treasury	Other banking business	Life insurance	General insurance	Others	Inter- segment adjustments	Total
1	Revenue	329,911.8	335,025.1	439,668.1	38,097.1	191,367.3	58,804.9	44,731.1	(535,443.1)	902,162.3
2	<b>Segment results</b>	<b>27,242.8</b>	<b>62,240.7</b>	<b>64,687.0</b>	<b>6,672.2</b>	<b>16,343.2</b>	<b>6,907.2</b>	<b>14,634.7</b>	<b>(15,337.5)</b>	<b>183,390.3</b>
3	Unallocated expenses								-	
4	Operating profit (2) - (3)									183,390.3
5	Income tax expenses (net)/ (net deferred tax credit)									53,967.3
6	<b>Net profit<sup>1</sup> (4) - (5)</b>									129,423.0
	<b>Other information</b>									
7	Segment assets	1,297,275.5	2,612,211.8	2,379,582.6	675,480.1	1,011,969.1	133,360.9	253,632.5	(156,450.2)	8,207,062.3
8	Unallocated assets <sup>2</sup>									53,729.4
9	<b>Total assets (7) + (8)</b>									
10	Segment liabilities	2,661,620.1	1,038,243.2	2,656,404.7 <sup>3</sup>	655,289.4 <sup>3</sup>	1,013,545.8 <sup>3</sup>	136,564.2 <sup>3</sup>	255,574.5 <sup>3</sup>	(156,450.2) <sup>3</sup>	8,260,791.7
11	Unallocated liabilities								-	
12	<b>Total liabilities (10) + (11)</b>									8,260,791.7
13	Capital expenditure	6,109.1	1,110.3	16.4	146.8	2,230.0	2,014.1	356.7	-	11,983.4
14	Depreciation	5,111.4	1,073.5	12.8	519.5	396.1	536.7	348.6	(16.4)	7,982.2

1. Includes share of net profit of minority shareholders.
2. Includes tax paid in advance/tax deducted at source (net), deferred tax asset (net).
3. Includes share capital and reserves and surplus.

# Consolidated Financial Statements

## Schedules

forming part of the Consolidated Accounts (*Contd.*)

### 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	
	Year ended	
	<b>March 31, 2016</b>	Year ended
Revenue	932,781.3	826,474.0
Domestic operations	81,177.2	75,688.3
Foreign operations	1,013,958.5	902,162.3
<b>Total</b>	<b>1,013,958.5</b>	<b>902,162.3</b>

	₹ in million	
	At	
	<b>March 31, 2016</b>	At March 31, 2015
Assets	7,321,480.0	6,504,549.2
Domestic operations	1,781,150.9	1,702,513.1
Foreign operations	9,102,630.9	8,207,062.3
<b>Total</b>	<b>9,102,630.9</b>	<b>8,207,062.3</b>

*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.

	Capital expenditure incurred during the		Depreciation provided during the	
	Year ended	Year ended	Year ended	Year ended
	<b>March 31, 2016</b>	March 31, 2015	<b>March 31, 2016</b>	March 31, 2015
Domestic operations	8,687.2	11,804.5	8,270.7	7,803.8
Foreign operations	258.1	178.9	160.4	178.4
<b>Total</b>	<b>8,945.3</b>	<b>11,983.4</b>	<b>8,431.1</b>	<b>7,982.2</b>

### 12. Penalties/fines imposed by banking regulatory bodies

The penalty imposed by RBI and other banking regulatory bodies during the year ended March 31, 2016 was Nil (March 31, 2015: ₹ 10.4 million).

# Consolidated Financial Statements

## Schedules

forming part of the Consolidated Accounts (Contd.)

### 13. Additional information to consolidated accounts

Additional information to consolidated accounts at March 31, 2016 (Pursuant to Schedule III of the Companies Act, 2013)

Name of the entity	Net assets <sup>1</sup>		Share in profit or loss	
	% of total net assets	Amount	% of total net profit	Amount
<b>Parent</b>				
ICICI Bank Limited	95.4%	897,355.9	95.5%	97,262.9
<b>Subsidiaries</b>				
<i>Indian</i>				
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%	5.3	0.0%	0.5
ICICI Investment Management Company Limited	0.0%	115.5	(0.0%)	(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%	12.8	0.0%	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%	255.6	(0.0%)	(3.2)
<i>Foreign</i>				
ICICI Bank UK PLC	3.8%	36,143.9	0.0%	35.5
ICICI Bank Canada	4.0%	37,789.8	1.1%	1,120.5
ICICI International Limited	0.0%	93.7	(0.0%)	(4.8)
ICICI Securities Holdings Inc.	0.0%	127.7	(0.5%)	(477.5)
ICICI Securities Inc.	0.0%	128.9	0.0%	28.3
<b>Other consolidated entities</b>				
<i>Indian</i>				
ICICI Strategic Investments Fund	0.1%	482.0	(0.1%)	(108.7)
<i>Foreign</i>				
NIL				
<b>Minority interests</b>	(3.6%)	(33,556.4)	(7.3%)	(7,469.3)
<b>Associates</b>				
<i>Indian</i>				
Fino Pay Tech Limited	–	–	0.0%	13.7
I-Process Services (India) Private Limited	–	–	(0.0%)	(4.4)
NIIT Institute of Finance Banking and Insurance Training Limited	–	–	0.0%	12.2
ICICI Merchant Services Private Limited	–	–	–	–
India Infradebt Limited	–	–	0.1%	90.6
India Advantage Fund III	–	–	0.1%	79.5
India Advantage Fund IV	–	–	(0.0%)	(17.6)
<i>Foreign</i>				
NIL	–	–	–	–
<b>Joint Ventures</b>				
NIL	–	–	–	–
<b>Inter-company adjustments</b>	(13.1%)	(124,061.9)	(19.1%)	(19,474.7)
<b>Total</b>	<b>100.0%</b>	<b>941,107.1</b>	<b>100.0%</b>	<b>101,799.6</b>

