IMPORTANT NOTICE

THIS OFFERING CIRCULAR IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBs (AS DEFINED BELOW) UNDER RULE 144A OR (2) NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (AS DEFINED BELOW) ("REGULATION S")) PURCHASING THE SECURITIES OUTSIDE THE U.S. IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S.

IMPORTANT: You must read the following before continuing. If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail including all attachments. The following applies to the Offering Circular following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR (AS AMENDED AND RESTATED) THAT WILL BE DISTRIBUTED TO YOU PRIOR TO THE PRICING DATE AND NOT ON THE BASIS OF THE ATTACHED DOCUMENTS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation: In order to be eligible to view the following Offering Circular or make an investment decision with respect to the securities, investors must be either (I) Qualified Institutional Buyers ("QIBs") (within the meaning of Rule 144A under the Securities Act) or (II) non-U.S. persons eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing the following Offering Circular, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) that you consent to the delivery of such Offering Circular by electronic transmission.

You are reminded that the following Offering Circular has been delivered to you on the basis that you are a person into whose possession the following Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of the following Offering Circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Dealers (as described in the Offering Circular) or any affiliate of a Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealers or such affiliate on behalf of the issuer in such jurisdiction.

The following Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently neither the Arranger (as described in the Offering Circular) nor any Dealers nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard-copy version available to you on request from the Arranger.

You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Offering Circular

ICICI BANK LIMITED

(incorporated with limited liability in the Republic of India)

US$7,500,000,000 Global Medium Term Note Programme

On January 31, 2011, we, ICICI Bank Limited (the "Issuer" or "ICICI Bank" or the "Bank"), amended our Medium Term Note Programme, which was established on July 30, 2004, into a Global Medium Term Note Programme, which was further amended as of May 12, 2011, August 8, 2012, May 23, 2013, September 9, 2014, March 10, 2016, December 1, 2017 and October 5, 2018 (as amended, the "Global Programme"), and this Offering Circular supersedes all previous offering circulars and any supplement thereto. Any Notes (as defined below) issued under the Global Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. The provisions described herein do not affect any notes issued under our Medium Term Note Programme or our Global Medium Term Note Programme prior to the date of this Offering Circular.

Under the Global Programme, the Issuer, acting through its Head Office, IFSC Banking Unit, Singapore Branch, Hong Kong Branch, Dubai Branch, or New York Branch, may from time to time issue notes (the "Notes", which shall include Senior Notes (as defined herein)) denominated in any currency agreed to between the Issuer and the relevant Dealer (as defined below). Notwithstanding anything to the contrary, the Issuer, when acting through its New York Branch, will issue Notes solely in registered form ("Registered Notes") and will not issue Notes in bearer form ("Bearer Notes").

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Global Programme will not exceed US$7,500,000,000 (or its equivalent in other currencies calculated as described herein), subject to an increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Global Programme*" and any additional Dealer appointed under the Global Programme from time to time by the Issuer (each a "Dealer", and together, the "Dealers"), whose appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Notes.

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and the listing and quotation of any Notes that may be issued pursuant to the Global Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST (the "Official List"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Global Programme or the Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a pricing supplement (the "Pricing Supplement") which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST on or before the date of issue of the Notes of such Tranche.

The Global Programme provides that the Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes.

The Issuer may agree with any Dealer and the Trustee (as defined herein) that the Notes may be issued in a form not contemplated by the "*Terms and Conditions of the Notes*" herein, in which event (in the case of Notes intended to be listed on the SGX-ST) a supplementary Offering Circular, if appropriate, describing the effect of the agreement reached in relation to such Notes will be made available.

See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Notes.

Neither the U.S. Securities and Exchange Commission, any state securities commission in the United States nor any other U.S. regulatory authority has approved or disapproved of the Notes or passed upon or endorsed the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws in the United States or any other jurisdiction, and the Notes may include Bearer Notes, which are subject to certain U.S. tax law requirements. The Notes may be offered and sold (i) in the United States only to "qualified institutional buyers" ("QIBs") as defined in Rule 144A under the Securities Act ("Rule 144A") in transactions exempt from registration under the Securities Act and/or (ii) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemptions from the provisions of Section 5 of the Securities Act provided by Rule 144A. Any series of Notes may be subject to additional selling restrictions. The applicable Pricing Supplement in respect of such series of Notes will specify any such restrictions. Subject to certain exceptions, Bearer Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, the "U.S. Internal Revenue Code"). See "Subscription and Sale and Transfer and Selling Restrictions" and the applicable Pricing Supplement. This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Reserve Bank of India, the Securities and Exchange Board of India, any Registrar of Companies or any stock exchange in India. This Offering Circular and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities to the public or any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes.

This Offering Circular has not been and will not be registered as a prospectus or a statement in lieu of a prospectus in respect of a public offer, information memorandum or private placement offer letter or any other offering material with the Registrar of Companies in India in accordance with the Company Act, 2013, as amended and other applicable Indian laws for the time being in force. This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Securities and Exchange Board of India, any Registrar of Companies, the Reserve Bank of India or any stock exchange in India. This Offering Circular and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether to the public or by way of private placement to any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes.

IMPORTANT—EEA RETAIL INVESTORS—If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

See "Subscription and Sale and Transfer and Selling Restrictions".

Arranger

Citigroup

Dealers

Citigroup Global Markets Limited **Citigroup Global Markets Singapore Pte. Ltd.**

The date of this Offering Circular is October 5, 2018

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The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything that would make the statements therein, in light of the circumstances in which they were made, misleading. The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all information which is material in the context of the Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

In making an investment decision, investors must rely on their own examination of the Issuer, the terms of the Global Programme and the terms and conditions of any series of Notes offered thereunder. Notwithstanding anything herein to the contrary, each investor (and each employee, representative or other agent of each investor) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transactions contemplated by this Offering Circular, and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such U.S. tax treatment and U.S. tax structure. However, this authorization does not extend to information that may be required to be kept confidential in order to comply with applicable securities laws. Each investor further acknowledges and agrees that it does not know or have reason to know that its or its employees', representatives' or other agents' use or disclosure of information relating to the U.S. tax treatment or U.S. tax structure of any transaction contemplated by this Offering Circular is limited in any manner. By receiving this Offering Circular, investors acknowledge that (i) they have been afforded an opportunity to request and to review, and have received, all information that investors consider necessary to verify the accuracy of, or to supplement, the information contained in this Offering Circular, (ii) they have not relied on the Arranger nor any Dealer (as defined herein) nor the Trustee nor any Agent (as defined in "Terms and Conditions of the Notes") or any person affiliated with the Arranger or any Dealer or the Trustee or any Agent in connection with their investigation of the accuracy of any information in this Offering Circular or their investment decision and (iii) no person has been authorized to give any information or to make any representation concerning the issue or sale of the Notes or the Issuer other than as contained in this Offering Circular and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Arranger, the Dealers, the Trustee or the Agents.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference. See "*Documents Incorporated by Reference*". This Offering Circular should be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

The distribution of this Offering Circular or any Pricing Supplement to this Offering Circular (each a "Pricing Supplement") and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Notes and distribution of this Offering Circular, see "*Subscription and Sale and Transfer and Selling Restrictions*" and the applicable Pricing Supplement.

Section 309B(1) Notification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**Securities and Futures Act**") and the Securities and Futures (Capital Markets Products) Regulations 2018 (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger, the Dealers, the Trustee or the Agents that any recipient of this Offering Circular should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Global Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger, any of the Dealers, the Trustee or the Agents to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Global Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger, the Dealers, the Agents and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Global Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, among others, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

CERTAIN U.S. TAX AND SECURITIES LAW MATTERS

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer, sale or delivery of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Arranger, the Dealers, the Agents and the Trustee represents that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger, the Dealers, the Agents or the Trustee which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of the Notes in the United States, the European Economic Area (including the United Kingdom), India, Singapore, United Arab Emirates, Dubai, Hong Kong, Japan, Italy and Netherlands. See "Subscription and Sale and Transfer and Selling Restrictions".

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

None of the Arranger, the Dealers, the Issuer, the Trustee or the Agents makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

THE NOTES MAY BE OFFERED OR SOLD (I) IN THE UNITED STATES IN REGISTERED FORM ONLY TO QIBS IN TRANSACTIONS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, IN WHICH CASE EACH SUCH PURCHASER MUST BE ABLE TO MAKE, AND WILL BE DEEMED TO HAVE MADE, CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS, WARRANTIES AND AGREEMENTS AS SET FORTH IN THIS OFFERING CIRCULAR IN RESPECT OF SUCH SERIES OF NOTES, AND/OR (II) OUTSIDE THE UNITED STATES, TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"). ANY SERIES OF NOTES MAY BE SUBJECT TO ADDITIONAL SELLING RESTRICTIONS. ANY ADDITIONAL RESTRICTIONS ON THE SALE OR TRANSFER OF ANY SERIES OF NOTES WILL BE SPECIFIED IN THE APPLICABLE PRICING SUPPLEMENT FOR SUCH NOTES.

IF NOTES OF A SERIES ARE BEING OFFERED OR SOLD TO U.S. PERSONS OR IN THE UNITED STATES, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT SELLERS OF SUCH NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"). THE ARRANGER AND DEALERS, THROUGH THEIR RESPECTIVE SELLING AGENTS, MAY ARRANGE FOR THE OFFER AND RESALE OF SUCH NOTES TO U.S. PERSONS OR PERSONS IN THE UNITED STATES WHO ARE QIBS IN RELIANCE ON RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE NOTES ARE NOT TRANSFERABLE EXCEPT IN COMPLIANCE WITH THE RESTRICTIONS DESCRIBED IN "SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS" AND THE APPLICABLE PRICING SUPPLEMENT.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

ADDITIONAL U.S. INFORMATION

This Offering Circular is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Notes may be offered and sold outside the United States to non-U.S. persons pursuant to Regulation S. Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILIZING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILIZING MANAGER(S)) IN THE APPLICABLE PRICING SUPPLEMENT MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILIZATION ACTION MAY NOT NECESSARILY OCCUR. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILIZING MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF THE STABILIZING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

CERTAIN DEFINITIONS

In this Offering Circular, references to "we", "our" or "us" mean, as the context requires, ICICI Bank Limited on an unconsolidated basis, or to ICICI Bank Limited and its subsidiaries on a consolidated basis, and references to "the Issuer" are to ICICI Bank Limited on an unconsolidated basis. References to "the Bank" or "ICICI Bank" are, as the context requires, to ICICI Bank Limited on an unconsolidated basis subsequent to the amalgamation (as described below) or to ICICI Bank Limited on an unconsolidated basis prior to the amalgamation, or both. ICICI Bank on an unconsolidated basis includes the overseas branches of ICICI Bank and excludes Indian and overseas subsidiaries. References to specific data applicable to particular subsidiaries or other consolidated entities are made by reference to the name of that particular company. References to "ICICI" are to ICICI Limited on an unconsolidated basis prior to the amalgamation. Under Indian GAAP, the amalgamation was accounted for on March 30, 2002, with ICICI Bank recognized as the accounting acquirer.

References to "ICICI Personal Financial Services" are to ICICI Personal Financial Services Limited. References to "ICICI Capital Services" are to ICICI Capital Services Limited. References to "the amalgamation" are to the amalgamation of ICICI, ICICI Personal Financial Services and ICICI Capital Services Limited with and into ICICI Bank. References to "the scheme of amalgamation" are to the Scheme of Amalgamation of ICICI, ICICI Personal Financial Services and ICICI Capital Services with ICICI Bank sanctioned by the High Court of Gujarat at Ahmedabad on March 7, 2002 and by the High Court of Judicature at Bombay on April 11, 2002 and approved by the Reserve Bank of India on April 26, 2002. References to "Sangli Bank" are to the Sangli Bank Limited prior to its amalgamation with ICICI Bank, effective April 19, 2007. References to "Bank of Rajasthan" are to the Bank of Rajasthan Limited, prior to its amalgamation with ICICI Bank, effective as of the close of business at August 12, 2010. References to "Indian GAAP" and "GAAP" are to generally accepted accounting principles in India. References to the "Government" are to the government of India.

In this Offering Circular, unless otherwise specified, all financial statements and financial data are for ICICI Bank on an unconsolidated basis. All references in this document to “dollars”, “U.S. dollars”, “US$” or “$” refer to United States dollars, and references to “Rs.”, “₹”, “rupee”, “rupees” or “Indian rupees” refer to the legal currency of India. In addition, references to “Sterling” and “£” refer to the legal currency of the United Kingdom, references to “CAD” or “Canadian dollars” refer to the legal currency of Canada and references to “euro” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. References to a particular “fiscal” year are to our fiscal year ended March 31 of such year. In this Offering Circular, references to “U.S.” or “United States” are to the United States of America, its territories and its possessions. References to “India” are to the Republic of India.

Except as otherwise stated in this Offering Circular, all translations from Indian rupees to U.S. dollars are based on the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board at June 30, 2018. The Federal Reserve Bank of New York certifies this rate for customs purposes in a weekly version of the H.10 release. The exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board at June 30, 2018 was Rs. 68.46 per US$1.00. No representation is made that the Indian rupee amounts have been, could have been or could be converted into U.S. dollars at such a rate or any other rate. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding. See “Exchange Rates”.

ENFORCEABILITY OF CIVIL LIABILITIES

The Issuer is a limited liability company that has been incorporated under the laws of India. Substantially all of the Directors and executive officers of the Issuer and certain experts named herein reside in India, and a substantial portion of the assets of the Issuer and the assets of such Directors and executive officers and certain experts are located in India. As a result, it may be difficult for investors to effect service of process upon the Issuer or such Directors and executive officers outside the Republic of India or to enforce judgments against them obtained in courts outside the Republic of India predicated upon civil liabilities of the Issuer or such Directors and executive officers under laws other than Indian law, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The Issuer understands that in India the statutory basis for recognition of foreign judgments is found in Section 13 of the Indian Code of Civil Procedure 1908 (the “Civil Code”), which provides that a foreign judgment must be conclusive as to any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where the judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Government of India has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the same nature of amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties. While the United Kingdom has been declared by the Government of India as a reciprocating territory and the High Courts in England as the relevant superior courts, the United States has not been declared by the Government of India to be a reciprocating territory for purposes of Section 44A. Accordingly, a judgment of a court in the United States may be enforced in India only by a suit upon the judgment, not by proceedings in execution. On the other hand, a judgment of a superior court in the United Kingdom may be enforced by proceedings in execution and a judgment not of a superior court, by a fresh suit resulting in a judgment or order. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 (the "Foreign Exchange Management Act") to execute such a judgment or to repatriate any amount recovered. Also, a party may file suit in India against the Issuer, its Directors or its executive officers as an original action predicated upon the provisions of the federal securities laws of the United States.

FORWARD-LOOKING STATEMENTS

The Bank has included statements in this Offering Circular which contain words or phrases such as "will", "would", "aim", "aimed", "will likely result", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will achieve", "anticipate", "estimate", "estimating", "intend", "plan", "contemplate", "seek to", "seeking to", "trying to", "target", "propose to", "future", "objective", "goal", "project", "should", "can", "could", "may", "will pursue" and similar expressions or variations of such expressions, that may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to:

- the actual growth in demand for banking and other financial products and services in the countries that the Bank operates or where a material number of its customers reside;
- its future levels of non-performing and restructured loans and any increased provisions and regulatory and legal changes relating to those loans;
- its exposure to securities of asset reconstruction companies;
- its ability to successfully implement its strategies, including its retail deposit growth strategy;
- its strategic use of technology and the Internet;
- its strategy to reduce its net non-performing assets;
- the continued service of its senior management;
- the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions in which it is or becomes a party to;
- the outcome of any internal or independent enquiries or regulatory or governmental investigations;
- its rural expansion;
- its exploration of merger and acquisition opportunities;
- its ability to integrate recent or future mergers or acquisitions into its operations and manage the risks associated with such acquisitions to achieve the Bank's strategic and financial objectives;
- its ability to manage the increased complexity of the risks the Bank faces following its international growth;
- its growth and expansion in domestic and overseas markets;
- its status as a systemically important bank in India;
- its ability to maintain enhanced capital and liquidity requirements;
- the adequacy of its allowance for credit and investment losses;
- its ability to market new products;
- investment income;

- cash flow projections;
- the impact of any changes in India's credit rating;
- the future impact of any new accounting standards or new accounting framework;
- the Bank's ability to implement its dividend policy;
- payment practice;
- the impact of changes in banking regulations and other regulatory changes in India and other jurisdictions on the Bank, including changes in regulatory intensity, supervision and interpretations;
- the state of the global financial system and systemic risks;
- the bond and loan market conditions and availability of liquidity amongst the investor community in these markets;
- the nature of credit spreads and interest spreads from time to time, including the possibility of increasing credit spreads or interest rates;
- any change in the value of Indian rupee and other currencies;
- the Bank's ability to roll over its short-term funding sources and its exposure to credit; and
- market, liquidity and reputational risks.