1. Total assets minus total liabilities.

# **Consolidated Financial Statements**

## **Schedules**

**forming part of the Consolidated Accounts (Contd.)**

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### **14. Sale of equity shareholding in insurance subsidiaries**

Pursuant to approval by the Board of Directors of the Bank on November 16, 2015, the Bank sold equity shares representing 6% shareholding in ICICI Prudential Life Insurance Company Limited and 9% shareholding in ICICI Lombard General Insurance Company Limited during the year ended March 31, 2016 for a total consideration of ₹ 19,500.0 million and ₹ 15,502.5 million respectively.

### **15. Provision on Funded Interest Term Loan**

In 2008, RBI issued guidelines on debt restructuring, which also covered the treatment of funded interest in cases of debt restructuring, that is, instances where interest for a certain period is funded by a Funded Interest Term Loan (FITL) which is then repaid based on a contracted maturity schedule. In line with these guidelines, the Bank had been providing fully for any interest income which is funded through a FITL for cases restructured subsequent to the issuance of the guideline. However, during the year ended March 31, 2015, RBI required similar treatment of outstanding FITL pertaining to cases restructured prior to the 2008 guidelines which were not yet been repaid. In view of the above, and since this item relates to prior years, the Bank with the approval of the RBI debited its reserves by ₹ 9,291.6 million to fully provide outstanding FITLs pertaining to restructurings prior to the issuance of the guideline in the quarter ended March 31, 2015 as against over three quarters permitted by RBI.

### **16. 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.

### **17. 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**  
Chartered Accountants  
ICAI Firm Registration  
no.: 101248W/W-100022

**M. K. Sharma**  
Chairman

**Dileep Choksi**  
Director

**Chanda Kochhar**  
Managing Director & CEO

**Venkataramanan Vishwanath**  
Partner  
Membership no.: 113156

**N. S. Kannan**  
Executive Director

**K. Ramkumar**  
Executive Director

**Rajiv Sabharwal**  
Executive Director

**Vishakha Mulye**  
Executive Director

Place : Mumbai  
Date : April 29, 2016

**P. Sanker**  
Senior General Manager  
(Legal) & Company Secretary

**Rakesh Jha**  
Chief Financial Officer

**Ajay Mittal**  
Chief Accountant

# Statement Pursuant to Section 129 of Companies Act, 2013

## STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

### Part "A": Subsidiaries

Particulars	ICICI Securities Limited	ICICI Primary Dealership Limited	ICICI Securities Holdings Inc. <sup>1</sup>	ICICI Securities Inc. <sup>1</sup>	ICICI Home Finance Company Limited	ICICI Trusteeship Services Limited	ICICI Investment Management Company Limited	ICICI Venture Funds Management Company Limited	ICICI Prudential Life Insurance Company Limited	ICICI International General Insurance Company Limited	ICICI UK PLC <sup>2</sup>	ICICI Bank Canada <sup>3,4</sup>	ICICI Trust Limited	ICICI Asset Management Company Limited	ICICI Pension Funds Management Company Limited	ICICI Management Company Limited	ICICI Company Limited	₹ in million
Paid-up share capital <sup>5</sup>	1,563.4	1,610.7	728.2	571.7	10,987.5	0.5	100.0	10.0	14,323.2	4,475.4	59.6	27,833.4	37,046.8	1.0	176.5	270.0		
Reserves & Surplus	7,105.2	2,331.6	(600.5)	(442.8)	4,304.6	4.8	15.5	1,965.6	38,923.8	30,371.2	34.1	8,310.5	4,986.7	11.8	6,186.0	(14.4)		
Total assets	161,733.7	13,920.2	128.0	201.6	93,884.0	5.4	129.9	4,207.7	1,047,662.5	156,758.0	96.1	304,988.8	318,205.9	13.2	8,180.5	263.2		
Total liabilities (excluding capital and reserves)	153,065.1	9,977.9	0.3	72.7	78,591.9	0.1	14.4	2,232.1	994,415.5	121,911.4	24	268,844.9	276,162.4	0.4	1,808.0	7.6		
Investments (including investment in subsidiaries) <sup>7</sup>	138,958.3	1,547.6	94.5	Nil	1,799.8	2.8	103.7	2,861.5	1,030,270.8	115,625.2	#	49,254.8	26,909.4	9.8	3,663.8	50.5		
Turnover (Gross income from operations)	13,602.3	11,235.6	0.1	170.4	10,665.3	0.4	28.4	391.2	191,643.9	82,959.9	13.4	10,415.8	9,671.0	5.2	9,894.5	0.5		
Profit/(loss) before taxation	3,021.0	3,710.4	(477.2)	28.8	2,724.2	0.7	(18.5)	(205.1)	17,715.7	7,076.9	(4.9)	398.2	1,777.6	0.4	4,939.4	(2.1)		
Provision for taxation	1,066.3	1,353.0	0.3	0.5	925.7	0.2	#	7.2	1,211.1	2,002.4	Nil	362.2	476.6	0.1	1,742.5	1.1		
Profit/(loss) after taxation	1,954.7	2,357.4	(477.5)	28.3	1,798.5	0.5	(18.5)	(212.3)	16,504.6	5,074.5	(4.9)	36.0	1,301.0	0.3	3,256.9	(3.2)		
Proposed dividend (including corporate dividend tax) <sup>8</sup>	1,392.4	1,938.6	Nil	Nil	1,423.0	Nil	Nil	Nil	14,478.9	1,614.8	Nil	Nil	1,173.9	Nil	1,274.7	Nil		
% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	67.66%	63.82%	100.00%	100.00%	100.00%	50.80%	51.00%	100.00%		

# amount less than 0.1 million

Notes :

1. ICICI Securities Holdings Inc. is a wholly owned subsidiary of ICICI Securities Limited. ICICI Securities Inc. is a wholly owned subsidiary of ICICI Securities Holdings Inc.
2. The financial information of ICICI Prudential Pension Funds Management Company Limited is a wholly owned subsidiary of ICICI Prudential Life Insurance Company Limited.
3. The financial information of ICICI Bank Canada is for the period January 1, 2015 to December 31, 2015, being their financial year.
4. The paid-up share capital of ICICI Bank Canada includes paid-up preference share capital of ₹ 4,420.1 million.
5. The financial information of ICICI Bank Canada have been translated into Indian Rupees at the closing rate at December 31, 2015 of 1 CAD = ₹ 47.6650.
6. Paid-up share capital does not include share application money.
7. Investments include securities held as stock in trade.
8. Includes dividend paid on preference shares and interim dividend on equity shares paid during the year.
9. Names of subsidiaries which have been liquidated or sold during the year: None
10. Names of subsidiaries which have been liquidated or sold during the year: None

# Statement Pursuant to Section 129 of Companies Act, 2013

## Part "B": Associate companies and joint ventures

Name of associate companies/joint ventures	Fino Pay Tech Limited	I-Process Services (India) Private Limited	NIIT Institute of Finance Banking and Insurance Training Limited	ICICI Merchant Services Private Limited	India Infradebt Limited	₹ in million
1 Latest audited balance sheet date	March 31, 2015	March 31, 2015	March 31, 2015	March 31, 2015	March 31, 2016	March 31, 2015
<b>2 Shares of associate companies/joint ventures held by the group at March 31, 2016</b>						
Number of equity shares	8,500,000	9,880	1,900,000	35,568,000	93,000,000	20,445,177
Amount of investment in associate companies/joint ventures	—	4.9	13.6	—	1,177.8	314.5
Extent of holding (%)	27.05%	19.00%	18.79%	19.00%	31.00%	26.39%
3 Description of significant influence	Note 2	Note 3	Note 3	Note 3	Note 2	Note 2
4 Reason of non-consolidation of the associate/joint venture	N.A.	N.A.	N.A.	N.A.	N.A.	Note 4
5 Networth attributable to shareholding as per latest audited balance sheet	742.4	6.4	0.1	179.6	1,177.8	N.A.
<b>6 Profit/(Loss) for the year ended March 31, 2016</b>						
i Considered in consolidation	13.7	(4.4)	12.2	—	90.6	N.A.
ii Not considered in consolidation	12.1	(18.9)	54.4	350.8	201.8	N.A.

### Notes:

- 1 The above statement has been prepared based on the principles of Accounting Standard 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 the 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.
- 2 The group has significant influence through holding more than 20.00% of the equity shares in the investee company in terms of Accounting Standard 23, issued by ICAI.
- 3 The group has significant influence through representation on the Board of directors of the investee company in terms of Accounting Standard 23, issued by ICAI.
- 4 The investment in Falcon Tyres Limited is temporary in nature.
- 5 Names of associates or joint ventures which are yet to commence operations: None
- 6 Names of associates or joint ventures which have been liquidated or sold during the year: 3i Infotech Limited.

For and on behalf of the Board of Directors

<b>M. K. Sharma</b> Chairman	<b>Dileep Choksi</b> Director	<b>Chanda Kochhar</b> Managing Director & CEO	<b>Vishakha Mulye</b> Executive Director
<b>N. S. Kannan</b> Executive Director	<b>K. Ramkumar</b> Executive Director	<b>Rajiv Sabharwal</b> Executive Director	<b>Ajay Mittal</b> Chief Accountant
<b>P. Sanker</b> Senior General Manager (Legal) & Company Secretary	<b>Rakesh Jha</b> Chief Financial Officer	<b>Rakesh Jha</b> Chief Financial Officer	<b>Ajay Mittal</b> Chief Accountant

Place : Mumbai  
Date : April 29, 2016

# Basel Pillar 3 disclosures

## at March 31, 2016

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Pillar 3 disclosures at March 31, 2016 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, 2016
  - 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
  - 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 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

## Notes

## Notes



# BEST RETAIL BANK IN INDIA

Three years in a row

THE ASIAN BANKER®  
**EXCELLENCE IN  
RETAIL FINANCIAL SERVICES**  
**INTERNATIONAL AWARDS 2016**  
**BEST RETAIL BANK, INDIA**

ICICI Bank won the 'Best Retail Bank in India', at The Asian Banker Excellence in Retail Financial Services International Awards 2016 for the third year in a row. The Bank received the award in recognition of its performance on three counts: accelerated growth in retail assets and CASA deposits; use of technology to deliver strong and sustained banking solutions; and improved digital banking services for paperless remittances and a cashless ecosystem. The Bank won the coveted award after a stringent evaluation process spanning three months. Considered one of the most prestigious in the industry, this award was organised by the Singapore-based The Asian Banker, a provider of strategic business intelligence to the financial services community.



**ICICI BANK LIMITED**  
ICICI Bank Towers  
Bandra-Kurla Complex  
Mumbai 400 051  
**[www.icicibank.com](http://www.icicibank.com)**

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**FORM A**

1.	Name of the Company	ICICI Bank Limited
2.	Annual audited consolidated financial statements for the year ended	March 31, 2016
3.	Type of Audit observation	Unmodified
4.	Frequency of observation	N.A.