The Bank undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof. In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this Offering Circular include, but are not limited to the monetary and interest rate policies of Indian and other markets in which the Bank operates, general economic and political conditions in India, southeast Asia, and the other countries which have an impact on the Bank's business activities or investments, political or financial instability in India or any other country caused by any factor including regional hostilities, terrorist attacks or social unrest in any part of India, man-made or natural disasters and catastrophes, inflation, deflation, unanticipated turbulence in interest rates, changes in the value of the rupee, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in general, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environment in India and regional or general changes in asset valuations. For a further discussion on the factors that could cause actual results to differ, see the discussion under "Risk Factors" contained in this Offering Circular.

The Bank undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof. In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this Offering Circular include, but are not limited to the monetary and interest rate policies of Indian and other markets in which the Bank operates, natural calamities and environmental issues, general economic and political conditions in India, southeast Asia, and the other countries which have an impact on the Bank's business activities or investments, political or financial instability in India or any other country caused by any factor including regional hostilities, terrorist attacks or social unrest in any part of India, man-made or natural disasters and catastrophes, inflation, deflation, unanticipated turbulence in interest rates, changes in the value of the rupee, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in general, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environment in India and regional or general changes in asset valuations. For a further discussion on the factors that could cause actual results to differ, see the discussion under "Risk Factors" contained in this Offering Circular.

DOCUMENTS INCORPORATED BY REFERENCE

The Bank is "incorporating by reference" into this Offering Circular the information that it files with the U.S. Securities and Exchange Commission (the "SEC"), which means that:

- the incorporated documents are considered a part of this Offering Circular;
- the Bank can disclose important information to investors or holders of Notes by referring them to those documents; and
- certain information that the Bank files with the SEC from time to time will automatically be considered to update and supersede the information in this Offering Circular.

We incorporate by reference into this Offering Circular:

- the Bank's audited consolidated financial statements at and for the year ended March 31, 2016 prepared in accordance with Indian GAAP, as included in the Bank's 22nd annual report to shareholders, which has previously been published and which can be accessed at http://www.icicibank.com/managed-assets/docs/investor/annual-reports/2016/ICICI-Bank-Annual report-FY2016.pdf (but not any other parts of such annual report);
- the Bank's audited consolidated financial statements at and for the year ended March 31, 2017 prepared in accordance with Indian GAAP, as included in the Bank's 23rd annual report to shareholders, which has previously been published and which can be accessed at http://www.icicibank.com/managed-assets/docs/investor/annual-reports/2017/ICICI-Bank-Annual report-FY2017.pdf (but not any other parts of such annual report);
- The Bank's audited consolidated financial statements at and for the year ended March 31, 2018 prepared in accordance with Indian GAAP, as included in the Bank's 24th annual report to shareholders, which has previously been published and which can be accessed at http://www.icicibank.com/managed-assets/docs/investor/annual-reports/2018/ICICI-Bank-Annual report-FY2018.pdf (but not any other parts of such annual report);
- the annual audited consolidated and unconsolidated financial statements and interim audited unconsolidated financial statements of the Bank included in any report on Form 6-K submitted to the SEC after the date of this Offering Circular;
- any other report on Form 6-K that the Bank submits to the SEC after the date of this Offering Circular to the extent it specifically states that it (or any portion thereof) is intended to be incorporated by reference into this Offering Circular; and
- all supplements or amendments to this Offering Circular circulated by the Bank and identified as supplementing or amending this Offering Circular.

Any statement contained in this Offering Circular or in a document incorporated by reference into this Offering Circular will be deemed to be modified or superseded for purposes of this Offering Circular to the extent that a statement contained in any such subsequent document modifies or supersedes that statement. Any statement that is modified or superseded in this manner will no longer be a part of this Offering Circular, except as modified or superseded.

The Bank will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Bank at its office set out at the end of this Offering Circular.

The Bank will, in connection with the listing of the Notes on the SGX-ST, so long as any Note remains outstanding and listed on such exchange, in the event of any material change in the condition of the Bank which is not reflected in this Offering Circular (including documents incorporated by reference into this Offering Circular), prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of the Notes to be listed on the SGX-ST.

If the terms of the Global Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared.

AVAILABLE INFORMATION

The Bank files periodic reports and other information with the SEC. You may read and copy any document that the Bank files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of its public reference room. The SEC also maintains an Internet site at http://www.sec.gov that contains reports, proxy and information statements, and other information about issuers like the Bank that file electronically with the SEC.

While any Notes remain outstanding, the Bank shall, during any period in which the Bank is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any QIB who is a holder and any prospective purchaser of Notes who is a QIB designated by such holder, upon the request of such holder or prospective purchaser, the information concerning the Bank required to be provided to such holder or prospective purchaser by Rule 144A(d)(4) under the Securities Act.

GENERAL DESCRIPTION OF THE GLOBAL PROGRAMME

Under the Global Programme, the Issuer, acting through its Head Office, IFSC Banking Unit, Singapore Branch, Hong Kong Branch, Dubai Branch or New York Branch, may from time to time issue Notes denominated in any currency, subject to as set out herein. A summary of the terms and conditions of the Global Programme and the Notes appears below. The applicable terms of any Notes will be agreed to between the Issuer and the relevant Dealers prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*".

This Offering Circular and any supplement will only be valid for listing of the Notes on the SGX-ST during the period of 12 months from the date of this Offering Circular in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Global Programme or the previous Medium Term Note Programme, does not exceed US$7,500,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Global Programme and the previous Medium Term Note Programme from time to time:

(a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;

(b) the U.S. dollar equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and

(c) the U.S. dollar equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

SUMMARY OF THE GLOBAL PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this summary. References in this summary to a "Condition" are to the Conditions appearing in the "*Terms and Conditions of the Notes*".

Issuer:	ICICI Bank Limited In relation to each Tranche of Notes, the applicable Pricing Supplement will indicate whether the Issuer is acting through its Head Office, Singapore Branch, Hong Kong Branch, IFSC Banking Unit, Dubai Branch or New York Branch.
Description:	Global Medium Term Note Programme
Arranger:	Citigroup Global Markets Singapore Pte Ltd and any other Arranger appointed in accordance with the Programme Agreement.
Dealers:	Citigroup Global Markets Limited Citigroup Global Markets Singapore Pte Ltd and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Subscription and Sale and Transfer and Selling Restrictions") including the following restrictions applicable at the date of this Offering Circular. Notes having a maturity of less than one year. Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the "FSMA") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent in other currencies, see "Subscription and Sale and Transfer and Selling Restrictions".
Principal Paying Agent, Transfer Agent and Non-CMU Registrar for non-CMU Notes and non-ICSD Notes:	The Bank of New York Mellon

London Paying Agent:	The Bank of New York Mellon, London Branch (in respect of Notes denominated in a lawful currency which Euroclear and Clearstream, Luxembourg accept for settlement from time to time that are, or are intended to be, cleared through Euroclear and Clearstream, Luxembourg) ("ICSD Notes")
Luxembourg Registrar and Transfer Agent: . .	The Bank of New York Mellon SA/NV, Luxembourg Branch (in respect of ICSD Notes)
Clearstream, Luxembourg:	As defined below.
CMU Lodging and Paying Agent, Transfer Agent and CMU Registrar for CMU Note: .	The Bank of New York Mellon, Hong Kong Branch
Euroclear:	As defined below.
Trustee:	The Bank of New York Mellon
Global Programme Size:	Up to US$7,500,000,000 (or its equivalent in other currencies calculated as described under "General Description of the Global Programme") outstanding at any time. The Issuer may increase the amount of the Global Programme in accordance with the terms of the Programme Agreement. As of the date of this Offering Circular, US$44.05 million in aggregate principal amount of notes issued under our Medium Term Note Programme prior to its amendment to the Global Medium Term Note Programme and US$5,200.27 million in aggregate principal amount of notes issued under our Global Medium Term Note Programme prior to the date of this Offering Circular are outstanding.
Distribution:	The Notes are being offered from time to time by the Issuer through the Dealers. The Issuer may sell Notes to the Dealers acting as principals for resale to investors or other purchasers and the Issuer may also sell Notes directly to investors. Notes may be distributed on a syndicated or non-syndicated basis. See "Subscription and Sale and Transfer and Selling Restrictions".
Currencies:	Euro, Sterling, US$, yen, Indian rupees and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealers except, in the case of Notes which the Central Moneymarkets Unit Service ("CMU") accepts for settlement or are intended to be cleared through CMU ("CMU Notes"), Renminbi.
Redenomination:	The applicable Pricing Supplement may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 4.

Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealers, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. As per current regulations, Notes issued by the IFSC Banking Unit must have a Maturity Date that falls after the first anniversary of their Issue Date.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be in bearer or registered form as described under "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes or vice versa. Notwithstanding anything to the contrary, the Issuer, when acting through its New York Branch, will issue Notes solely in registered form and will not issue Notes in bearer form. Each series of Bearer Notes will initially be represented by a Temporary Global Note or a Permanent Global Note, as specified in the applicable Pricing Supplement, which, in each case, may be deposited on the Issue Date with a common depositary for Euroclear Bank SA/NV ("Euroclear"), Clearstream Banking S.A. ("Clearstream, Luxembourg") or any other agreed clearance system compatible with Euroclear and Clearstream, Luxembourg or, in the case of Bearer Notes cleared through the CMU, a sub-custodian for the CMU. A Temporary Global Note will be exchangeable, in whole or in part, as described therein, for interests in a Permanent Global Note as described under "*Form of the Notes*". A Permanent Global Note may be exchanged for Definitive Notes only upon the occurrence of an Exchange Event as described under "*Form of the Notes*". Any interest in a Temporary Global Note or a Permanent Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or any other agreed clearance system, as appropriate. Bearer Notes that are issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "Code")) ("TEFRA D") must be initially represented by a Temporary Global Note.

Each Tranche of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S will, unless otherwise specified in the relevant Pricing Supplement, be represented by a Regulation S Global Certificate (as defined in the "*Form of the Notes*"), which will be deposited on or about its Issue Date with a common depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg or with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg or, in the case of Registered Notes cleared through the CMU, will be registered in the name of the Hong Kong Monetary Authority (the "HKMA") as operator of, and deposited with a sub-custodian for, the CMU. With respect to all offers or sales by a Dealer of an unsold allotment or subscription and in any case prior to the expiry of the distribution compliance period (as defined in Regulation S), beneficial interests in a Regulation S Global Certificate of such series may be held only through Euroclear, Clearstream, Luxembourg, the CMU or DTC for the accounts of Euroclear and Clearstream, Luxembourg. Regulation S Global Certificates will be exchangeable for Definitive Notes only upon the occurrence of an Exchange Event as described in "*Form of the Notes*".

Each Tranche of Registered Notes sold to QIBs in compliance with Rule 144A and subject to the transfer restrictions described in "Subscription and Sale and Transfer and Selling Restrictions" and the relevant Pricing Supplement will, unless otherwise specified in the relevant Pricing Supplement, be represented by a Rule 144A Global Certificate, which will be deposited on or about its Issue Date with a custodian for, and registered in the name of a nominee of, DTC. Rule 144A Global Certificates will be exchangeable for Definitive Notes only upon the occurrence of an Exchange Event as described in "*Form of the Notes*".

Application will be made to have Global Notes or Global Certificates of any series accepted for clearance and settlement through the facilities of DTC, Euroclear, Clearstream, Luxembourg and/or the CMU, as appropriate. See "Book-Entry Clearance Systems".

Fixed Rate Notes: . . . . Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealers and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the Dealers.

Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (c) on such other basis as may be agreed between the Issuer and the relevant Dealers. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealers for each Series of Floating Rate Notes.
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealers may agree.
Other Provisions in Relation to Floating Rate Notes and Index Linked Interest Notes:	Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealers, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealers.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealers may agree.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
INR denominated Notes:	INR denominated Notes will be subject to the payment provisions as set out in Condition 6.8.

Redemption:	The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than (i) in specified installments, if applicable, or (ii) for taxation reasons (prior to the stated maturity) or (iii) following an Event of Default (as defined in Condition 10) (in accordance with the provisions of Condition 10.1)) or that such Notes will be redeemable at the option of the Issuer (in compliance with applicable regulatory requirements including the prior approval of the Reserve Bank of India (if necessary)) and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealers. The applicable Pricing Supplement may provide that Notes may be redeemable in two or more installments of such amounts and on such dates as are indicated in the applicable Pricing Supplement. Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "– Certain Restrictions-Notes having a maturity of less than one year" in this summary above. Notes issued by the IFSC Banking Unit may not be redeemed, repaid, purchased or canceled prior to the first anniversary of their Issue Date.
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealers save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "—Certain Restrictions—Notes having a maturity of less than one year" in this summary above.
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Relevant Jurisdiction, unless such deduction is required by law. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted. With respect to Notes issued by the New York Branch, no additional amounts will be paid in respect of U.S. taxes.

FATCA:	Payments in respect of the Notes will be made subject to any deduction or withholding imposed pursuant to or in connection with Sections 1471 through 1474 of the U.S. Internal Revenue Code (or U.S. Treasury regulations or guidance issued thereunder), or any agreement with the U.S. Treasury or inter-governmental agreement in connection with these provisions or legislation adopted by any non-U.S. jurisdiction to implement such agreements. In the event any such deduction or withholding is imposed, no additional amounts will be paid. See Conditions 6.5 and 8.
Negative Pledge:	The terms of the Senior Notes will contain a negative pledge provision as further described in Condition 3.
Events of Default for Senior Notes:	Events of default for Senior Notes are set out in Condition 10.1.
Cross Default:	The terms of the Senior Notes will contain a cross default provision as further described in Condition 10.1.
Status of the Senior Notes:	The Senior Notes will constitute direct, unconditional, unsubordinated and subject to the provisions of Condition 3 unsecured obligations of the Issuer and will rank pari passu among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Listing:	Application has been made to the SGX-ST for permission to deal in and the listing and quotation of any Notes that may be issued pursuant to the Global Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealers in relation to each Series. If the application to the SGX-ST to list a particular series of Notes is approved, such Notes listed on the SGX-ST will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in any other currency). Unlisted Notes may also be issued. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).

Governing Law:	The Notes and any non-contractual obligations arising out of or in connection therewith will be governed by, and construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, India, Singapore, United Arab Emirates, Dubai, the European Economic Area, Hong Kong, Japan, Italy and Netherlands and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale and Transfer and Selling Restrictions*".
	Bearer Notes will be issued in compliance with TEFRA D unless (i) the relevant Pricing Supplement states that the Bearer Notes are issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) ("TEFRA C") or (ii) the Bearer Notes are issued other than in compliance with TEFRA D or TEFRA C. Only Bearer Notes with a term of 365 days or less (taking into account any unilateral rights to extend or rollover the term) may be issued other than in compliance with TEFRA D or TEFRA C and such Notes will be referred to in the relevant Pricing Supplement as Notes to which the United States Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") is not applicable.

FORM OF THE NOTES

The Notes of each series will be Bearer Notes or Registered Notes as specified in the applicable Pricing Supplement. Notwithstanding anything to the contrary, the Issuer, when acting through its New York Branch, will issue Notes solely in registered form and will not issue Notes in bearer form.

Bearer Notes

Each Tranche of Notes offered or sold only outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S may be in bearer form ("Bearer Notes"), in which case such Notes will be initially issued in the form of a temporary global note (a "Temporary Global Note") or, if so specified in the applicable Pricing Supplement, a permanent Global Note (a "Permanent Global Note", together with Temporary Global Note, the "Bearer Global Notes") which, in either case, will be delivered on or prior to the issue date of the relevant Tranche to a common depositary (the "Common Depositary") for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg") or any other agreed clearance system compatible with Euroclear and Clearstream, Luxembourg or in the case of CMU Notes, to a sub-custodian for the CMU. Bearer Notes issued in compliance with TEFRA D must be initially issued in the form of a Temporary Global Note. Whilst any Bearer Note issued under TEFRA D is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification generally to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by TEFRA D, has been received by Euroclear, Clearstream, Luxembourg or the relevant Lodging and Paying Agent (in the case of CMU Notes) and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Issuer or its Agent. Bearer Notes with a term of more than 365 days (taking into account any unilateral rights to extend or rollover the term) that are CMU Notes will be issued under TEFRA C if at the time of issuance the CMU does not have in place the certification procedures necessary to comply with TEFRA D.

On and after the date (the "Exchange Date") which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) for definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement), in each case against certification of non-U.S. beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Note without any requirement for certification. While a Permanent Global Note is held by or on behalf of the HKMA as the operator of the CMU, payments of interest or principal will be made to the persons for whose account a relevant interest in such Permanent Global Note is credited as being held by the CMU operator at the relevant time, as notified to the CMU Lodging and Paying Agent by the CMU operator in a relevant CMU instrument position report or in any other relevant notification by the CMU operator. Such payment will discharge the Issuer's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the interbank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.

The applicable Pricing Supplement will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg or, in the case of CMU Notes, the CMU Lodging and Paying Agent (acting on the instructions of any holder of an interest in such Permanent Global Note or, in the case of CMU Notes, the instructions of the relevant account holders in the CMU) to the Agent as described therein or (b) the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg or, in the case of CMU Notes, the CMU have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention to permanently cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or, in the case of CMU Notes, the relevant account holders in the CMU may give notice to the relevant Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the relevant Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

The following legend will appear on all Bearer Notes that have a term of more than 365 days (taking into account any unilateral rights to extend or rollover the term) and on all receipts and interest coupons relating to such Notes:

"ANY U.S. PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE".