**For and on behalf of the Board of Directors**

**For B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration no.:  
101248W/W-100022

*Dileep Choksi*

**Dileep Choksi**  
Director

*Chanda Kochhar*

**Chanda Kochhar**  
Managing Director & CEO

*Vishwanath*  
**Venkataramanan Vishwanath**  
Partner  
Membership no.: 113156

*R.Jha*

**Rakesh Jha**  
Chief Financial Officer

Place: Mumbai  
Date: April 29, 2016

**FORM A**

1.	Name of the Company	ICICI Bank Limited
2.	Annual audited unconsolidated financial statements for the year ended	March 31, 2016
3.	Type of Audit observation	Unmodified
4.	Frequency of observation	N.A.

**For and on behalf of the Board of Directors****Dileep Choksi**  
Director**Chanda Kochhar**  
Managing Director & CEO

**For B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm registration no.:  
101248W/W-100022

  
**Venkataramanan Vishwnath**  
Partner  
Membership no.: 113156  
**Rakesh Jha**  
Chief Financial Officer

Place: Mumbai  
Date: April 29, 2016

# Business Responsibility Report

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:** L65190GJ1994PLC021012
2. **Name of the Company:** ICICI Bank Limited
3. **Registered address:** Landmark, Race Course Circle, Vadodara-390 007
4. **Website:** [www.icicibank.com](http://www.icicibank.com)
5. **E-mail id:** [companysecretary@icicibank.com](mailto:companysecretary@icicibank.com)
6. **Financial Year reported:** 2015-2016
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**  
Code: 64191-ICICI Bank is a banking company governed by the Banking Regulation Act, 1949.
8. **List three key products/services that the Company manufactures/provides:**  
ICICI Bank Limited (the Bank), incorporated in Vadodara, India, 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.
9. **Total number of locations where business activity is undertaken by the Company**

- i. **Number of International Locations** (Provide details of major 5)

ICICI Bank has banking subsidiaries in the United Kingdom and Canada, branches in Bahrain, China, Dubai International Financial Centre, Qatar Financial Centre, Hong Kong, Singapore, South Africa, Sri Lanka and the United States, and representative offices in Bangladesh, Indonesia, Malaysia and the United Arab Emirates. ICICI Bank's subsidiary in the United Kingdom has a branch in Antwerp, Belgium and a branch in Frankfurt, Germany.

- ii. **Number of National Locations**

At March 31, 2016, ICICI Bank had a network of 4,450 branches and a presence in over 2,600 locations in India.

## 10. Markets served by the Company – Local/State/National/International

ICICI Bank serves customers in national and international locations.

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital (INR):** ₹ 11.63 billion
2. **\*Total Turnover (INR):** ₹ 680.62 billion  
\*Total turnover represents the sum of "Interest earned" (Schedule 13 of the accounts) and "Other income" (Schedule 14 of the accounts).
3. **Total profit after taxes (INR):** ₹ 97.26 billion
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**

The Bank has spent ₹ 1.72 billion or approximately 1.6% of its average net profits of the last three financial years ending March 31, 2013, March 31, 2014 and March 31, 2015 towards CSR activities. Appropriate disclosures as prescribed under the Companies Act, 2013 have been made in the annual report for the year ended March 31, 2016 (fiscal 2016).

5. **List of activities in which expenditure in 4 above has been incurred:**

The above expenditure has been undertaken on elementary education, primary healthcare and skill development for sustainable livelihoods through the ICICI Foundation for Inclusive Growth; and directly on rural development activities including financial inclusion and financial literacy, education & research and contribution for relief and welfare in calamity affected areas.

# Business Responsibility Report

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## SECTION C: OTHER DETAILS

### 1. Does the Company have any Subsidiary Company/Companies?

Yes

### 2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

The major domestic subsidiaries of the Bank contribute to the corpus of ICICI Foundation and towards relief and welfare. Some subsidiaries also undertake additional activities independently.

### 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

No

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

#### a) Details of the Director/Directors responsible for implementation of the BR policy/policies

Certain of the principles or components of the principles of the National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business have more relevance to a manufacturing company and the same has been specified under the respective sections. The Company has in place the policies and processes to address such principles of the NVGs on social, environmental and economic responsibilities of business which are applicable.

- DIN: 00066009
- Name: Mr. N. S. Kannan
- Designation: Executive Director

#### b) Details of the BR head

S. No	Particulars	Details
1	DIN (if applicable)	00008187
2	Name	Mr. P. Sanker
3	Designation	Senior General Manager (Legal) & Company Secretary
4	Telephone number	+91-22-2653 8826
5	E-mail id	companysecretary@icicibank.com

### 2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The NVGs on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles (detailed below) as P1-P9 to be followed:

- |    |   |
|----|---|
| P1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability  |
| P2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle                                     |
| P3 | Businesses should promote the wellbeing of all employees  |
| P4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised |
| P5 | Businesses should respect and promote human rights  |
| P6 | Business should respect, protect, and make efforts to restore the environment   |
| P7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner  |
| P8 | Businesses should support inclusive growth and equitable development  |
| P9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner  |

The principle wise responses are mentioned in the Annexure to this report.

**2a. If answer to S.No. 1 of the annexure against any principle, is 'No', the reasons for the same have been mentioned therein.**

### **3. Governance related to BR**

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

Annually

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Bank publishes the BR Report annually. The hyperlink for viewing the report is <http://www.icicibank.com/aboutus/annual.html>

## **SECTION E: PRINCIPLE-WISE PERFORMANCE**

### **Principle 1**

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Bank is committed to acting professionally, fairly and with integrity in all its dealings. The Bank, through the Group Code of Business Conduct & Ethics, has adopted a 'zero-tolerance' approach to bribery and corruption. The Bank has put in place an 'Anti-Bribery and Anti-Corruption Policy', which sets forth obligations on part of every employee for prevention, detection and reporting of any act of bribery or corruption. The Group Code of Business Conduct & Ethics which captures the behavioural and ethical standards along with the 'zero tolerance' towards bribery covers all subsidiaries of the Bank. The Code is applicable to directors and employees of the Bank as well as the directors and employees of the subsidiary companies.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

The number of complaints received from shareholders in fiscal 2016 was 76 and all the complaints have been resolved.

With respect to employees, the Bank has a mechanism as provided under the Whistle Blower Policy whereby employees can raise their concerns. A report on the concerns received and the manner in which they are dealt with is periodically reported to the Audit Committee.

The Customer Service Council (CSC) of the Bank functions as the standing committee on Customer Service. The CSC is chaired by a Working Director. Business Heads and the Heads of related departments are members of the CSC. The CSC focuses on building and strengthening customer service orientation in the Bank through initiating various measures including simplifying processes for improvement in customer service levels. The Board of the Bank has constituted a Customer Service Committee which reviews the customer service initiatives, oversees the functioning of the CSC and evolves innovative measures for enhancing the quality of customer service and improvement in the overall satisfaction level of customers. Of the 2,887 complaints outstanding at the beginning of the year and 191,453 complaints received during the year, 190,940 complaints have been resolved.

### **Principle 2**

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:**

The Bank provides sustainable banking products to cater to different classes of customers through an expansive network of branches, ATMs, mobile, phone, internet and doorstep banking. Customised products include personal loans, home loans, loans for asset purchases and a wide range of savings products. The Bank also offers a selection of cards for convenience to complement the distinct lifestyle needs of customers. In addition, the Bank's Rural & Inclusive Banking Group focuses on rural and below poverty line customers. For details, please refer the "Business Overview" and "Promoting Inclusive Growth" sections of the Annual Report for fiscal 2016.

# Business Responsibility Report

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The Bank through its Technology Finance Group (TFG) assists projects that relate to areas such as energy conservation, environment protection, education, health and sanitation. Some of the initiatives taken in this connection include afforestation initiatives in Chhattisgarh and Maharashtra, plantation crop initiatives for the benefit of tribal communities in tribal blocks of Wada, Vikramgad and Shahapur and supporting installation of solar system at 11 primary health centres of Nandurbar, Maharashtra.

ICICI Foundation focuses on the areas of elementary education, sustainable livelihoods, primary healthcare and rural development. For details, please refer the "Promoting Inclusive Growth" section of the Annual Report for fiscal 2016.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

Considering the nature of business of the Bank and the products/initiatives referred to above, some of the questions below are not applicable to the Bank.

- i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

NA

- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Please refer to the response under Principle 6.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

NA

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

NA

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Considering that the Bank is not a manufacturing unit, the waste generated at its offices is managed as per the waste disposal process. The Bank has procedures in place to dispose of e-waste through authorised e-waste vendors. There are sewage treatment plants at two of our large offices where waste water is entirely treated & re-utilised for gardening, flushing & cooling tower requirements.

## Principle 3

**1. Please indicate the total number of employees:**

The Bank had 74,096 employees (including contractual employees) at March 31, 2016.

**2. Please indicate the total number of employees hired on temporary/contractual/casual basis:**

The Bank had 447 employees at March 31, 2016 on fixed term contract.

**3. Please indicate the number of permanent women employees:**

The Bank had 18,807 women employees at March 31, 2016.

**4. Please indicate the number of permanent employees with disabilities:**

The Bank does not specifically track the number of disabled employees. The Bank is an equal opportunity employer and treats all employees at par. Based on the income tax declarations which enable claiming income tax deduction for self-disability, the Bank had 85 such employees.

**5. Do you have an employee association that is recognised by management:**

No

**6. What percentage of your permanent employees are members of this recognised employee association?**

NA

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

The Bank does not engage in any form of child labour/forced labour/involuntary labour and does not adopt any discriminatory employment practices. The Bank has a policy against sexual harassment and a formal process for dealing with complaints of harassment or discrimination. The said policy is in line with relevant Act passed by the parliament in 2013. The Bank, through the policy ensures that all such complaints are resolved within defined timelines. During the year, 87 cases were reported and were disposed off.

**8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?**

- Permanent employees
- Permanent women employees
- Casual/temporary/contractual employees
- Employees with disabilities

Employee health and safety is of prime importance to ICICI Bank. The Bank conducts robust and periodic training like advanced and basic fire safety training, first aid and Cardio Pulmonary Resuscitation (CPR) training and evacuation related training for floor marshals and employees across offices and branches. Periodic fire evacuation drills were conducted at the office locations as well as branches, to sensitise employees about fire safety norms and regulations. The Bank has tie-ups with vendors to educate and demonstrate use of fire-fighting equipment to branch staff.

The Bank conducts comprehensive safety training for women employees where they are trained on situation reaction and self-defense and updated on legal provisions relevant to their safety. The Bank has launched a Quick Response Team (QRT) to respond to women employees if they are in distress while commuting. Each QRT is a specially equipped vehicle. It is GPS enabled and carries a stretcher and fire extinguishers along with a team trained to deal with medical and personal safety related emergencies. In fiscal 2016, the Bank launched iTravelSafe, a mobile application, to support women employees. This app tracks the location of women employees (subject to their consent) while commuting to and from work with facility to send distress signals when required.