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Registered Notes

Unless otherwise provided with respect to a particular series of Notes, the Notes in registered form ("Registered Notes") of each Tranche offered and sold in offshore transactions in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a "Regulation S Global Certificate"). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Certificate may not be offered or sold to, or for the account or benefit of, a U.S. person except as otherwise provided in Condition 1.2 (Transfers of Registered Notes) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Certificate will bear a legend regarding such restrictions on transfer.

Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions to QIBs who agree to purchase the Notes for their own account and not with a view to the distribution thereof. Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a "Rule 144A Global Certificate" and, together with a Regulation S Global Certificate, the "Global Certificates").

Global Certificates will either (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (the "DTC") for the accounts of its participants, including Euroclear and Clearstream, Luxembourg, or (ii) be deposited with the Common Depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or any other agreed clearance system compatible with Euroclear and Clearstream, Luxembourg or be deposited with a sub-custodian for the CMU, and registered in the name of the HKMA as operator of the CMU, in each case, as specified in the applicable Pricing Supplement. The Global Certificate for CMU Notes will be held for the account of CMU participants who have accounts with the CMU operator, or the CMU participants. For persons seeking to hold a beneficial interest in the Bonds through Euroclear or Clearstream, Luxembourg, such persons will hold their interests through an account opened and held by Euroclear or, as the case may be, Clearstream, Luxembourg with the CMU operator. Unless otherwise stated in the applicable Pricing Supplement, the minimum denomination of each Global Note shall be US$200,000 or its approximate equivalent in other Specified Currencies.

The Rule 144A Global Certificates will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Global Certificates will, in the absence of provisions to the contrary, be made to the person shown on the Register (as defined in Condition 1.1 (Form, Denomination and Title) as the registered holder of the Global Certificates. None of the Issuer, any Paying Agent, the Trustee or the relevant Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the relevant Register on the relevant Record Date (as defined in Condition 6.4 (Payments in Respect of Registered Notes) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes only upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no successor clearing system satisfactory to the Trustee is available (iii) in the case of Notes registered in the name of a nominee for the Common Depositary, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available (iv) in the case of CMU Notes, the Issuer has been notified that the CMU has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (v) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Certificate in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an

Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear, Clearstream, Luxembourg and/or DTC (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the relevant Registrar or, in the case of CMU Notes, the relevant account holder in the CMU may give notice to the CMU Lodging and Paying Agent, requesting exchange and, in the event of the occurrence of an Exchange Event as described in (v) above, the Issuer may also give notice to the relevant Registrar or, in the case of CMU Notes, the CMU Lodging and Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the relevant Registrar or, in the case of CMU Notes, the CMU Lodging and Paying Agent. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Transfer of Interests

Interests in a Global Certificate may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Global Certificate. No beneficial owner of an interest in a Global Certificate will be able to transfer such interest, except in accordance with the applicable procedures of DTC, the CMU, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions. See "Subscription and Sale and Transfer and Selling Restrictions".

General

Notes which are represented by a Global Note or a Global Certificate will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the CMU or DTC as the case may be.

Pursuant to the Agency Agreement (as defined under "Terms and Conditions of the Notes"), the Agent or the Registrar, as the case may be, shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN, a CMU instrument number (where applicable), and a CUSIP number which are different from the common code, ISIN, CMU and CUSIP numbers assigned to Notes of any other Tranche of the same Series and, in the case of Notes sold in offshore transactions in reliance on Regulation S, until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche and, for Bearer Notes issued under TEFRA D, until at least the Notes represented by interests in a Temporary Global Note are exchanged for Notes represented by an interest in a Permanent Global Note or for definitive Notes. In order for further Registered Notes to be consolidated to form a single Series with the outstanding Registered Notes of the relevant Series, the further Registered Notes must be fungible with the outstanding Registered Notes of such Series for U.S. federal income tax purposes.

For so long as the ICSD Notes or any part thereof are represented by a Global Note deposited with a common depositary for Euroclear and Clearstream, Luxembourg or, in respect of CMU Notes, a sub-custodian for the CMU or a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg or, in the case of CMU Notes, the CMU, each person (other than Euroclear or Clearstream, Luxembourg or, in the case of CMU Notes, the CMU) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg or, in the case of CMU Notes, the CMU as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or, in the case of CMU Notes, the CMU as to the nominal amount of such Notes standing to the account of any person will be conclusive and binding for all purposes except in the case of manifest error) will be treated by, in the case of ICSD Notes, the Issuer, the Trustee, the London Paying Agent and the Luxembourg Registrar, or, in the case of CMU Notes, the Issuer, the Trustee, the CMU Lodging and Paying Agent and the CMU Registrar to be the holder of such nominal amount of such Notes (and the bearer or registered holder of Notes will be deemed not to be the holder) for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, the rights to which will be vested, as against the Issuer, the Paying Agents, the Registrar and the Trustee, solely in the bearer of the relevant Global Note or the registered holder of the relevant Global Certificate and for which purpose such bearer or registered holder will be deemed to be the holder of such nominal amount of such Notes in accordance with and subject to its terms and provisions.

So long as DTC or its nominee is the registered owner or holder of a Global Certificate, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Certificate for all purposes under the Trust Deed and the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes or Global Certificates representing the Notes are held in their entirety on behalf of (i) DTC, Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to DTC, Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes, or (ii) the CMU, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the persons shown in a CMU instrument position report issued by the CMU on the date prior to the date of dispatch of such notice as holding interests in the relevant Global Note or Global Certificate and, in addition, in the case of both (i) and (ii) above, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to DTC, Euroclear, Clearstream, Luxembourg and/or the persons shown in the relevant CMU instrument position report.

The CMU operator is under no obligation to maintain or continue to operate the CMU and the CMU operator is under no obligation to perform or continue to perform the procedures described above. Accordingly, the CMU and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, the Agents nor any of their respective agents will have any responsibility for the performance by the CMU operator or the CMU participants of their respective obligations under the rules and procedures governing their operations.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or the CMU shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Agent and the Trustee.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 4, 5, 6, 7 (except Condition 7.2), 11, 12, 13, 14 (insofar as such Notes are not listed or admitted to trade on any stock exchange) or 17, they will not necessitate the preparation of a supplement to this Offering Circular. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Offering Circular will be prepared, if appropriate.

So long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that the Global Note or Global Certificate representing such Notes is exchanged for definitive Notes. In addition, in the event that the Global Note or Global Certificate is exchanged for definitive Notes, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

APPLICABLE PRICING SUPPLEMENT

Form of Pricing Supplement

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[Date]

ICICI Bank Limited

(acting through its [Head Office/IFSC Banking Unit/Dubai/Hong Kong/New York/ Singapore Branch])

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the U.S.$7,500,000,000

Global Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated October 5, 2018 (the "Offering Circular"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]

[The following language applies if a particular tranche of Notes issued by ICICI Bank Limited acting through its Singapore Branch are "Qualifying Debt Securities" for the purpose of Income Tax Act, Chapter 134 of Singapore:

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "Income Tax Act"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.]

[**MiFID II Product Governance/Professional Investors and ECPs Only Target Market**

Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**PRIIPs Regulation – Prohibition of sales to EEA retail investors**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC ("IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]

[**Section 309B(1) notification**

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA") and the Securities and Futures Act (Capital Market Products) Regulations 2018 (the "CMP Regulations 2018"), the Issuer has determined that the Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.][1]

1	Issuer:		ICICI Bank Limited, acting through its [Head Office/ IFSC Banking Unit/Dubai/Hong Kong/ New York/Singapore Branch]
2	(a)	Series Number:	[●]
	(b)	Tranche Number:	*[●] (If re-opening fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
	(c)	Re-opening:	[Yes/No] *[Specify terms of initial or eventual fungibility]*

1 For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

3	(a)	Specified Currency or Currencies:	[●]
	(b)	Exchange Agent responsible for payments in a Specified Currency other than U.S. dollars:	[●]
4		Aggregate Nominal Amount:	
	(c)	[Series:	[●]]
	(d)	[Tranche:	[●]]
5	(a)	[Issue Price:	[●]% of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of re-opening fungible issues only, if applicable)]
	(b)	[Net proceeds *(Required only for listed issues):*	[●]]
6	(a)	Specified Denominations:	[●]
		[in the case of Registered Notes, this means the minimum integral amount in which transfers can be made]	*(Note—In the case of Registered Notes, this means the minimum integral amount in which transfers can be made. For Global Certificates, consider including language substantially to the following effect (however, appropriate amendments should be made for different currencies): "€100,000 and integral multiples of €1,000 in excess thereof")* *(Note—For Bearer Notes with a Specified Denomination and higher integral multiples above [U.S.$200,000] or equivalent, consider including language substantially to the following effect (however, appropriate amendments should be made for different currencies):* *"[U.S.$200,000] and integral multiples of [U.S.$1,000] in excess thereof up to and including [U.S.$399,000] and, for so long as the Notes are represented by a Global Note (as defined below) and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in the minimum authorized denomination of [U.S.$200,000] and higher integral multiples of [U.S.$1,000], notwithstanding that no Notes in definitive form will be issued with a denomination above [U.S.$399,000].")*
	(b)	Calculation Amount:	[●] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*

7	(a) Issue Date:		[●]
	(b) Interest Commencement Date:		[●]
8	Maturity Date:		[Fixed rate—specify date/Floating rate—Interest Payment Date falling in or nearest to [specify month and year, if different from that stated in the Offering Circular]] (NB: As per current regulations, IFSC Notes must have a minimum maturity of more than one year.)
9	Interest Basis:		[●]% Fixed Rate] [LIBOR/EURIBOR] +/–[●]% Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [specify other] (further particulars specified below)
10	Redemption/Payment Basis:		[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [specify other]
11	Change of Interest Basis or Redemption/Payment Basis:		[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12	Put/Call Options:		[Investor Put] (N.B. For IFSC Notes, Investor Put may only be exercised after the first anniversary of the Issue Date) [Issuer Call] [(further particulars specified below)] (N.B. For IFSC Notes, Issuer Call may only be exercised after the first anniversary of the Issue Date) [Not Applicable]
13	Status of the Notes:		Senior
14	(a) ate Board approval for issuance of Notes obtained:		[●] [and [●], respectively]]/[None required] (N.B. Only relevant where Board (or similar) authorization is required for the particular tranche of Notes)
	(b) Date regulatory approval/consent for issuance of Notes obtained:		[●]/[None required] (N.B. Only relevant where regulatory (or similar) approval or consent is required for the particular tranche of Notes)
15	Listing:		[Singapore Exchange Securities Trading Limited/ specify other/None] (N.B. Consider disclosure requirements under the EU Prospectus Directive applicable to securities admitted to an EU regulated market)
16	Method of distribution:		[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17		Fixed Rate Note Provisions	[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
	(a)	Rate(s) of Interest:	[●]% per annum [payable [annually/semi-annually/quarterly] in arrear] (If payable other than annually, consider amending Condition 5)
	(b)	Interest Payment Date(s):	[●] in each year up to and including the Maturity Date]/[specify other] (N.B. This will need to be amended in the case of long or short coupons.)
	(c)	Fixed Coupon Amount(s): (Applicable to Notes in definitive form)	[●] per Calculation Amount
	(d)	Broken Amount(s): (Applicable to Notes in definitive form)	[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]
	(e)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or [specify other]]
	(f)	Determination Date(s):	[●] in each year [Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)]
	(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/Give details]
18		Floating Rate Note Provisions:	[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[●]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]

(c) Business Centre(s):	[●] (insert principal financial center of the country of the relevant Specified Currency, insert New York City for U.S. dollar denominated Notes to be held through DTC and for non-U.S. dollar denominated Notes where exchange into U.S. dollars is contemplated for DTC participants holding through Euroclear and Clearstream, Luxembourg; insert Hong Kong for any CMU Notes; insert Sydney and Melbourne for Australian dollar denominated Notes; insert Auckland and Wellington for New Zealand dollar denominated Notes; and any other Additional Business Centre(s) for purposes of the definition of Business Day)
(d) Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/ specify other]
(e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[●]
(f) Screen Rate Determination:	[●]
Reference Rate:	[●] (Either LIBOR, EURIBOR or other, although additional information is required if other—including fallback provisions in the Agency Agreement)
Interest Determination Date(s):	[●] (Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
Relevant Screen Page:	[●] (In the case of EURIBOR, if not Reuters Page EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
(g) ISDA Determination:	
Floating Rate Option:	[●] (if not on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, the Issuer shall describe the basis here)
Designated Maturity:	[●]

	Reset Date:		[●]
	(h)	Margin(s):	[+/-] [●]% per annum
	(i)	Minimum Rate of Interest:	[●]% per annum
	(j)	Maximum Rate of Interest:	[●]% per annum
	(k)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 30E/360 (ISDA) Other]
	(l)	Fallback provisions, rounding [●] provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
19	Zero Coupon Note Provisions		[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
	(a)	Accrual Yield:	[●]% per annum
	(b)	Reference Price:	[●]
	(c)	Any other formula/basis of determining amount payable:	[●]
	(d)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 7.5 and 7.10 apply/specify other] (Consider applicable day count fraction if not U.S. dollar denominated)
20	Index Linked Interest Note Provisions		[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
	(a)	Index/Formula:	[give or annex details]
	(b)	Calculation Agent responsible for calculating the interest due:	[●]
	(c)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[●]
	(d)	Specified Period(s)/Specified Interest Payment Dates:	[●]
	(e)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ specify other]

	(f)	Additional Business Centre(s):	[●]
	(g)	Minimum Rate of Interest:	[●]% per annum
	(h)	Maximum Rate of Interest:	[●]% per annum
	(i)	Day Count Fraction:	[●]
21	Dual Currency Interest Note Provisions		[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
	(a)	Rate of Exchange/method of calculating Rate of Exchange:	[●]
	(b)	Calculation Agent, if any, responsible for calculating the interest payable:	[●]
	(c)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[●]
	(d)	Person at whose option Specified Currency(ies) is/are payable:	[●]

PROVISIONS RELATING TO REDEMPTION

22	Issuer Call:		[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
	(a)	Optional Redemption Date(s):	[●] (N.B. For IFSC Notes, the Optional Redemption Date must be a date falling after the first anniversary of the Issue Date)
	(b)	Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): Specified Denomination	[[●] per Calculation Amount/specify other/see Appendix]
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[●]
		(ii) Maximum Redemption Amount:	[●]
	(d)	Notice period (if other than as set out in the Conditions):	(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)

23	Investor Put:	[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
	(a) Optional Redemption Date(s):	[●] (N.B. For IFSC Notes, the Optional Redemption Date must be a date falling after the first anniversary of the Issue Date)
	(b) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/specify other/see Appendix]
	(c) Notice period (if other than as set out in the Conditions):	[●] (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)
24	Final Redemption Amount of each Note:	[[●] per Calculation Amount/specify other/see Appendix]
25	Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7.5):	[[●] per Calculation Amount/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26	Form of Notes:	[Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]] [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]**

** Where TEFRA D is applicable, a Note must be issued in the form of a Temporary Bearer Global Note exchangeable upon U.S. tax certification for a Permanent Global Note or for Definitive Notes.

		(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[U.S.$200,000] and integral multiples of [U.S.$1,000] in excess thereof up to and including [U.S.$399,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.) [(Noteholders will not have the right to exchange such Global Notes for Definitive Notes other than upon the occurrence of an Exchange Event.)] [Registered Notes: [Regulation S Global Certificate (U.S.$[●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a sub-custodian for the CMU operated by the HKMA] Rule 144A Global Certificate (U.S.$[●] nominal amount registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg] (specify nominal amounts)]
27	Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/give details] (Note that this paragraph relates to the place of payment and not Interest Period end dates to which paragraphs 17(b), 18(b) and 20(f) relate); insert principal financial center of the country of the relevant Specified Currency, insert New York City for U.S. dollar denominated Notes to be held through DTC and for non-U.S. dollar denominated Notes where exchange into U.S. dollars is contemplated for DTC participants holding through Euroclear and Clearstream, Luxembourg; insert Hong Kong for any CMU Notes; insert Sydney and Melbourne for Australian dollar denominated Notes; insert Auckland and Wellington for New Zealand dollar denominated Notes; insert New York, London and Mumbai for Indian Rupee denominated Notes; and any other Additional Financial Centre(s) for purposes of the definition of Payment Day
28	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. If yes, give details]

29	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/give details. N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]
30	Details relating to Instalment Notes:	
	(a) [Instalment Amount(s):	[Not Applicable/give details]]
	(b) [Instalment Date(s): Redenomination applicable	[Not Applicable/give details]]
31	Redenomination applicable:	Redenomination [not] applicable (If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))
32	Other terms or special conditions[1]:	[Not Applicable/*give details*] [Condition 6.8(e)(xiv) shall be deemed to be deleted in its entirety and replaced with the following: "**USD/INR Reference Rate**" means the rate, determined by the Calculation Agent, used on each Rate Fixing Date which will be the USD/INR spot rate, expressed as the amount of Indian Rupees per one U.S. dollar, for settlement in two Fixing Business Days, reported by Financial Benchmarks India Pvt. Ltd., which is displayed on Reuters page "[FBIL]" (or any successor page) at approximately 1:30 p.m., Mumbai time, on each Rate Fixing Date. If a Price Source Disruption Event occurs on the Rate Fixing Date, then the USD/INR Reference Rate for such Rate Fixing Date shall be determined by the Calculation Agent in accordance with the Price Source Disruption Fallbacks. ***[Note: To be inserted for Masala Notes]***

DISTRIBUTION

33	(a) If syndicated, names of Managers:	[Not Applicable/give names]
	(b) Stabilizing Manager (if any):	[Not Applicable/give names]
34	If non-syndicated, name of relevant Dealer:	[●]

1 *Note:* for Masala issues, parties will need to change the rate provider from the Reserve Bank of India to FBIL under Condition 6.8(e)(xii).