The Bank continues to focus on skilling employees with the requisite knowledge and skill. The Bank has training centres where various training programmes, designed to meet the changing skill requirements of its employees are conducted. These training programmes include orientation sessions for new employees, programmes conducted by various skill-enhancing, role specific functional academies, leadership mentoring programmes and other management development programmes for mid-level and senior executives. In addition to classroom training, e-learning programmes are also available for employees.

In fiscal 2016, the Bank delivered an average of around nine learning mandays covering all employees including permanent women employees and employees with disabilities.

#### **Principle 4**

**1. Has the company mapped its internal and external stakeholders? Yes/No**

Yes

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders**

The Bank is guided by Reserve Bank of India (RBI) prescribed guidelines on priority sector lending, lending to small and marginal farmers, lending to weaker section etc., and government-led initiatives to improve access to financial services, and insurance and pension cover for reaching out to disadvantaged, vulnerable and marginalised stakeholders.

# Business Responsibility Report

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### **3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.**

ICICI Foundation undertakes a number of initiatives for the under-privileged, including a large scale skill development initiative. The Bank's Rural & Inclusive Banking Group focuses on rural and below poverty line customers. For details, please refer the "Promoting Inclusive Growth" section of the Annual Report.

The Bank is taking steps to enable easier access to the Bank's branches and ATMs for the physically challenged and is also providing facility for the visually challenged to transact at ATMs. The Bank through its Technology Finance Group has provided soft loan/grant assistance to entities engaged in a number of activities that benefit the under-privileged, including skill development, healthcare, medical research & treatment facilities, school education and training doctors & nurses

For further details, please refer the "Business Overview" and "Promoting Inclusive Growth" sections of the Annual Report of fiscal 2016.

## **Principle 5**

### **1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Bank's philosophy of non-discrimination among employees, meritocracy and mechanisms for redressal of employee issues applies across the Bank and its subsidiaries.

ICICI Bank follows the code issued by The Banking Codes and Standards Board of India which covers aspects like good & fair banking practices, transparency in services & products, high operating standards, cordial relationship with consumers & measures which build confidence of the consumer in the banking system.

The Bank also seeks to ensure that there is no discrimination in selection of suppliers and vendors, and has put in place a grievance redressal mechanism for the same.

### **2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Please refer response to question number 2 under Principle 1.

## **Principle 6**

### **1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

As outlined under Principle 2, the aspects outlined under this Principle are not substantially relevant to the Bank given the nature of its business. The Bank complies with applicable environmental regulations in respect of its premises and operations. Further, the Bank participates in initiatives towards addressing environmental issues.

### **2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Yes. As an environmentally responsible corporate, ICICI Bank has been striving towards imbibing green sustainable products, processes, policies and practices. 'Go Green' is an organisation-wide initiative that promotes cost efficient environment-friendly automated channels and building awareness and consciousness of our environment among employees. The new branches/offices have been designed such that they are equipped with energy efficient air conditioners, LED lights, motion detector sensors and other energy conservation measures. Energy conservation measures such as installation of energy efficient equipment, chillers and pumps are some of the key initiatives taken by the Bank. About 410 of the Bank's rural branches are powered through rooftop solar panels, and solar power is being used in one of the large office premises as well.

To reduce paper consumption, ICICI Bank emphasises the use of alternate banking channels like internet banking, mobile banking, phone banking, insta-banking, ATMs, fully electronic branches and tab banking. ICICI Bank has moved from paper intensive processing to image based electronic processing. The Bank has endeavoured to reach

out to the customers and seek their collaboration in the 'Go Green' movement, encouraging online bill payment, online funds transfer and subscribing to e-statements to migrate customers to 'paperless' and 'commute-free' modes of conducting banking transactions.

The Bank also adopted corporate objectives for environment conservation activities in conformity with the ISO-14001 standard "International Organization for Standardization" for environmental management systems. This enables the organisation in developing policy and objectives for addressing the twin objectives of environmental sustainability and assessment of impact of Bank's activities, products and services on the environment. The Corporate headquarters of ICICI Bank was ISO-14001 (Environmental Management Systems) certified in March 2016.

The Bank has received awards and recognitions for its green initiatives and energy conservation efforts as detailed below:

1. National Energy Conservation Award organized by BEE, Ministry of Power, Government of India
2. National Awards for Excellence in Energy Management-2015 by CII
3. Prize in 10th State Level Awards for Excellence in Energy Conservation & Management by MEDA (Maharashtra Energy Development Agency)
4. IGBC "Platinum" rating for an ICICI Bank branch in Green Interiors category. It was the first site in the country to be rated "PLATINUM"

**3. Does the company identify and assess potential environmental risks? Y/N**

The Bank is aware of the potential environmental risks and participates in initiatives as mentioned above to address the environmental concerns. The Bank complies with applicable environmental regulations in respect of its premises and operations. The Bank also requires the borrowers of project loans to comply with the various national environmental standards.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

The above question is not applicable to the Bank as it is not a manufacturing company. However, the Bank assists projects that promote bio-diversity and environmental sustainability and projects that reduce greenhouse gas emissions.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

As outlined above, the Bank participates in several initiatives in the area of environment sustainability.

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

The Bank complies with applicable environmental regulations in respect of its premises and operations.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

There were no outstanding notices at March 31, 2016.

## **Principle 7**

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Bank is a member of various trade bodies and associations such as the Indian Banks' Association and Confederation of Indian Industry in India and Institute of International Finance. Senior management of the Bank are members of various committees constituted by government, regulators and industry bodies.

# Business Responsibility Report

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## 2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

**Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

The Bank, through trade bodies and associations, puts forth a number of suggestions with respect to the economy in general and the banking sector in particular. The Bank, directly, and along with ICICI Foundation has been working on several initiatives for promotion of inclusive growth. The Bank and ICICI Foundation partner with the state governments and other organisations to promote initiatives in the field of elementary education, sustainable livelihoods, primary health and rural development. Further, the Bank provides funding for research & development.