35	Whether TEFRA D or TEFRA C rules are applicable or TEFRA rules not applicable:	[TEFRA D/TEFRA C/TEFRA not applicable (TEFRA not applicable may only be used in the case of Bearer Notes with a term of 365 days or less (taking into account any unilateral rights to rollover or extend the term) or Registered Notes)]*
36	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)
37	Additional selling restrictions:	[Not Applicable/give details]

OPERATIONAL INFORMATION

38	Clearing System(s):	[DTC] [Euroclear and Clearstream, Luxembourg] [CMU] (if any clearing system(s) other than DTC, Euroclear and Clearstream Luxembourg, or CMU provide the following information) [Name of Clearing System(s)/Identification Number(s)]
39	Delivery:	Delivery [against/free of] payment
40	In the case of Registered Notes, specify the location of the office of the Registrar if other than New York:	[Not Applicable/[Luxembourg]]
41	Additional Paying Agent(s) (if any):	[●]
	ISIN:	[●]
	Common Code:	[●]
	CUSIP:	[●]
	CINS:	[●]
	(insert here any other relevant codes)	[●]
	CMU Instrument No.	[Only for CMU Notes]
	Legal Entity Indentifier (LEI)	[R7RX8ER1V4666J8D1I38]

* Bearer Notes will not be issued by the New York branch. Where TEFRA D is applicable, a Bearer Note must be issued in the form of a Temporary Global Note exchangeable upon U.S. tax certification for a Permanent Global Note or Definitive Note.

[**LISTING APPLICATION**

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for any of the statements made or opinions expressed or reports contained in this Pricing Supplement. Approval in-principle for the listing and quotation of the Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or the Notes.

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.$7,500,000,000 Global Medium Term Note Programme of ICICI Bank Limited.]

[[Applicable only to Notes issued by ICICI Bank Limited acting through its Singapore branch.]

[Prospective investors and Noteholders are reminded to take note of the statements in the section on "*Taxation—Singapore Taxation" in the Offering Circular*.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: ______________________

Duly authorized Name:

Title:

TERMS AND CONDITIONS OF THE NOTES

This Note is one of a Series (as defined below) of Notes issued by ICICI Bank Limited (the "Issuer"), acting through its Head Office, its IFSC Banking Unit, its Singapore Branch, its Hong Kong Branch, its Dubai Branch or its New York Branch as specified in the applicable Pricing Supplement, constituted by an Amended and Restated Trust Deed (such Amended and Restated Trust Deed, as modified and/or supplemented and/or restated from time to time, the "Trust Deed") dated December 1, 2017 made between the Issuer and The Bank of New York Mellon (the "Trustee", which expression shall include any successor as Trustee).

References herein to the "Notes" shall be references to the Notes of this Series and shall mean:

(a) in relation to any Bearer Notes (as defined below) represented by a global note (a "Global Note") or any Registered Notes (as defined below) represented by a global note ("a Global Certificate"), units of the lowest Specified Denomination in the Specified Currency;

(b) any Global Note;

(c) any Global Certificate; and

(d) any Definitive Notes issued in exchange for a Global Note or a Global Certificate.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Amended and Restated Agency Agreement as amended and/or supplemented and/or restated from time to time, the "Agency Agreement") dated December 1, 2017 and made between the Issuer, the Trustee, The Bank of New York Mellon, as issuing and principal paying agent, non-CMU registrar and transfer agent, The Bank of New York Mellon, London Branch as London paying agent, The Bank of New York Mellon SA/NV, Luxembourg Branch as Luxembourg registrar and transfer agent and The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent, transfer agent and CMU registrar (the "Agents" and each an "Agent", which expression shall include any successor agent) and the other paying agents named therein (the Principal Paying Agent, the CMU Lodging and Paying Agent, the London Paying Agent together with such other paying agents, the "Paying Agents", which expression shall include any additional or successor paying agents).

For the purposes of these Terms and Conditions (the "Conditions"), all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Agent shall, in respect of ICSD Notes (as defined below), be deemed to be a reference to the London Paying Agent and, in respect of CMU Notes (as defined below), be deemed to be a reference to the CMU Lodging and Paying Agent, and all such references shall be construed accordingly.

For the purposes of these Conditions, all references to the Registrar shall, in respect of ICSD Notes (as defined below), be deemed to be a reference to the Luxembourg Registrar and, in respect of CMU Notes (as defined below), be deemed to be a reference to the CMU Registrar, and all such references shall be construed accordingly.

In these Conditions, the following expressions shall have the following meanings: "CMU" means the Central Moneymarkets Unit Service operated by the HKMA; "CMU Instrument Position Report" has the meaning specified in the CMU Rules;

"CMU Manual" means the reference manual relating to the operation of the CMU issued by the HKMA to CMU Members, as amended from time to time;

"CMU Member" means any member of the CMU;

"CMU Notes" means Notes denominated in any lawful currency (other than Renminbi) which the CMU accepts for settlement from time to time that are, or are intended to be, cleared through the CMU;

"CMU Rules" means all requirements of the CMU for the time being applicable to a CMU Member and includes (a) all the obligations for the time being applicable to a CMU Member under or by virtue of its membership agreement with the CMU and the CMU Manual; (b) all the operating procedures as set out in the CMU Manual for the time being in force in so far as such procedures are applicable to a CMU Member; and (c) any directions for the time being in force and applicable to a CMU Member given by the HKMA through any operational circulars or pursuant to any provision of its membership agreement with the HKMA or the CMU Manual;

"HKMA" means the Hong Kong Monetary Authority appointed pursuant to Section 5A of the Exchange Fund Ordinance (Cap. 66) of Hong Kong or its successor; and

"ICSD Notes" means Notes denominated in a lawful currency which Euroclear and Clearstream, Luxembourg accept for settlement from time to time that are, or are intended to be, cleared through Euroclear and Clearstream, Luxembourg.

Interest bearing definitive Bearer Notes have interest coupons ("Coupons") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes in bearer form repayable in instalments have receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue. Neither Global Notes nor Global Certificates have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the "applicable Pricing Supplement" are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the holders for the time being of the Notes (the "Noteholders", which expression shall, in relation to any Notes represented by a Global Note or a Global Certificate, be construed as provided below), the holders of the Receipts (the "Receiptholders") and the holders of the Coupons (the "Couponholders", which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, "Tranche" means Notes which are identical in all respects (including as to listing) and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee being at 101 Barclay Street, New York, NY 10286, USA and at the specified office of each of the Paying Agents. Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of each of the Paying Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the Trustee or, as the case may be, and the relevant Paying Agent as to its holding of such Notes and identity. The

Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1 Form, Denomination, Title and Transfers

1.1 Form, Denomination and Title

The Notes are issued in bearer form ("Bearer Notes") or in registered form ("Registered Notes") and, in the case of definitive Notes, serially numbered, in each case in the Specified Currency and the Specified Denomination(s). Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes. No single Tranche or Series may comprise both Bearer Notes and Registered Notes. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. Unless otherwise stated in the applicable Pricing Supplement, the Specified Denomination of each Global Note or Global Certificate will be US$200,000 (or its approximate equivalent in other Specified Currencies) and integral multiples of US$1,000 in excess thereof.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Bearer Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable. Notwithstanding anything to the contrary, the Issuer, acting through its New York Branch, will not issue any Bearer Notes.

Registered Notes are represented by registered certificates ("Certificates") and, save as provided in Condition 1.2(b), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery. The Bearer Notes shall be delivered only outside the United States and its possessions. Title to the Registered Notes shall pass by registration in the relevant register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register"). The Issuer, the Paying Agents, the Registrar and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder (as defined below) of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note or Global Certificate, without prejudice to the provisions set out in the next succeeding paragraph.

In respect of the Notes of any Series, (i) for so long as such Notes or any part thereof are represented by a Global Note deposited with a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg") or, in respect of CMU Notes, a sub-custodian for the CMU, or a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg or, in respect of CMU Notes, the CMU, each person (other than Euroclear, Clearstream, Luxembourg or the CMU) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or the CMU as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or the CMU as to the nominal amount of such Notes standing to the account of any person will be conclusive and binding for all purposes except in the case of manifest error) will be treated by the Issuer, the Paying Agents, the Registrar and the Trustee to be the holder of such nominal amount of such Notes (and the bearer or registered holder of Notes will be deemed not to be the holder) for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, the rights to which will be vested, as against the Issuer, the Paying Agents, the Registrar and the Trustee, solely in the bearer of the relevant Global Note or the registered holder of the relevant Global Certificate and for which purpose such bearer or registered holder will be deemed to be the holder of such nominal amount of such Notes in accordance with and subject to its terms and provisions and (ii) for so long as The Depository Trust Company ("DTC") or its nominee is the registered owner or holder of a Global Certificate, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Certificate for all purposes under the Trust Deed and the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

"Noteholders" means, subject to the preceding paragraph, the several persons who are for the time being the bearers of Bearer Notes and the persons in whose names Registered Notes are registered, as the case may be, and the expressions "Noteholder", "holder" and "holder of Notes" and related expressions will be construed in accordance with the preceding paragraph.

Notes which are represented by a Global Certificate or a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, the CMU, Euroclear and/or Clearstream, Luxembourg, as the case may be.

References to DTC, the CMU, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Agent and the Trustee.

1.2 Transfers of Registered Notes

(a) Transfers of Interests in Global Certificates

Transfers of beneficial interests in Global Certificates will be effected by DTC, Euroclear, Clearstream, Luxembourg or the CMU as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Notes in registered form or for a beneficial interest in another Global Certificate only in the authorized denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear, Clearstream, Luxembourg and/or the CMU as the case may be, and in accordance with the terms and conditions specified in such Global Certificate, the Trust Deed and the Agency Agreement. Transfers of Global Certificates registered in the name of a nominee for DTC shall be limited to transfers of such Global Certificates, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) Transfers of Definitive Notes in Registered Form

Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Conditions, a Definitive Note in registered form may be transferred in whole or in part, in the authorized denominations set out in the applicable Pricing Supplement. In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note, or the relevant part of the Registered Note, at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorized in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 4 to the Agency Agreement) and as prescribed under applicable law. Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Definitive Note in registered form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of only a part of a Definitive Note in registered form, a new Definitive Note in registered form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) Cost of Registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(d) Registration of Transfer upon Partial Redemption

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(e) Transfers of Interests in Regulation S Global Certificates

Prior to expiry of the Distribution Compliance Period (as defined below), transfers by the holder of, or of a beneficial interest in, a Regulation S Global Certificate to a transferee in the United States or who is a U.S. person will only be made:

(i) upon receipt by the Registrar of a written certification substantially in the form set out in Schedule 3 of the Agency Agreement, amended as appropriate ("Transfer Certificate"), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (i) above, such transferee may take delivery through a Legended Note (as defined below) in global or definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Certificate registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(f) Transfers of Interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

(i) to a transferee who takes delivery of such interest through a Regulation S Global Certificate, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

(ii) without any certification to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Restrictive Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Restrictive Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Restrictive Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) Exchanges and Transfers of Registered Notes Generally

Holders of Definitive Notes in registered form may exchange such Notes for interests in a Global Certificate of the same type at any time.

(h) Definitions

In this Condition, the following expressions shall have the following meanings:

"Distribution Compliance Period" means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

"Legended Note" means Registered Notes (whether in definitive form or represented by a Global Certificate) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

"QIB" means a "qualified institutional buyer" within the meaning of Rule 144A; "Regulation S" means Regulation S under the Securities Act;

"Regulation S Global Certificate" means a Global Certificate representing Notes that are offered and sold initially to non-U.S. persons (as defined in Regulation S) in an "offshore transaction" within the meaning of Regulation S and are (i) registered in the name of a common nominee of, and deposited with the applicable common depositary for, Euroclear, Clearstream, Luxembourg or, in respect of CMU Notes, are registered in the name of the HKMA as operator of, and lodged with a sub-custodian for, the CMU and/or any other applicable clearing system or (ii) registered in the name of a nominee of, and deposited with a custodian for, the DTC and/or any other applicable clearing system for the accounts of its participants, including Euroclear and Clearstream, Luxembourg; provided that, prior to the expiry of the "distribution compliance period" as defined in Regulation S, ownership of beneficial interests in a Regulation S Global Certificate will be limited to the respective depositaries of Euroclear, Clearstream, Luxembourg and the CMU;

"Rule 144A" means Rule 144A under the Securities Act;

"Rule 144A Global Certificate" means a Global Certificate representing Notes that are offered or sold initially within the United States only to QIBs in reliance on Rule 144A and that are deposited with the Custodian and registered in the name of a nominee for DTC; and

"Securities Act" means the United States Securities Act of 1933, as amended.

2 Status of the Notes

Notes, the status of which is specified in the applicable Pricing Supplement as Senior (the "Senior Notes"), and any relative Receipts and Coupons are direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and (subject as provided above) rank and will rank pari passu, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3 Negative Pledge

So long as any of the Senior Notes remains outstanding (as defined in the Trust Deed) the Issuer will not create or permit to be outstanding any mortgage, charge, pledge or other security interest upon the whole or any part of its properties, assets or revenues to secure any External Obligations without according to the Senior Notes and any relative Receipts and Coupons, to the satisfaction of the Trustee, the same security or such other security as the Trustee, in its absolute discretion, shall deem not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

Provided, however, that the foregoing shall not apply to:

(a) (a) any Security Interest granted by the Issuer in favor of a Governmental Agency to secure any External Obligations issued to such Governmental Agency for the purposes of implementing a developmental policy of a Governmental Agency, pursuant to a law or by contract.

(b) (b) any Security Interest existing at the time of acquisition of such property by the Issuer provided such Security Interest was not created in contemplation of such acquisition or in connection therewith and the principal, capital or nominal amount of the indebtedness secured by such Security Interest outstanding as at the time of such acquisition is not increased and is repaid in accordance with its original schedule of maturity.

(c) (c) any Security Interest or right of set-off arising in the ordinary course of its banking arrangements or by operation of law in its ordinary course of trading or banking transactions.

(d) (d) any Security Interest created or permitted to subsist in the ordinary course of any transaction to which the Issuer is a party in the capacity as a member of any applicable clearing system.

(e) (e) any Security Interest over or affecting any asset acquired or leased by the Issuer if that Security Interest was created at the time of such acquisition or lease solely for the purpose of payment of the purchase price, rent or consideration in connection therewith.

(f) (f) any Security Interest created in connection with any transaction or series of transactions pursuant to which the Issuer (A) sells, conveys or otherwise transfers or (B) grants a participation or beneficial interest in, its receivables and any assets related thereto.

(g) (g) any Security Interest created in connection with any securitization transaction pursuant to which the Issuer sells or transfers, for fair value, to a special purpose vehicle all of its right, title and interest in and to certain receivables for further sale or transfer to other purchasers of, or in investors in, such assets.

(h) any Security Interest incurred in connection with any transaction (including an agreement with respect thereto) now existing or hereafter entered into which is a rate swap transaction, basis swap, repo and reverse repo, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross currency rate swap transaction or any other similar transaction (including any option with respect to any of these transactions) and any combination of these transactions, parallel loans, back-to-back loans or other similar arrangements or contracts, in each case entered into (A) in the ordinary course of business for the purpose of asset and liability management; and (B) in compliance with all applicable laws and regulations (including, without limitation, any rules and prudential measures of any regulating authority having jurisdiction over the Issuer).

"External Obligations" means all obligations, including guarantees, of the Issuer in respect of bonds, debentures, notes or other debt securities which by their terms (a) are payable in a currency other than Rupees or are denominated in Rupees and more than 50 per cent of the aggregate principal amount of which is initially distributed outside the Republic of India ("India") by or with the authorization of the Issuer; and (b) which are quoted, listed or ordinarily dealt in on any stock exchange or over-the-counter or other securities market outside India.

"Security Interest" means any mortgage, charge, pledge or other security interest upon the whole or any part of the Issuer's properties, assets or revenues.

"Governmental Agency" means the Government or any state or political sub-division or department thereof or any regulatory agency, body or authority thereof or a body corporate owned and controlled by any of them.

Notwithstanding anything to the contrary in this Condition, any credit enhancement, including a guarantee (but not including a Security Interest), provided by the Issuer in connection with a Qualified Receivables Transaction (executed pursuant to applicable laws and regulations) shall not be subject to this Negative Pledge.