The Wholetime Directors and members of senior management participate in various committees/ working groups constituted by the Government of India and the Reserve Bank of India

## Principle 8

### 1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

The major initiative taken up is in the area of skill development through the ICICI Academy for Skills. The ICICI Academy provides vocational training to youth from economically weaker sections to help them earn a sustainable livelihood. As of March 31, 2016, there were 22 training centres across the country, including 10 centres exclusively for women. ICICI Academy has tied up with over 800 industry partners to provide employment opportunities to the trained youth. During fiscal 2016, the Bank and ICICI Foundation launched GiftALivelihood, a referral programme for tapping deserving candidates for ICICI Academy through the website [www.giftalivelelihood.com](http://www.giftalivelelihood.com).

The Bank also pursues initiatives in the area of rural development, including efforts to improve financial inclusion and provide access to savings account, insurance and pension products.

For details, please refer the "Promoting Inclusive Growth" section of the Annual Report.

### 2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

The projects/programmes are undertaken primarily through in-house teams and ICICI Foundation, with the assistance of implementation partners as required.

### 3. **Have you done any impact assessment of your initiative?**

Periodic reviews are undertaken on various projects. The Bank's initiatives in the area of rural development, particularly with regard to progress made in providing access to banking and financial services to underprivileged customers are reviewed regularly. In addition, ICICI Foundation assesses the impact of all programmes undertaken by it. Baseline and endline research studies, process documentation and impact evaluation are carried out for the initiatives undertaken. For instance, in fiscal 2016, an impact assessment was conducted on the project to address under-nourishment among children. The results of ICICI Foundation's skill development initiatives are evaluated based on the number of youth trained and their employability.

### 4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

The Bank has spent ₹ 1.72 billion in fiscal 2016 on corporate social responsibility related activities. The expenditure has been undertaken primarily on skill development and sustainable livelihoods, elementary education and primary healthcare, rural development related activities like financial inclusion and financial literacy and contribution for relief and welfare in flood-affected areas.

### 5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Community development forms the core for all initiatives undertaken by the Bank. The programmes of ICICI Foundation are designed to reflect the needs of each target population. ICICI Foundation encourages the active engagement of

key stakeholders such as the Governments, NGOs, Panchayati Raj Institutions (PRIs), communities and other local institutions in the project planning and implementation to facilitate developing and building community ownership while ensuring the sustainability of the programmes. The Bank's other initiatives in the area of rural development are focused on providing opportunities to target customers to improve their livelihood.

### **Principle 9**

- 1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**  
The Bank resolved 98.2% of customer complaints/consumer cases during fiscal 2016.
- 2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).**  
This aspect is not applicable as the Bank is not a manufacturing company. The Bank complies with disclosure requirements relating to its products and services.
- 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**  
In the ordinary course of banking business, several customers and borrowers have disputes with the Bank which could result in their filing a civil suit, criminal complaint or a consumer complaint alleging deficiency of services. The Bank always strives to have a cordial relationship with its customers/ borrowers and attempts to have an amicable settlement of the dispute but in some cases needs to pursue legal resolution of the same.
- 4. Did your Company carry out any consumer survey/consumer satisfaction trends?**  
The Bank on a continuous basis measures the satisfaction levels of customers transacting across various touch points. As part of this exercise, which is referred to as FOCUS (Feedback of the Customer), the customer's feedback and satisfaction levels with the transaction experience are measured. Approximately 76,000 customers were contacted every month for their feedback in fiscal 2016. This feedback is then analysed and the insights from the same are implemented to improve products and processes and enhance the service quality of the Bank.  
  
Besides, the Bank also conducts a detailed Customer Satisfaction Study (C-SAT) annually. Existing customers of various products are met for a detailed interview where their feedback regarding the product and channel experiences are captured.  
  
In addition, extensive diagnostic research in specific areas is conducted on a regular basis. The focus of the research is to identify areas of improvement in the products and services of the bank and define appropriate steps for improvement.

# Business Responsibility Report

## ANNEXURE

	P1- Please refer Note P1	P2- Please refer Note P2	P3- Please refer Note P3	P4- Please refer Note P4	P5- Please refer Note P5	P6- Please refer Note P6	P7- Please refer Note P7	P8- Please refer Note P8	P9- Please refer Note P9
1 Do you have a policy/policies for....	Y	Y	Y	Y	Y	N	N	Y	Y
2 Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	-	-	Y	Y
3 Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	-	-	Y	Y
4 Has the policy been approved by the Board?*	Y	Y	Y	Y	Y	-	-	Y	Y
If yes, has it been signed by MD/ owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	-	-	Y	Y
5 Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy	Y	Y	Y	Y	Y	-	-	Y	Y
6 Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	-	-	Y	Y
7 Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	-	-	Y	Y
8 Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	-	-	Y	Y
9 Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	-	-	Y	Y
10 Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency? Please see #	Y	Y	Y	Y	Y	-	-	Y	Y
P1 Sr No 3-The Bank has an Anti Bribery & Anti Corruption Policy, Group Code of Business Conduct and Ethics and Whistle Blower Policy. The Anti-Bribery & Anti-Corruption Policy broadly conforms to the requirements of anti-bribery statutes and the regulatory guidance issued in relation to the same. While the corporate governance requirements prescribed under the Listing Regulations require the Bank to have a Code of Conduct, there is no prescribed standard for the same. The Group Code of Business Conduct and Ethics is based on professional and ethical standards which the Bank believes all its employees as well as Directors should adopt. The Whistle Blower Policy broadly conforms to the standards set by the Protected Disclosure Scheme of Reserve Bank of India. The Whistle Blower Policy also confirms to the requirements as stipulated by the Companies Act, 2013 and its rules. Sr No 6- The Group Code of Business Conduct and Ethics is available on the website of the Bank ( <a href="http://www.icicibank.com">www.icicibank.com</a> ). The other policies are internal documents and accessible only to employees of the organisation.									