"Qualified Receivables Transaction" means any transaction or series of transactions entered into by the Issuer pursuant to which the Issuer (a) sells, conveys or otherwise transfers or (b) grants a participation or beneficial interest in, its receivables and any assets related thereto.

4 Redenomination

4.1 Redenomination

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, but after prior consultation with the Trustee, on giving prior notice to the Agent, DTC (if applicable), Euroclear, Clearstream, Luxembourg and the CMU (if applicable) and at least 30 days' prior notice to the Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

(a) the Notes and the Receipts shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent and the Trustee, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

(b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

(c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Agent and the Trustee may approve) euro 0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;

(d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "Exchange Notice") that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

(f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

  (i) in the case of the Notes represented by a Global Note or a Global Certificate, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note or Global Certificate; and

  (ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;

(g) if the Notes are Floating Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest; and

(h) such other changes shall be made to this Condition as the Issuer may decide, after consultation with the Trustee, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.

4.2 Definitions

In the Conditions, the following expressions have the following meanings:

"Established Rate" means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"euro" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

"Redenomination Date" means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 4.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

"Treaty" means the Treaty establishing the European Community, as amended.

5 Interest

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in the Conditions, "Fixed Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(a) in the case of Fixed Rate Notes which are represented by a Global Note or a Global Certificate, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note or Global Certificate (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In these Conditions:

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Supplement:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

"Determination Period" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on (but excluding) the first Determination Date falling after, such date); and

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate of interest (expressed as a percentage) equal to the Rate of Interest and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an "Interest Payment Date") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(i) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply mutatis mutandis or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(ii) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(iii) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(iv) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "Business Day" means a day which is both:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Pricing Supplement;

(ii) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Additional Business Centre and which if the Specified Currency is Australian dollars shall be Sydney and Melbourne, or if New Zealand dollars shall be Auckland and Wellington, or if Indian Rupees shall be New York, London and Mumbai) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System which was launched on 19 November 2007 (the "TARGET2 System") or any successor thereto is open; and

(iii) in the case of any payment in respect of a Global Certificate denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Global Certificate) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorized or required by law or regulation to be closed in New York City.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (i), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as "Calculation Agent" for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "ISDA Definitions") and under which:

(A) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(C) the relevant Reset Date is either (a) if the applicable Floating Rate Option is based on the London interbank offered rate ("LIBOR") or on the Euro-zone interbank offered rate ("EURIBOR"), the first day of that Interest Period or (b) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this subparagraph (i), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 5.2(b)(ii)(A) above, no offered quotation appears or if, in the case of Condition 5.2(b)(ii)(B) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If, on any Interest Determination Date, only one or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

Unless otherwise specified in the applicable Pricing Supplement, "Specified Time" means 11:00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR).

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note or a Global Certificate, the aggregate outstanding nominal amount of the Notes represented by such Global Note or Global Certificate (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(ii) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y2 - Y1)] + [30 \text{ x } (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y2 - Y1)] + [30 \text{ x } (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

(vii) if “30E/360 (ISDA)” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y2 - Y1)] + [30 \text{ x } (M2 - M1)] + (D2 - D1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Interest Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(e) Notification of Rate of Interest and Interest Amounts

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, and the Trustee and the Issuer will notify the same to any stock exchange requiring notification on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed as soon as possible after their determination but in any event not later than the second London Business Day (or Hong Kong Business Day, as defined below, in the case of CMU Notes) thereafter and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in any event not later than the fourth London Business Day (or Hong Kong Business Day, as defined below, in the case of CMU Notes) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest

Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression “London Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London and the expression “Hong Kong Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Hong Kong.

(f) Determination or Calculation by Trustee

If for any reason at any relevant time, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Calculation Agent defaults in its obligations to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above or as otherwise specified in the applicable Pricing Supplement, as the case may be, and in each case in accordance with paragraph (d) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard to the foregoing provisions of this Condition and the terms of the applicable Pricing Supplement, but subject always to any Minimum Rate of Interest or Maximum

Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent. The Trustee may appoint an investment bank with international reputation to make any determination or calculation under this Condition and such determination or calculation shall be binding on the Issuer and all Noteholders, Receiptholders and Couponholders.

(g) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2 by the Calculation Agent shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of willful default and bad faith) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

5.4 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

5.5 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from its due date for redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) as provided in the Trust Deed.

6 Payments

6.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars shall be Sydney and Melbourne or if New Zealand dollars, shall be Auckland and Wellington); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

6.2 Presentation of definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes represented by Bearer Notes in definitive form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note represented by Bearer Notes in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note represented by Bearer Notes in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A “Long Maturity Note” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

6.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note, against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

6.4 Payments in respect of Registered Notes

(a) Payments of principal (which for the purposes of this Condition 6.4 shall include the final Instalment Amount but not other Instalment Amounts) in respect of Registered Notes (whether or not in global form) will be made against presentation and surrender of the relevant Certificates at the specified office of the Transfer Agent or of the Registrar and in the manner provided in paragraph (ii) below.

(b) Interest (which for the purpose of this Condition 6.4 shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes (whether or not in global form) shall be paid to the person shown on the Register at the close of business on the day before the due date for payment thereof (the "Record Date") provided, however, that interest payable on any interest bearing Note at Maturity or redemption shall be payable in immediately available funds to the person to whom principal shall be payable. Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn in the manner provided in Condition 6.1 above and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by credit or transfer to an account in the relevant currency maintained by the payee in the manner provided in Condition 6.1 above.

(c) Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

(d) All amounts payable to DTC or its nominee as registered holder of a Global Certificate in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Issuer to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

(e) None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(f) In respect of CMU Notes, payments of principal and interest in respect of such Notes shall be made by transfer to the registered account of the Noteholder(s). A Noteholder's "registered account" means the account in the Specified Currency maintained by or on behalf of the Noteholder with a bank in Hong Kong or in such other jurisdiction as may be specified by the Registrar from time to time, details of which appear on the Register at the close of business on the Record Date.

6.5 General provisions applicable to payments

The bearer of a Global Note or the registered holder of a Global Certificate shall be the only person entitled to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note or Global Certificate in respect of each amount so paid. Each of the persons shown in the records of DTC, Euroclear, CMU or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to DTC, Euroclear, CMU or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note or Global Certificate.

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

If any payment in respect of the Notes by the Issuer or any Paying Agent is subject to deduction or withholding imposed pursuant to or in connection with Sections 1471-1474 of the U.S. Internal Revenue Code (or U.S. Department of the Treasury ("U.S. Treasury") regulations or guidance issued thereunder), including deduction or withholding pursuant to an agreement with the U.S. Treasury or an inter-governmental agreement in connection with these provisions or legislation adopted by any non-U.S. jurisdiction to implement such agreements ("FATCA"), the amount so deducted or withheld will be treated as paid under the Notes for all purposes, and no additional amounts will be paid on the Notes with respect to such deduction or withholding.

Notwithstanding the foregoing provisions of this Condition applicable to payments on Bearer Notes, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes may be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

6.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 9) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) the relevant place of presentation; and

(ii) any Additional Financial Centre specified in the applicable Pricing Supplement;

(b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars shall be Sydney and Melbourne, or if New Zealand dollars shall be Auckland and Wellington, or if Indian Rupees shall be New York, London and Mumbai), or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and

(c) in the case of any payment in respect of a Global Certificate denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Global Certificate) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorized or required by law or regulation to be closed in New York City.

6.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Notes redeemable in instalments, the Instalment Amounts;

(f) in relation to Zero Coupon Notes, the Amortized Face Amount (as defined in Condition 7.5); and

(g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

6.8 Provisions relating to INR denominated Notes

The following provisions will apply to any INR denominated Notes:

(a) Payments in U.S. Dollars: Principal and interest will be payable by the Issuer in U.S. dollars. The amount of principal and interest to be paid will be determined by the Calculation Agent and will be translated from Indian Rupees to U.S. dollars at the USD/INR Reference Rate (as defined below) for conversion of Indian Rupees to U.S. dollars on the applicable Rate Fixing Date (as defined below).

(b) Adjustments to Interest Payment Date and Maturity Date: If a Scheduled Rate Fixing Date (as defined below) is adjusted for an Unscheduled Holiday (as defined below) or if a Valuation Postponement (as defined below) applies, then the Interest Payment Date or Maturity Date relating to such Scheduled Rate Fixing Date shall be two Payment Days after the date on which the USD/INR Reference Rate for such Interest Payment Date or Maturity Date is determined. If any Interest Payment Date or Maturity Date is adjusted in accordance with the preceding sentence, then such adjustment (and the corresponding payment obligations to be made on such dates) shall apply only to such Interest Payment Date or the Maturity Date, as applicable, and no further adjustment shall apply to the amount of interest or principal payable.

(c) Applicable Price Source Fallback Provisions: If a Price Source Disruption Event (as defined below) occurs, the Calculation Agent shall apply each of the following price source disruption fallbacks (each a "Price Source Disruption Fallback") for the determination of the USD/INR Reference Rate in the following order, until the USD/INR Reference Rate can be determined:

(i) Valuation Postponement;

(ii) Fallback Reference Price: SFEMC INR Indicative Survey Rate (INR 02) (as defined below);

(iii) Fallback Survey Valuation Postponement (as defined below); and

(iv) Average Reference Rate Dealer Quotation.

(d) Deferral Period for Unscheduled Holiday: If the Scheduled Rate Fixing Date is postponed due to the occurrence of an Unscheduled Holiday, and if the Rate Fixing Date has not occurred on or before the 14th calendar day after the Scheduled Rate Fixing Date (any such period being a "Deferral Period"), then the next day after the Deferral Period that would have been a Fixing Business Day (as defined below) but for the Unscheduled Holiday shall be deemed to be the Rate Fixing Date.

(e) Interpretation: For the purposes of this Condition 6:

(i) "Average Reference Rate Dealer Quotation" means the average of the Reference Rate Dealer Quotations as determined by the Calculation Agent. To the extent that the Calculation Agent has been notified of the Reference Rate Dealers and the Average Reference Rate Dealer Quotation is the Price Source Disruption Fallback, the Issuer will request the Reference Rate Dealers to provide the Calculation Agent with their Reference Rate Dealer Quotations in respect of the relevant date.

(ii) "Cumulative Events" means, notwithstanding anything to the contrary, that in no event shall the total number of consecutive calendar days during which either (1) valuation is deferred due to an Unscheduled Holiday, or (2) a Valuation Postponement shall occur (or any combination of (1) and (2)), exceed 14 consecutive calendar days in the aggregate.

Accordingly, (x) if, upon the lapse of any such 14 calendar day period, an Unscheduled Holiday shall have occurred or be continuing on the day following such period that otherwise would have been a Fixing Business Day, then such day shall be deemed to be a Rate Fixing Date, and (y) if, upon the lapse of any such 14 calendar day period, a Price Source Disruption Event shall have occurred or be continuing on the day following such period on which the USD/INR Reference Rate otherwise would be determined, then Valuation Postponement shall not apply and the USD/INR Reference Rate shall be determined in accordance with the next applicable Price Source Disruption Fallback.

(iii) "Fallback Survey Valuation Postponement" means that, if the Fallback Reference Price is not available on or before the third Fixing Business Day (or day that would have been a Fixing Business Day but for an Unscheduled Holiday) succeeding the end of either (1) the Valuation Postponement in connection with a Price Source Disruption Event, (2) the Deferral Period in connection with an Unscheduled Holiday or (3) any Cumulative Events, as applicable, then the USD/INR Reference Rate will be determined in accordance with the next applicable Price Source Disruption Fallback on such day (which will be deemed to be the applicable Rate Fixing Date). For the avoidance of doubt, Cumulative Events, if applicable, do not preclude postponement of valuation in accordance with this provision.

(iv) "Fixing Business Day" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Mumbai and the city in which the specified office of the Calculation Agent is located.

(v) "Maximum Days of Postponement" means 14 calendar days.

(vi) A "Price Source Disruption Event" shall occur if, in the opinion of the Calculation Agent, it becomes impossible to obtain the USD/INR Reference Rate on a Rate Fixing Date.

(vii) "Rate Fixing Date" means the Scheduled Rate Fixing Date, subject to Valuation Postponement. If the Scheduled Rate Fixing Date is an Unscheduled Holiday, the "Rate Fixing Date" shall be the next following Fixing Business Day, subject to the provisions relating to the Deferral Period for Unscheduled Holiday set out herein.

(viii) "Reference Rate Dealer Quotation" means, in respect of each Reference Rate Dealer and a particular day, the USD/INR spot rate expressed as the amount of Indian rupees per one U.S. dollar, for settlement in two (2) Fixing Business Days determined by such Reference Rate Dealer in good faith and a commercially reasonable manner.

(ix) "Reference Rate Dealers" means a minimum of three investment banking firms of internationally recognised standing (or a local affiliate thereof) selected by the Issuer and notified to the Calculation Agent for the purposes of calculating the Average Reference Rate Dealer Quotation.

(x) "Scheduled Rate Fixing Date" means the date which is two Fixing Business Days prior to the relevant Interest Payment Date, the Maturity Date or such other date on which an amount in respect of the Notes is due and payable.

(xi) "SFEMC INR Indicative Survey Rate (INR02)" means that the USD/INR Reference Rate for a given Rate Fixing Date will be the Indian Rupee/U.S. dollar Specified Rate for U.S. dollars, expressed as the amount of Indian Rupees per one U.S. dollar, for settlement in two Fixing Business Days, as published on the web site of Singapore Foreign Exchange Market Committee ("SFEMC") at approximately 3:30 p.m. (Singapore time), or as soon thereafter as practicable, on such date. The USD/INR Reference Rate shall be calculated by SFEMC (or a service provider SFEMC may select in its sole discretion) pursuant to the SFEMC INR Indicative Survey (as defined below) for the purpose of determining the SFEMC INR Indicative Survey Rate (INR02).

(xii) "SFEMC INR Indicative Survey" means a methodology, dated as of December 1, 2004 as amended from time to time, for a centralized industry-wide survey of financial institutions that are active participants in the Indian Rupee/U.S. dollar market for the purpose of determining the SFEMC INR Indicative Survey Rate (INR02).

(xiii) "Unscheduled Holiday" means a day that is not a Fixing Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in Mumbai, two Fixing Business Days prior to the relevant Rate Fixing Date.

(xiv) "USD/INR Reference Rate" means the rate, determined by the Calculation Agent, used on each Rate Fixing Date which will be the USD/INR spot rate, expressed as the amount of Indian Rupees per one U.S. dollar, for settlement in two Fixing Business Days, reported by the Reserve Bank of India, which is displayed on Reuters page "RBIB" (or any successor page) at approximately 1:30 p.m., Mumbai time, on each Rate Fixing Date. If a Price Source Disruption Event occurs on the Rate Fixing Date, then the USD/INR Reference Rate for such Rate Fixing Date shall be determined by the Calculation Agent in accordance with the Price Source Disruption Fallbacks.

(xv) "Valuation Postponement" means that the USD/INR Reference Rate will be determined on the Fixing Business Day first succeeding the day on which the Price Source Disruption Event ceases to exist, unless the Price Source Disruption Event continues to exist (measured from the date that, but for the occurrence of the Price Source Disruption Event, would have been the Rate Fixing Date) for a consecutive number of calendar days equal to the Maximum Days of Postponement. In such event, the USD/INR Reference Rate will be determined on the next Fixing Business

Day after the Maximum Days of Postponement (which will, subject to the provisions relating to Fallback Survey Valuation Postponement, be deemed to be the applicable Rate Fixing Date) in accordance with the next applicable Price Source Disruption Fallback.

7 Redemption and Purchase

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

7.2 Redemption for tax reasons

At any time prior to the applicable Maturity Date, except in the case of IFSC Notes, at any time following the first anniversary of the Issue Date and prior to the applicable Maturity Date, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

(a) the Issuer satisfies the Trustee immediately before the giving of such notice that on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which the relevant Tranche of the Notes is issued; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that (1) in the case of IFSC Notes, no such notice of redemption shall be given prior to the first anniversary of the Issue Date of such Notes, and (2) in the case of any Note, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment then due and, for the purpose only of determining the earliest date on which such notice may be given, it shall be deemed that a payment, in respect of which the Issuer would be obliged to pay such additional amounts, is due in respect of the Notes of this Series on the day on which any such change or amendment becomes effective.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognized standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

7.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, (1) in the case of IFSC Notes, at any time following the first anniversary of the Issue Date, and (2) in the case of any Note having given:

(a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and

(b) not less than seven days before the giving of the notice referred to in (a) above, notice to the Trustee and to the Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of DTC, Euroclear, Clearstream, Luxembourg and/or the CMU, as applicable, in the case of Redeemed Notes represented by a Global Note or a Global Certificate, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption.

The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note or a Global Certificate, as applicable, shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note or Global Certificate will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

7.4 Redemption of the Senior Notes at the option of the Noteholders (Investor Put)

(a) If Investor Put is specified in the applicable Pricing Supplement

If Investor Put is specified in the applicable Pricing Supplement (1) with respect to IFSC Notes, only following the first anniversary of the Issuer Date, and (2) with respect to all Senior Notes, upon the holder of any Senior Note giving to the Issuer in accordance with Condition 14 not less than 30 nor more than 60 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, such Senior Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 7.4(a) in any multiple of their lowest Specified Denomination.