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- P2 The Bank complies with regulations governing its products and services and has taken initiatives to promote inclusive growth and environmental sustainability. Sr No 3 and 6 - The ICICI Foundation for Inclusive Growth focuses on the areas of elementary education, sustainable livelihoods, primary healthcare and financial inclusion. The Bank has a Corporate Social Responsibility Policy which can be viewed on the weblink <http://www.icicibank.com/managed-assets/docs/about-us/ICICI-Bank-CSR-Policy.pdf>
- The initiatives of ICICI Foundation for Inclusive Growth can be viewed on the link [www.icicifoundation.org](http://www.icicifoundation.org). The details of agri and rural banking products and facilities are available on <http://www.icicibank.com/rural/index.html>. The Bank also formulates a three-year financial inclusion plan which is approved by the Board of the Bank and has clear targets disaggregated to the Bank's controlling offices across various states.
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- P3 Sr No 3- In line with the general laws and regulations and sound ethical practices followed nationally, the Bank has adopted employee oriented policies covering areas such as employee benefits and sexual harassment at the workplace which endeavour to provide an environment of care, nurturing and opportunity to accomplish professional aspirations. Sr No 6- These policies can be viewed online only by the employees of the organisation.
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- P4 The principle enunciates the aspect of being responsive towards all stakeholders especially those who are disadvantaged, vulnerable and marginalized. Sr No 3 and 6- The Bank has set processes in place to achieve the objectives addressed by this principle. The ICICI Foundation for Inclusive Growth works towards inclusive growth through interventions in areas like elementary education, sustainable livelihoods and healthcare. The Bank has a Corporate Social Responsibility Policy which can be viewed on the weblink <http://www.icicibank.com/managed-assets/docs/about-us/ICICI-Bank-CSR-Policy.pdf>. The details of financial inclusion efforts of ICICI Group are available on [http://www.icicigroupcompanies.com/financial\\_inclusion\\_efforts.html](http://www.icicigroupcompanies.com/financial_inclusion_efforts.html). The details of agri and rural banking products and facilities are available on <http://www.icicibank.com/rural/index.html>. The Bank also formulates a three-year financial inclusion plan which is approved by the Board of the Bank and has clear targets disaggregated to the Bank's controlling offices across various states.
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- P5 Sr No 3- The Group Code of Business Conduct & Ethics (Code) which has been adopted by the Bank and all its subsidiary companies addresses the requirements of this principle. The Code emphasizes fair employment practices & diversity, fair competition, prohibition of harassment & intimidation and safety at the workplace. The Bank follows the Code of Commitment based on the standards issued by the Banking Codes and Standards Board of India which covers aspects like good and fair banking practices, transparency in services and products, high operating standards and cordial relationship with customers. The Bank is an equal opportunity employer and believes in providing a safe workplace and an enabling work environment to its employees. Sr No 6- The Group Code of Business Conduct and Ethics is available on the website of the Bank ([www.icicibank.com](http://www.icicibank.com)). The Code of Commitment is available at the Bank's branches and made available to customers on their request.
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- P6 The aspects outlined under this Principle are not substantially relevant to the Bank given the nature of its business. The Bank complies with applicable environmental regulations in respect of its premises and operations. Further, the Bank participates in initiatives towards addressing environmental issues. The Bank also requires the borrowers of project loans to comply with the various national environmental standards.
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- P7 While there is no specific policy outlined for this principle, the Bank, through trade bodies and associations, puts forth a number of suggestions with respect to the economy in general and the banking sector in particular. The Bank, directly, and along with the ICICI Foundation for Inclusive Growth has been working on several initiatives for promotion of inclusive growth.
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- P8 Sr No 3 and 6- The Bank has a Corporate Social Responsibility Policy which can be viewed on the weblink <http://www.icicibank.com/managed-assets/docs/about-us/ICICI-Bank-CSR-Policy.pdf>. The ICICI Foundation for Inclusive Growth focuses on the areas of elementary education, sustainable livelihoods, primary healthcare and financial inclusion. The details of financial inclusion efforts of ICICI Group are available on [http://www.icicigroupcompanies.com/financial\\_inclusion\\_efforts.html](http://www.icicigroupcompanies.com/financial_inclusion_efforts.html). The details of agri and rural banking products and facilities are available on <http://www.icicibank.com/rural/index.html>. The initiatives of ICICI Foundation for Inclusive Growth can be viewed on the link [www.icicifoundation.org](http://www.icicifoundation.org). The Bank also formulates a three-year financial inclusion plan which is approved by the Board of the Bank and has clear targets disaggregated to the Bank's controlling offices across various states.
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- P9 Sr No 3: The Bank has a Customer Grievance Redressal Policy and a Customer Compensation Policy which conform to the guidelines issued by Reserve Bank of India . The Bank also has a Customer Rights Policy which enshrines the basic rights of the customer and the responsibilities of the Bank. Sr No 6- The two policies can be viewed online on <http://www.icicibank.com/notice-board.html>. The Customer Rights Policy can be viewed online on <http://www.icicibank.com/managed-assets/docs/personal/general-links/code-of-commitment/customer-rights-policy.pdf>
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\* Policies wherever stated have been approved by the Board/Committee of the Board/senior management of the Bank

# All policies and processes are subject to audits and reviews done internally in the Bank from time to time