(b) Put Option Exercise Procedures

To exercise the right to require redemption of this Senior Note the holder of this Senior Note must, if this Senior Note is in definitive form and held outside DTC, Euroclear, Clearstream, Luxembourg and the CMU, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Senior Note or evidence satisfactory to the Paying Agent concerned that this Senior Note will, following delivery of the Put Notice, be held to its order or under its control. If this Senior Note is represented by a Global Note or a Global Certificate or is in definitive form and held through DTC, Euroclear, Clearstream, Luxembourg or the CMU, to exercise the right to require redemption of this Senior Note the holder of this Senior Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of DTC, Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by DTC, Euroclear or Clearstream, Luxembourg or its custodian or any common depositary for them, as applicable, to the Agent by electronic means) in a form acceptable to DTC, Euroclear or Clearstream, Luxembourg from time to time and, if this Senior Note is represented by a Global Note or a Global Certificate, at the same time present or procure the presentation of the relevant Global Note or Global Certificate to the Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of DTC, Euroclear and/or Clearstream, Luxembourg given by a holder of any Senior Note pursuant to this Condition 7.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Senior Notes to be due and payable pursuant to Condition 10, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.4.

For as long as Bearer Notes issued in accordance with the "TEFRA D" rules are represented by a Temporary Global Note, an Investor Put shall not be available unless the certification required under the "TEFRA D" rules with respect to non-U.S. beneficial ownership has been received by the Issuer or the Agent.

7.5 Early Redemption Amounts

For the purpose of Condition 7.2 above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount (the "Amortized Face Amount") calculated in accordance with the following formula:

Early Redemption Amount = RPx(1+AY)y

where:

"RP" means the Reference Price;

"AY" means the Accrual Yield expressed as a decimal; and

"y" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360, or on such other calculation basis as may be specified in the applicable Pricing Supplement.

7.6 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 7.5.

7.7 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

7.8 Purchases

The Issuer or any of its Subsidiaries or Affiliates may (1) in the case of IFSC Notes, at any time following the first anniversary of the Issue Date, and (2) in the case of any other Senior Notes, at any time, purchase Senior Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) in any manner and at any price. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer surrendered to any Paying Agent for cancellation.

Notes held by the Issuer and its Subsidiaries are not "outstanding" for the purpose of Condition 15. "Affiliate" means, in relation to the Issuer, any company that controls, directly or indirectly, the Issuer or any company directly or indirectly under common control with the Issuer. For this purpose, "control" of any company or the Issuer means ownership of a majority of the voting power of the companies or the Issuer, as the case may be.

"Subsidiary" means, in relation to the Issuer, any company (i) in which the Issuer holds a majority of the voting rights or (ii) of which the Issuer is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer.

7.9 Cancellation

All Notes (in the case of Bearer Notes, each such Note and in the case of Registered Notes, the Certificate representing such Notes) which are (a) redeemed or (b) purchased by or on behalf of the Issuer or any of its Subsidiaries or Affiliates and surrendered for cancellation will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith) and accordingly cannot be reissued or resold.

7.10 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8 Taxation

8.1 *All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by or on behalf of the Relevant Jurisdiction unless such withholding or deduction for or on account of Taxes is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:*

(a) if a holder is liable for the Taxes in respect of such Note, Receipt or Coupon by reason of his having or having had some connection with the Relevant Jurisdiction other than the mere holding of or receiving payments or enforcing rights under such Note, Receipt or Coupon; or

(b) presented for payment (where presentation is required) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Payment Day (as defined in Condition 6.6); or

(c) to the extent a holder is liable for Taxes because of the holder's failure to comply with any certification, identification or other reporting requirements concerning its nationality, residence, identity or connection with a Relevant Jurisdiction if (1) compliance is required by applicable law (but not including treaties), regulation or administrative practice as a precondition to exemption from all or a part of the Taxes, (2) the holder is able to comply with those requirements without undue hardship and (3) the Issuer has given to the holder prior written notice, at a time which would enable the holder acting reasonably to comply with such request, before any such withholding or deduction that the holder will be required to comply with such certification, identification or reporting requirements;

(d) where such withholding or deduction is imposed pursuant to or in connection with FATCA, as described in Condition 6.5; or

(e) presented for payment (where presentation is required) by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent.

Nor will additional amounts be paid with respect to any payment on a Note (or Receipt or Coupon) to a holder who is a fiduciary, a partnership, a limited liability company or person other than the sole beneficial owner of that payment to the extent that payment would be required by the laws of a Relevant Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership or an interest holder in that limited liability company or a beneficial owner who would not have been entitled to the additional amounts had it been the holder.

With respect to Notes issued through its New York Branch, the Issuer shall have no obligation to pay additional amounts with respect to any withholding or deduction for or on account of any present or future Taxes imposed or levied by or on behalf of the United States or any political subdivision or any authority thereof or therein having the power to tax.

As used herein:

(f) "Relevant Jurisdiction" means:

(i) where the Issuer is acting through its Head Office or its IFSC Banking Unit, India or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer is or becomes subject in respect of payments made by it of principal and interest on Notes, Receipts and Coupons or any other jurisdiction through which any payment is made on behalf of the Issuer under the Notes, Receipts and Coupons; or

(ii) where the Issuer is acting through its Singapore Branch, India or any political subdivision or any authority thereof or therein having power to tax, Singapore or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer is or becomes subject in respect of payments made by it of principal and interest on Notes, Receipts and Coupons or any other jurisdiction through which any payment is made on behalf of the Issuer under the Notes, Receipts and Coupons; or

(iii) where the Issuer is acting through its Hong Kong Branch, India or any political subdivision or any authority thereof or therein having power to tax, Hong Kong or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer is or becomes subject in respect of payments made by it of principal and interest on Notes, Receipts and Coupons or any other jurisdiction through which any payment is made on behalf of the Issuer under the Notes, Receipts and Coupons; or

(iv) where the Issuer is acting through its Dubai Branch, India or any political subdivision or any authority thereof or therein having power to tax, the Dubai International Financial Centre or any political subdivision or any authority thereof or therein having power to tax, Dubai or any political subdivision or any authority thereof or therein having power to tax, the United Arab Emirates or any political subdivision or any authority thereof or therein having power to tax, or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer is or becomes subject in respect of payments made by it of principal and interest on Notes, Receipts and Coupons or any other jurisdiction through which any payment is made on behalf of the Issuer under the Notes, Receipts and Coupons; or

(v) where the Issuer is acting through its New York Branch, India or any political subdivision or any authority thereof or therein having power to tax, or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer is or becomes subject in respect of payments made by it of principal and interest on Notes or any other jurisdiction through which any payment is made on behalf of the Issuer under the Notes, in each case except for the United States or any political subdivision or any authority thereof or therein having the power to tax; and

(g) the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

The obligation to pay additional amounts will not apply to (a) any estate, inheritance, gift, sales, transfer or personal property or any similar tax, assessment or other governmental charge or (b) any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of, or interest or premium on or otherwise with respect to, the Notes, Receipts or Coupons. Except as otherwise set forth in these Terms and Conditions and in the Agency Agreement, the Issuer shall pay all stamp and other duties, if any, which may be imposed by the Relevant Jurisdiction or any respective political subdivision thereof or any taxing authority therein, with respect to the Agency Agreement or as a consequence of the initial issuance of the Notes or any other activities relating thereto.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note, Receipt or Coupon, such mention shall be deemed to include payment of additional amounts to the extent that, in such context, additional amounts are, were or would be payable in respect thereof.

8.2 *Where the Issuer is acting through its Head Office or its IFSC Banking Unit, the Issuer has agreed to indemnify any transferor or transferee of any Note (or any beneficial interest therein), other than a transferor or transferee which is liable to Indian tax by reason of his having a connection with India apart from the mere holding of a Note, against any loss resulting from the imposition of Indian income, capital gains or gift tax on the transfer or sale of such Note outside India. The foregoing indemnity will terminate upon the Issuer certifying to the Trustee that it is satisfied, on the basis of an appropriate amendment of the Income-tax Act, 1961 and/or a reasoned legal opinion in writing of a practicing eminent taxation lawyer that such Notes are not and are not deemed to be situated in India.*

The Issuer will first obtain approval from the Reserve Bank of India or any successor thereto prior to making any payments under such indemnity, if required.

9 Prescription

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

10 Events of Default and Enforcement

10.1 Events of Default relating to Senior Notes

The Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent in nominal amount of the Senior Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured to its satisfaction), give notice in writing to the Issuer that each Senior Note is, and each Senior Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an "Event of Default") shall occur:

(a) Non-Payment

The Issuer fails to pay the principal or interest due on any of the Senior Notes on the due date for such payment and such default continues for a period of 14 days; or

(b) Breach of Other Obligations

The Issuer defaults in the performance or observance of or compliance with any of its other obligations set out in the Senior Notes or the Trust Deed which default is, in the opinion of the Trustee, incapable of remedy or, if in the opinion of the Trustee it is capable of remedy, is not, in the opinion of the Trustee, remedied within 30 days after notice requiring such default to be remedied shall have been received by the Issuer from the Trustee; or

(c) Cross Default

(i) any External Indebtedness of at least US$50,000,000 in aggregate amount outstanding (or its equivalent at the relevant time in any other currency) shall have been accelerated so that the same becomes due and payable prior to its stated maturity by reason of a default, and such acceleration shall not have been rescinded or annulled (by reason of a remedy, cure or waiver thereof, or with respect to the default upon which such acceleration is based); or

(ii) any External Indebtedness of at least US$50,000,000 in aggregate amount outstanding (or its equivalent at the relevant time in any other currency) is not paid when due or, as the case may be, within any applicable grace period originally provided for.

For the purposes of this Condition 10, "External Indebtedness" means all indebtedness of the Issuer (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit (excluding guarantees (other than guarantees given in respect of borrowings by a Subsidiary for on lending to the Issuer or a Subsidiary of the Issuer)), which by its terms is payable in a currency other than Rupees or is denominated in Rupees and more than 50 per cent of the aggregate principal amount of which is initially, in the case of securities, distributed outside India or, in the case of other borrowings, advanced from outside India, in each case by or with the authorization of the Issuer; or

(d) Enforcement Proceedings

A distress, attachment, execution or other legal process is levied or enforced upon or against any material part of the property, assets or revenues of the Issuer and is not either discharged or stayed within 120 days (or such longer period as the Trustee may agree in light of the jurisdiction concerned), unless, and for so long as, the Trustee is satisfied that such levy or enforcement is being contested in good faith and by appropriate proceedings; or

(e) Security Enforced

An encumbrancer takes possession or an administrative or other receiver, manager or other similar person is appointed over, or an attachment order is issued in respect of, the whole or any material part of the undertaking, property, assets or revenues of the Issuer and in any such case possession or appointment is not stayed or terminated or the debt on account of which such possession was taken or appointment was made is not discharged or satisfied within 120 days (or such longer period as the Trustee may agree in light of the jurisdiction concerned) of such possession, appointment or the issue of such order, unless, and for so long as, the Trustee is satisfied that such possession, appointment or attachment is being contested in good faith and by appropriate proceedings; or

(f) Insolvency

The Issuer is declared by a court of competent jurisdiction insolvent or bankrupt or is unable to pay its debts, or stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts as they mature or applies for or consents to or suffers, or documents are filed with a court for, the appointment of an administrator, liquidator, administrative or other receiver, manager or other similar person in respect of the Issuer or over the whole or any material part of the undertaking, property, assets or revenues of the Issuer and such appointment is not discharged or stayed within 60 days of its taking effect or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors except, in any such case, (i) for the purpose of and followed by an amalgamation, merger or consolidation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or (ii) for the purpose of and followed by a merger, amalgamation or consolidation with an entity such that the credit rating of the merged entity from Moody's Investors Service Inc. or Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. is at least equal to that of the Issuer, immediately prior to the first announcement of such merger, amalgamation or consolidation, and such merged entity assumes all of the rights and liabilities of the Issuer under the Senior Notes, the Receipts, the Coupons and the Trust Deed; or

(g) Winding-up Disposals

An order of a court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer, or the Issuer ceases to carry on all or substantially all of its business or operations, or the Issuer sells or disposes of all or substantially all of its assets or business whether as a single transaction or a number of transactions, related or not; except in any such case, (i) for the purpose of and followed by an amalgamation, merger or consolidation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or (ii) for the purpose of and followed by a merger, amalgamation or consolidation with any entity such that the credit rating of the merged entity from Moody's Investors Services Inc. or Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. is at least equal to that of the Issuer immediately prior to the first announcement of such merger, amalgamation or consolidation, and such merged entity assumes all of the rights and liabilities of the Issuer under the Senior Notes, the Receipts, the Coupons and the Trust Deed; or

(h) Expropriation

Any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets or shares of the Issuer without fair compensation, unless, and for so long as, the Trustee is satisfied that such compulsory purchase or expropriation is being contested in good faith and by appropriate proceedings.

Provided that, in the case of the occurrence of any of the events specified in Conditions 10.1(b), (c), (d), (e), (f), (g) or (h), the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interest of the Noteholders.

10.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes, the Receipts and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least 25 per cent in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure is continuing.

11 Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes), as applicable, upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12 Paying Agents

The names of the initial Paying Agents, Transfer Agents and the Registrars and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent, Transfer Agent, Exchange Agent, the CMU Lodging and Paying Agent or any Registrar and/or appoint additional or other Paying Agents, Transfer Agents, Exchange Agents or any Registrar and/or approve any change in the specified office through which any Paying Agent, Transfer Agent, Exchange Agent or any Registrar acts, provided that:

(a) there will at all times be an Agent;

(b) there will at all times be a Registrar in relation to Registered Notes;

(c) there will at all times be a Transfer Agent in relation to Registered Notes;

(d) there will at all times be a CMU Lodging and Paying Agent in relation to CMU Notes;

(e) there will at all times be an Exchange Agent in relation to Registered Notes registered in the name of DTC or its nominee which are denominated in a Specified Currency other than U.S. dollars;

(f) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office (outside the United States in the case of Bearer Notes) in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(g) for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a Paying Agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Note or Global Certificate is exchanged for definitive Notes. In addition, in the event that the Global Note or Global Certificate is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the Paying Agent in Singapore.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

13 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth day after the date of mailing. Notices to holders of Bearer Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper published in Asia or such other English language daily newspaper with general circulation in Asia as the Trustee may approve. It is expected that such publication will normally be made in the Asian Wall Street Journal. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Issuer shall determine in consultation with the Trustee.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes or Global Certificates representing the Notes are held in their entirety on behalf of (i) DTC, Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to DTC, Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes, or (ii) the CMU, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the date prior to the date of despatch of such notice as holding interests in the relevant Global Note or Global Certificate and, in addition, in the case of both (i) and (ii) above, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to DTC, Euroclear, Clearstream, Luxembourg and/or the persons shown in the relevant CMU Instrument Position Report.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). While any of the Notes are represented by a Global Note or a Global Certificate, such notice may be given by any holder of a Note to the Agent or the Registrar through Euroclear Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15 Meetings of Noteholders, modification, waiver and substitution

15.1 Meetings

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons or the Trust Deed the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

15.2 Modification and waiver

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification of, or to the waiver or authorization of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Notification Event (as defined in the Trust Deed) shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven or to comply with mandatory provisions of law. Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorization or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

15.3 Substitution of Issuer

The Trustee may, without the consent of the Noteholders, agree with the Issuer, to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, Receipts, Coupons and the Trust Deed of another company, being a Subsidiary or Affiliate of the Issuer, subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer or the Company that controls, directly or indirectly, the Issuer, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

Unless certain exceptions set forth in U.S. Treasury regulations apply, the substitution of another obligor in place of the Issuer (or of any previous substitute) as the principal debtor under the Notes will be considered for U.S. federal income tax purposes to be a deemed exchange of the Notes for new notes, resulting in recognition of a taxable gain or loss for U.S. federal income tax purposes and other possible adverse tax consequences.

15.4 Substitution of branch

The Issuer may at any time, without the consent of the Trustee, elect to substitute (the "Substitution") the Head Office, the Singapore Branch, the Hong Kong Branch, the Dubai Branch, the New York Branch or the IFSC Banking Unit of the Issuer (the "Substitute") in place of the office, unit or branch through which the Issuer originally acted when the Notes were issued provided that:

(a) the obligations of the Issuer under the Notes, the Conditions and the Trust Deed shall remain obligations of the Issuer and not merely the Substitute;

(b) the Issuer shall comply with such requirements of law or regulation as may be imposed by any authority in any jurisdiction to which the Substitute is or becomes subject and the Issuer shall have obtained all relevant regulatory and other approvals in relation to the Substitution; and

(c) the Substitution is not, in the opinion of the Issuer (based on the advice of such independent auditors, tax advisers and/or legal advisers of recognized standing as the Issuer shall determine), materially prejudicial to the interests of the Noteholders or prior to the Substitution, the Substitution is approved by an Extraordinary Resolution of the Noteholders.

The conditions set out in paragraphs (a) to (c) above shall be deemed to be satisfied upon delivery to the Trustee of a certificate of two Directors of the Issuer detailing the proposed Substitution and certifying that the conditions set out in paragraphs (a) to (c) above have been satisfied in relation to such Substitution (a "Substitution Certificate"). The Trustee may rely on a Substitution Certificate absolutely and shall not be required to take any action to independently verify the matters stated therein nor shall the Trustee be liable for any loss caused by any inaccuracy therein. Upon receipt by the Trustee of a Substitution Certificate, the Trustee shall enter into such documentation as may be necessary or desirable to give effect to the Substitution, provided that the Trustee shall not be required to enter into any documentation (i) which would have the effect of increasing the duties or obligations, or decreasing the protections or rights, of the Trustee and (ii) unless it shall first have been indemnified and/or secured to its satisfaction.

Not later than seven days prior to the Substitution, the Issuer shall give notice thereof to the Noteholders in the manner provided in Condition 14.

For the avoidance of doubt, the Issuer may at any time, without the consent of the Noteholders or the Trustee, make payments on Notes issued by the Singapore Branch, Hong Kong Branch or Dubai Branch (each, a "Foreign Branch") through any other Foreign Branch, and such payments will not constitute a Substitution.

16 Indemnification of the Trustee and Trustee contracting with the Issuer

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, inter alia, (a) to enter into business transactions with the Issuer and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

17 Further Issues

The Issuer may from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders, create and issue further notes with the same terms and conditions as the Notes in all respects except for the amount and date of the first payment of interest thereon so that such further issue shall be consolidated and form a single Series with the outstanding Notes; provided that in order for further Registered Notes to be consolidated and form a single Series with the outstanding Registered Notes of the relevant Series, the further Registered Notes must be fungible with the outstanding Registered Notes of such Series for U.S. federal income tax purposes; and provided further that, in the case of Bearer Notes that are issued under the "TEFRA D" rules and are initially represented by interests in a Temporary Global Note exchangeable for interests in a Permanent Global Note or definitive Bearer Notes, such consolidation will occur only upon certification of non-U.S. beneficial ownership and exchange of interests in the Temporary Global Note for interests in the Permanent Global Note or definitive Bearer Notes.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19 Governing law and submission to jurisdiction

19.1 Governing law

The Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons and all non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, English law.

19.2 Submission to jurisdiction

The Issuer has irrevocably agreed in the Trust Deed, for the benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons and accordingly submits to the non-exclusive jurisdiction of the English courts.

The Issuer has waived in the Trust Deed any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders, the Receiptholders and the Couponholders, may take any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Trust Deed, the Notes, the Receipts and the Coupons, against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

19.3 Appointment of Process Agent

The Issuer has in the Trust Deed appointed ICICI Bank UK PLC at its registered office at 1 Thomas More Square, London—E1W 1YN, United Kingdom as its agent for service of process in England, and has undertaken that, in the event of ICICI Bank UK PLC ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Trustee as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

PRINCIPAL PAYING AGENT

TRANSFER AGENT

NON-CMU REGISTRAR

The Bank of New York Mellon
240 Greenwich Street
New York, NY 10286
USA

LONDON PAYING AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

LUXEMBOURG REGISTRAR TRANSFER AGENT

The Bank of New York Mellon
SA/NV, Luxembourg Branch
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

CMU LODGING AND PAYING AGENT

TRANSFER AGENT

CMU REGISTRAR

The Bank of New York Mellon, Hong Kong Branch
Level 24, Three Pacific Place
1 Queen's Road East
Hong Kong

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used by the Issuer for its general corporate purposes in accordance with relevant regulatory guidelines.

RISK FACTORS

Investors should carefully consider the risks described below, together with the risks described in the other sections of this Offering Circular before making any investment decision relating to the Notes. The occurrence of any of the following events could have a material adverse effect on the Bank's business including the quality of its assets, its liquidity, its financial performance, its stockholders' equity, its ability to implement its strategy and its ability to repay the interest or principal on the Note in a timely fashion or at all.

Before making an investment decision, prospective investors should carefully consider all of the information contained in this Offering Circular, including the financial statements included in this Offering Circular.

Risks Relating to India and Other Economic and Market Risks

A prolonged slowdown in economic growth or rise in interest rates in India could cause our business to suffer.

India's gross domestic product grew by 8.1% in fiscal 2016, 7.1% in fiscal 2017 and 6.7% in fiscal 2018. The agriculture sector grew by 3.4%, the industrial sector by 5.5% and the services sector by 7.9% in fiscal 2018 compared to a growth of 3.0%, 6.8% and 7.5% respectively in fiscal 2017. The agriculture sector accounted for 14.8% of gross value added, while industry and services accounted for 31.2% and 54.0%, respectively, in fiscal 2018. The slowdown in economic growth also reflected the structural reforms introduced by the Government of India, including the withdrawal of specified high denomination currency notes in November 2016 and the implementation of the goods and services tax system in July 2017, both of which temporarily disrupted economic activity. Growth in India's gross domestic product improved to 8.2% during the three months ended June 30, 2018 compared to a growth of 5.8% during the three months ended June 30, 2017. We are heavily dependent upon the state of the Indian economy, and a slowdown in growth in the Indian economy could adversely affect our business, our borrowers and our contractual counterparties, especially if such a slowdown were to be continued and prolonged.

Corporate investment activity has declined since fiscal 2014, after a previous cycle of sharp growth in corporate loans, including in the infrastructure and commodity sectors. The Indian economy experienced challenges in terms of high inflation and higher interest rates, currency depreciation and a sharp slowdown in economic growth. The corporate sector experienced a decline in sales and profit growth, an elongation of working capital cycles and a high level of receivables, and significant challenges in project completion and cash flow generation, due to policy changes, delays in approvals and judicial decisions. Indian corporations, especially in the infrastructure and industrial sectors, had limited ability to access capital in view of the macroeconomic environment and volatility in global and domestic financial markets. From fiscal 2014 onwards, these developments led to an increase in non-performing and restructured corporate loans in the Indian banking sector, including us, and a substantial moderation in overall loan growth, driven primarily by lower growth in credit to the corporate sector. See also "*—Risks Relating to Our Business—Our level of non-performing assets is elevated, and if the level of our non-performing assets increases further and the overall quality of our loan portfolio continues to deteriorate, our business will suffer*". The significant decline in global commodity prices in fiscal 2015 and fiscal 2016, including metals, coal and crude oil, negatively impacted borrowers in commodity-linked sectors. Capital investments in the economy remained subdued, impacting corporations in investment-linked sectors like construction. Due to lower than projected cash flows, the progress in reducing leverage in the corporate sector was slow and the additions to non-performing loans, including slippages from restructured loans increased.

The Indian economy in general, and the agricultural sector in particular, are impacted by the level and timing of monsoon rainfall. Investments by the corporate sector in India are impacted by demand conditions in the global and Indian economy and government policies and decisions including policies and decisions regarding awards of licenses, access to land, access to natural resources and the protection of the environment. Economic growth in India is also influenced by inflation, interest rates, external trade and capital flows. The level of inflation or depreciation of the Indian rupee may limit monetary easing or cause monetary tightening by the Reserve Bank of India. Any increase in inflation, due to increases in domestic food prices or global prices of commodities, including crude oil, the impact of currency depreciation on the prices of imported commodities and additional pass through of higher fuel prices to consumers, or otherwise, may result in a tightening of monetary policy. For instance, during fiscal 2014, in response to a rise in inflation from 9.1% in April 2013 to 11.5% in November 2013, the Reserve Bank of India progressively raised the repo rate by 75 basis points from 7.25% to 8.0% during May 2013 to January 2014. The repo rate was thereafter maintained at 8.0% and then gradually reduced starting January 2015 with an overall reduction of 200 basis points with the last reduction to 6.00% in August 2017. In fiscal 2019, the repo rate was raised by 50 basis points to 6.50%, with a 25 basis points increase each in June 2018 and August 2018, following concerns of inflation rising as a result of an increase in global crude oil prices and an increase in government-determined minimum support prices of food crops. India has, in the past, experienced sustained periods of high inflation. A return to high rates of inflation with a resulting rise in interest rates, and any corresponding tightening of monetary policy may have an adverse effect on economic growth in India.

Adverse changes to global liquidity conditions, comparative interest rates and risk appetite could lead to significant capital outflows from India. For instance, due to concerns regarding withdrawal of quantitative easing in the U.S. in June 2013, India saw an outflow of foreign institutional investments from the debt market of about US$7.5 billion during June-July 2013. An outflow of investments was also seen between April 2018 and September 2018. Similarly, a slowdown in global growth may impact India's exports and, in the event of over-supply or sharp and sustained price reductions of globally traded commodities such as metals and minerals, may negatively impact our borrowers in these sectors. Global trade disputes and protectionist measures and counter-measures could impact trade and capital flows and negatively affect the Indian economy.

A continuation of the slowdown in the rate of growth in the Indian economy and adverse movements in global capital, commodity and other markets could result in further reduction of demand for credit and other financial products and services, increased competition and higher defaults among corporate, retail and rural borrowers, which could adversely impact our business, our financial performance, our stockholders' equity, our ability to implement our strategy and the price of the Notes.

Financial instability in other countries, particularly emerging market countries and countries where we have established operations, could adversely affect our business and the price of the Notes.

Although the proximate cause of the 2008-2009 financial crisis, which was deeper than other recent financial crises, was the U.S. residential mortgage market, investors should be aware that there is a recent history of financial crises and boom-bust cycles in multiple markets in both the emerging and developed economies which leads to risks for all financial institutions, including us. Developments in the Eurozone, including concerns regarding sovereign debt default, negotiations between the United Kingdom and European policymakers following its vote to withdraw from the European Union, the exit of any other country from the European Union, recessionary economic conditions as well as concerns related to the impact of tightening monetary policy in the U.S. and a trade war between large economies may lead to increased risk aversion and volatility in global capital markets.

A loss of investor confidence in the financial systems of India or other markets and countries or any financial instability in India or any other market may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector, our business and our future financial performance. See also "*—Risks Relating to Our Business—Our international operations increase the complexity of the risks that we face*". We remain subject to the risks posed by the indirect impact of adverse developments in the global economy and the global banking environment, some of which cannot be anticipated and the vast majority of which are not under our control. We also remain subject to counterparty risk to financial institutions that fail or are otherwise unable to meet their obligations to us.

Any downgrade of India's debt rating by an international rating agency could adversely affect our business, our liquidity and the price of the Notes.

While Standard & Poor's, Moody's and Fitch currently have stable outlooks on their sovereign ratings for India, they may lower their sovereign ratings for India or the outlook on such ratings, which would also impact our ratings. Rating agencies may also change their methodology for rating banks which may impact us. For instance, in April 2015, Moody's revised its bank rating methodology and the assessment of government support to banks, following which the rating of several banks globally were revised, including Indian banks. The Bank's senior unsecured debt rating was downgraded by one level to Baa3 following the methodology change. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our business and limit our access to capital markets and adversely impact our liquidity position. The methodology for rating banks also takes into consideration key financial parameters like capital position, liquidity profile, level of non-performing loans and business position in the banking industry. During incidents of challenges in the economic and operating environment for the Indian banking sector, there could be rating actions such as a rating downgrade or change in the outlook of a bank by the rating agencies. Following the significant increase in non-performing loans in the Indian banking sector, including for us, rating agency Moody's revised the rating of a few public sector banks and the outlook for some public and private sector banks. While Moody's reaffirmed the Bank's senior unsecured debt rating at Baa3, the baseline credit assessment of the Bank was lowered from baa3 to ba1 and the outlook on the Bank's senior unsecured debt was changed from positive to stable in July 2017.

The rating of our foreign branches is impacted by the sovereign rating of the country in which the branch is located, particularly if the rating is below India's rating. Any revision to the sovereign rating of the countries in which we operate to below India's rating could impact the rating of our foreign branch in the jurisdiction and the bonds issued from these branches. In February 2016, Standard & Poor's placed bonds issued by the Bahrain branches of two Indian banks, including ICICI Bank, on credit watch with negative implications following its lowering of the sovereign rating of Bahrain. In June 2016, Standard & Poor's removed the ratings on the Bank's senior bonds from credit watch and maintained the existing ratings based on the execution of an irrevocable standby letter of credit guaranteeing the bonds by our branch in the Dubai International Financial Centre. See also "*—Risks Relating to Our Business—Our inability to effectively manage credit, market and liquidity risk and inaccuracy of our valuation models and accounting estimates may have an adverse effect on our earnings, capitalization, credit ratings and cost of funds*".

We have certain borrowings that would be affected by a one or two notch downgrade of the Bank's current credit rating. These borrowings amount to around 1.0% of our total borrowings at June 30, 2018. If an international credit rating agency downgrades the Bank's credit rating by one or two notches, we would be required to pay an increased interest rate on certain borrowings, and for certain borrowings, we would be required to renegotiate a new interest rate with our lenders. If we were not able to reach an agreement for an interest rate with a lender, the lender could require us to prepay the outstanding principal amount of the loan.

A significant increase in the price of crude oil could adversely affect the Indian economy, which could adversely affect our business.

India imports a majority of its requirements of petroleum oil and petroleum products, with crude oil comprising around 24% of total imports in fiscal 2018. The Government of India has deregulated prices and has been reducing the subsidy in respect of certain oil products, resulting in international crude prices having a greater effect on domestic prices of petroleum products. The increase in global crude oil prices in fiscal 2018 and continuing into fiscal 2019, has led to an increase in India's trade and current account deficits and has also impacted inflation levels and currency exchange rates. A further increase or volatility in oil prices, as well as the impact of currency depreciation, which makes imports more expensive in local currency, and the pass-through of such increases to Indian consumers or an increase in subsidies (which would increase the fiscal deficit) could have a material adverse impact on the Indian economy and the Indian banking and financial system, including through a rise in inflation and market interest rates, higher trade and fiscal deficits and currency depreciation. A prolonged period of elevated global crude oil prices could also adversely affect our business including our liquidity, the quality of our assets, our financial performance, our stockholders' equity, our ability to implement our strategy and the price of the Notes.

Current account deficits, including trade deficits, and capital flow and exchange rate volatility could adversely affect our business and the price of the Notes.

India's trade relationships with other countries and its trade deficit, may adversely affect Indian economic conditions and the exchange rate for the rupee. The current account deficit as a proportion of India's gross domestic product had improved significantly from a high of 4.7% in fiscal 2013 to 1.3% in fiscal 2015, 1.1% in fiscal 2016 and 0.7% in fiscal 2017, which was driven primarily by the sharp decline in crude oil and commodity prices and a slowdown in non-oil imports. In fiscal 2018, the current account deficit increased to 1.9% of India's gross domestic product and 2.4% during the three months ended June 30, 2018 following the increase in global prices of crude oil and other commodities, combined with the growth in non-oil imports. Rising volatility in capital flows due to changes in monetary policy in the United States or other economies or a reduction in risk appetite or increase in risk aversion among global investors and consequent reduction in global liquidity may impact the Indian economy and financial markets. For instance, during the first half of fiscal 2014, emerging markets including India witnessed significant capital outflows on account of concerns regarding the withdrawal of quantitative easing in the U.S. and other domestic structural factors such as the high current account deficit and lower growth outlook. In fiscal 2018, while concerns of India's current account deficit increased following the sharp rise in global commodity prices, the increase was offset by the strong inflow of foreign portfolio investments during the year along with a stable exchange rate and an increase in foreign exchange reserves. More recently, between April 2018 and September 2018 there has been an increase in risk aversion driven by a further rise in crude oil prices and the intensification in trade war between large economies, which has led to a decline in the exchange rate against the U.S. dollar and outflows in the capital account. The rupee depreciated by 11.4% to touch Rs. 72.5 per U.S. dollar between April 2018 and September 28, 2018.

Exchange rates are impacted by a number of factors including volatility of international capital markets, interest rates and monetary policy stance in developed economies like the United States, level of inflation and interest rates in India, the balance of payment position and trends in economic activity. From the beginning of fiscal 2013 through fiscal 2016, the rupee depreciated 30.4% against the U.S. dollar. In fiscal 2017, the rupee appreciated by about 2.1% against the U.S. dollar followed by a depreciation of 0.4% in fiscal 2018 and a further depreciation of 11.4% between April 2018 and September 28, 2018.

If the current account and trade deficits increase, or are no longer manageable because of factors impacting the trade deficit like a significant rise in global crude oil prices or otherwise, the Indian economy, and therefore our business, our financial performance and the price of the Notes could be adversely affected. Any reduction of or increase in the volatility of capital flows may impact the Indian economy and financial markets and increase the complexity and uncertainty in monetary policy decisions in India, leading to volatility in inflation and interest rates in India, which could also adversely impact our business, our financial performance, our stockholders' equity, and the price of the Notes.

Further, any increased intervention in the foreign exchange market or other measures by the Reserve Bank of India to control the volatility of the exchange rate, may result in a decline in India's foreign exchange reserves and reduced liquidity and higher interest rates in the Indian economy, which could adversely affect our business, our future financial performance and the price of the Notes. A sharp depreciation in the exchange rate may also impact some corporate borrowers having foreign currency obligations that are not fully hedged. See also "*—Risks Relating to Our Business—We and our customers are exposed to fluctuations in foreign exchange rates*".

Financial difficulty and other problems in the Indian financial system could adversely affect our business and the price of the Notes.

We were declared a systemically important bank in India by the Reserve Bank of India in August 2015, and have continued to be categorized as a systemically important bank in India in subsequent years. See also "*Overview of the Indian Financial Sector*". We are not treated as a globally systemically important bank, either by the FSB or the Reserve Bank of India. As a systemically important Indian bank, we are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as systemic risk, may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect our business. For instance, recently, a large systemically important non-deposit taking non-banking financial company, defaulted on its repayments on short-term market instruments leading to adverse market reactions including a sharp drop in share prices of non-banking financial companies, increase in yields on their debt and tightening liquidity conditions leading to refinancing challenges for these companies. Our transactions with these financial institutions expose us to credit risk in the event of default by the counterparty, which can be exacerbated during periods of market illiquidity. See also "*—Risks Relating to Our Business—There is operational risk associated with the financial industry which, when realized, may have an adverse impact on our business*".

As the Indian financial system operates in an emerging market, we face risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme. For instance, in April 2003, unsubstantiated rumors alleged that we were facing liquidity problems. Although our liquidity position was sound, we witnessed higher than normal deposit withdrawals on account of these unsubstantiated rumors for a few days in April 2003. In 2008, following the bankruptcy of Lehman Brothers and the disclosure of our exposure to Lehman Brothers and other U.S. and European financial institutions, negative rumors circulated about our financial position which resulted in concerns being expressed by depositors and higher than normal transaction levels on a few days. We controlled the situation in these instances, but any failure to control such situations in the future could result in high volumes of deposit withdrawals, which would adversely impact our liquidity position, disrupt our business and, in times of market stress, undermine our financial strength.

We could also face risks from the inability of Indian banks in general to resolve non-performing loans and take timely decisions, particularly in the case of borrowers that may have taken loans from multiple banks. The Reserve Bank of India is addressing credit and concentration risks through measures like limiting the banking system's exposure to large borrowers, enabling a comprehensive assessment of leverage by requiring all exposures to borrowers above a specified threshold to be reported by banks into a common database, and guidelines for identifying stress in borrower accounts at an early stage and implementing a resolution plan for any overdue account within specified timelines. While these steps will reduce potential problems in borrower accounts and improve credit decisions among banks, there can be no assurance that in the event of stress, banks will be able to make timely decisions and agree on a resolution plan within prescribed timelines and avoid referral of these accounts under the Insolvency and Bankruptcy Code, 2016, which could significantly reduce the value of these assets and recovery for banks. See also "*—Risks Relating to Our Business—Our level of non-performing assets is elevated, and if the level of our non-performing assets increases further and the overall quality of our loan portfolio continues to deteriorate, our business will suffer*".

Natural calamities, climate change and health epidemics could adversely affect the Indian economy, or the economy of other countries where we operate, our business and the price of the Notes.

India has experienced natural calamities such as earthquakes, floods and droughts in the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy. In particular, climatic and weather conditions, such as the level and timing of monsoon rainfall, impact the agricultural sector, which constituted approximately 14.8% of India's gross value added in fiscal 2018. Prolonged spells of below or above normal rainfall or other natural calamities, or global or regional climate change, could adversely affect the Indian economy and our business, especially our rural portfolio. Similarly, global or regional climate change in India and other countries where we operate could result in change in weather patterns and frequency of natural calamities like droughts, floods and cyclones, which could affect the economy of India, the countries where we operate and our operations in those countries.

Health epidemics could also disrupt our business. In 2018, there were outbreaks of the nipah virus, in certain regions of southeast Asia, including India and several countries in which we operate. Any future outbreak of health epidemics may restrict the level of business activity in affected areas, which may in turn adversely affect our business and the price of the Notes could be adversely affected.

A significant change in the Indian Government's policies could adversely affect our business and the price of the Notes.

Our business and customers are predominantly located in India or are related to and influenced by the Indian economy. The Indian Government has traditionally exercised, and continues to exercise, a dominant influence over many aspects of the economy. The Indian Government's policies could adversely affect business and economic conditions in India, our ability to implement our strategy, the operations of our subsidiaries and our future financial performance. Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector and encouraging the development of the Indian financial sector. While a single party achieved majority in the general elections in fiscal 2015, India has been governed by coalition governments in previous years. The leadership of India and the composition of the Government of India are subject to change, and election results are sometimes not along expected lines. It is difficult to predict the economic policies that will be pursued by government in the future. In addition, investments by the corporate sector in India may be impacted by the Indian Government's policies and decisions, including with respect to awards of licenses and resources, access to land and natural resources and policies with respect to protection of the environment. Such policies and decisions may result in delays in execution of projects, including those financed by us, and also limit new project investments, and thereby impact economic growth.

The pace of economic liberalization could change, and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. For instance, the Government of India has introduced a uniform Goods and Services Tax system, which has an impact on the way in which we are taxed and may have an impact on the operations and cash flows of our borrowers. There could also be one-time decisions by the Government of India that could impact our business and financial performance. For instance, the Government of India's decision in the second half of fiscal 2017 to withdraw legal tender status of high denomination currency notes led to an increase in costs associated with the transition and the reduction in revenues due to accompanying measures such as the reduction or waiver of transaction charges for ATM and card transactions for the specified period. There was also a surge in low cost deposits resulting in a significant increase in liquidity in the banking system and a reduction in cost of funds. During fiscal 2018, the Reserve Bank of India identified specific accounts and required banks to either commence proceedings under the Insolvency and Bankruptcy Code or finalise resolution plans within specified timelines and also required banks to make higher provisions for these accounts. A new framework for the resolution of stressed assets was also introduced during the year, withdrawing existing resolution schemes and resulting in classification of majority of loans under these schemes as non-performing in fiscal 2018. Any changes in regulations or significant change in India's economic policies or any market volatility as a result of uncertainty surrounding India's macroeconomic policies or the future elections of the Government of India could adversely affect business and economic conditions in India generally and our business in particular and the price of the Notes could be adversely affected.

If regional hostilities, terrorist attacks, or social unrest in India or elsewhere increase, our business and the price of the Notes could be adversely affected.

India has from time to time experienced social and civil unrest and hostilities both internally and with neighboring countries. In the past, there have been military confrontations between India and Pakistan, and border disputes with neighboring countries. India has also experienced terrorist attacks in some parts of the country, including in Mumbai, where our headquarters are located. India could also be impacted by intensifying trade wars between large economies, like the U.S. recently increasing trade tariffs on goods imported from China, or possible import restrictions on Indian goods by trading partners, that could have an adverse impact on India's trade and capital flows, exchange rate and macroeconomic stability. In addition, geopolitical events in the Middle East, Asia and Eastern Europe or terrorist or military action in other parts of the world may impact prices of key commodities, financial markets and trade and capital flows. These factors and any political or economic instability in India could adversely affect our business, our future financial performance and the price of the Notes.

Uncertainty about the future of LIBOR may adversely affect our business.

On July 27, 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. It is impossible to predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of LIBOR or whether any additional reforms to LIBOR may be enacted in the United Kingdom or elsewhere. At this time, no consensus exists as to what rate or rates may become accepted alternatives to LIBOR and it is impossible to predict the effect of any such alternatives on the value of LIBOR-based securities and variable rate loans or other financial arrangements, given LIBOR's role in determining market interest rates globally. Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR may adversely affect LIBOR rates and other interest rates. In the event that a published LIBOR rate is unavailable after 2021, the value of such securities, loans or other financial arrangements may be adversely affected, and, to the extent that we are the issuer of or obligor under any such instruments or arrangements, our cost thereunder may increase. Currently, the manner and impact of this transition and related developments, as well as the effect of these developments on our funding costs, investment and trading securities portfolios and business, is uncertain.

Uncertain enforcement of civil liabilities could adversely affect our business and the price of the Notes.

We are incorporated under the laws of India and most of our Directors and executive officers reside outside the United States. In addition, a substantial portion of our assets are located outside the United States. As a result, investors in the Notes may be unable to:

- effect service of process within the United States upon us and other persons or entities; or

- enforce in the U.S. courts judgments obtained in the U.S. courts against us and other persons or entities, including judgments predicated upon the civil liability provision of the federal securities laws of the United States.

The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India.

However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States within three years of obtaining such final judgment. If and to the extent that Indian courts were of the opinion that fairness and good faith so required, they would, under current practice, give binding effect to the final judgment which had been rendered in the United States, unless such a judgment contravened principles of public policy of India. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered in the United States if it believed that the amount of damages awarded was excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the Reserve Bank of India to execute such a judgment or to repatriate any amount recovered. For more information, see "*Enforceability of Civil Liabilities*" in this Offering Circular.

Risks Relating to Our Business

Our level of non-performing assets is elevated, and if the level of our non-performing assets increases further and the overall quality of our loan portfolio continues to deteriorate, our business will suffer.

As a result of widespread economic challenges faced by the Indian economy in general and the corporate sector in particular, as well as changes to Reserve Bank of India policies and guidelines related to non-performing and restructured loans and other changes to the law affecting non-performing and restructured loans, the non-performing loans and provisions of a number of Indian banks, including us, increased significantly in fiscal 2016, fiscal 2017 and fiscal 2018. Additional adverse economic, regulatory and legal developments could cause further increases in the level of our non-performing assets and adversely impact the quality of our loan portfolio. If the level of our non-performing assets increases further and the overall quality of our loan portfolio deteriorates, our provisioning costs could increase, our net interest income and net interest margin could be negatively impacted due to non-accrual of income on non-performing loans, our credit ratings and liquidity may be adversely impacted, we may become subject to enhanced regulatory oversight and scrutiny, and our reputation, our business, our future financial performance and the price of the Notes could be adversely impacted.

The Indian economy experienced challenges in recent years that, together with other economic developments, led to an increase in non-performing and restructured corporate loans in the Indian banking sector, including for us, and a substantial moderation in overall loan growth. See also "*—Risks Relating to India and Other Economic and Market Risks—A prolonged slowdown in economic growth or rise in interest rates in India could cause our business to suffer*". In addition to Indian economic challenges, regulatory and legal changes in India have also contributed to increases in non-performing assets and provisions. See also "*—Risks Relating to India and Other Economic and Market Risks—A significant change in the Indian Government's policies could adversely affect our business and the price of the Notes*".

As a result of the challenges faced by the Indian economy, including the Indian corporate sector, and the regulatory and legal developments affecting non-performing assets, Indian banks, including us, experienced a substantial increase in the level of additions to non-performing loans during the second half of fiscal 2016. The increases in non-performing customer assets continued during fiscal 2017 and fiscal 2018, with our gross non-performing customer assets increasing significantly from Rs. 425.52 billion at year-end fiscal 2017 to Rs. 540.63 billion at year-end fiscal 2018. The gross non-performing customer assets were Rs. 534.65 billion at June 30, 2018. The non-fund-based facilities (e.g., the undrawn portion of committed facilities) outstanding to borrowers classified as non-performing were Rs. 29.29 billion at June 30, 2018. Our provisions for non-performing assets including restructuring related provisions continued to be high in fiscal 2018, primarily due to higher additions to non-performing assets in the corporate and small and medium-sized enterprises loan portfolio, provisions on certain cases referred to National Company Law Tribunal under the provisions of the Insolvency and Bankruptcy Code and provisions on loans classified as non-performing in earlier years. During the three months ended June 30, 2018, provisions were Rs. 59.71 billion compared to Rs. 26.09 billion during the three months ended June 30, 2017. The Bank made a net loss of Rs. 1.20 billion during the three months ended June 30, 2018. At June 30, 2018, the fund-based and non fund-based outstanding to standard borrowers in the corporate and small and medium-sized enterprises segment rated BB and below was Rs. 246.29 billion.

Our levels of non-performing loans are expected to remain elevated in the near term. Additional adverse economic, regulatory and legal developments—including regulatory and legal changes affecting our loan portfolio, downgrades of restructured loans into non-performing status, and challenging economic conditions affecting our project finance loan portfolio or other key sectors—could cause further increases in the level of our non-performing assets and have a material adverse impact on the quality of our loan portfolio.

See also "—If regulatory and legal changes continue to impose increasingly stringent requirements regarding non-performing loans and provisioning for such loans, our business will suffer", "—If our restructured borrowers fail to perform as expected and the loans to them are recategorized to the non-performing category, our business will suffer", "—Our loan portfolio includes long-term project finance loans, which are particularly vulnerable to completion and other risks" and "—We have a high concentration of loans to certain customers, borrower groups and sectors and if a substantial portion of these loans become non-performing, the overall quality of our loan portfolio, our business and the price of the Notes could be adversely affected".

If regulatory and legal changes continue to impose increasingly stringent requirements regarding non-performing loans and provisioning for such loans, our business will suffer.

If regulators, including the Reserve Bank of India, continue to impose increasingly stringent requirements regarding non-performing loans and provisioning for such loans, the level of non-performing loans could increase, and the overall quality of our loan portfolio could deteriorate.

Banks in India are required to make provisions for all their loans in accordance with guidelines issued by the Reserve Bank of India, which prescribe the accounting for loss provisioning, unlike in the United States and European Union where a separate body sets accounting standards, including for provisioning. Under the Reserve Bank of India guidelines, Indian banks are required to make provisions on standard, sub-standard and doubtful assets at rates prescribed by the Reserve Bank of India. We provide for non-performing corporate loans in line with the Reserve Bank of India guidelines. We make provisions on retail non-performing loans at the borrower level in accordance with the retail assets provisioning policy of the Bank, subject to the minimum provisioning levels prescribed by the Reserve Bank of India. We hold higher specific provisions on retail loans and advances than the minimum regulatory requirement and make provisions on restructured/rescheduled loans and advances in accordance with the applicable Reserve Bank of India guidelines on restructuring of loans and advances by banks. In addition to the specific provision on non-performing assets, we maintain a general provision on standard loans and advances and restructured loans and advances at rates prescribed by the Reserve Bank of India.

The Reserve Bank of India has substantially expanded its guidance relating to the identification and classification of non-performing assets over the last four years, which has resulted in an increase in our loans classified as non-performing and an increase in provisions. Nevertheless, these provisions may not be adequate to cover further increases in the amount of non-performing loans or further deterioration in our non-performing loan portfolio. In addition, the Reserve Bank of India's annual supervisory process may assess higher provisions than we have made.

Effective April 1, 2014, the Reserve Bank of India issued guidelines which included a framework for early identification and resolution of stressed assets. The guidelines introduced an asset classification category of "special mention accounts", which comprised cases that were not yet restructured or classified as non-performing but which exhibited early signs of stress, as determined by various parameters. Banks were required to share data with each other on a category of special mention accounts, form joint lenders' forums and devise action plans for the joint resolution of these accounts. Any failure to do so within stipulated timeframes could result in accelerated provisioning for such cases and could materially and adversely impact our business and future financial performance. From April 1, 2015 onwards, loans that were restructured (other than due to a delay in project implementation up to specified periods) have to be classified as non-performing assets. Loans to projects under implementation that are restructured due to a delay in implementation of the project (up to a specified period) enjoy forbearance in classification as non-performing assets, subject to the fulfillment of certain conditions stipulated by the Reserve Bank of India.

During the three months ended December 31, 2015, against the backdrop of continuing challenges in the corporate sector, the Reserve Bank of India articulated an objective of early and conservative recognition of stress and provisioning and held discussions with and asked a number of Indian banks, including us, to review certain loan accounts and their classification over the six months ended March 31, 2016. As a result of the challenges faced by the corporate sector and the discussions with and review by the Reserve Bank of India, non-performing loans increased significantly for the banking system, including us, during the second half of fiscal 2016.

In April 2017, the Reserve Bank of India directed banks to put in place board-approved policies for making provisions for standard assets at rates higher than those prescribed by the Reserve Bank of India, based on industry sectors and an assessment of sectoral risks and trends. In particular, the Reserve Bank of India highlighted risks in the telecom sector and directed banks to complete the assessment with respect to this sector by June 30, 2017. Furthermore, in April 2017, the Reserve Bank of India required banks to disclose the divergence in asset classification and provisioning between what banks report and what the Reserve Bank of India assesses through the Reserve Bank of India's annual supervisory process. The disclosure is required if either the additional provisioning requirement assessed by the Reserve Bank of India exceeds 15.0% of the published net profits after tax for the period, or the additional gross non-performing assets identified by the Reserve Bank of India exceeds 15.0% of the published incremental gross non-performing assets for the reference period, or both. For the year ended March 31, 2016, as compared to our assessment, the Reserve Bank of India's assessment of gross non-performing assets was Rs. 51.05 billion higher, net non-performing assets were Rs. 40.34 billion higher and provisions for non-performing assets were Rs. 10.71 billion higher.

After adjusting for these divergences, our net profit after tax for the year ended March 31, 2016 would have been Rs. 90.26 billion rather than Rs. 97.26 billion. For fiscal 2017, the assessment of divergence in asset classification and provisioning, conducted by the Reserve Bank of India in fiscal 2018, was lower than the prescribed thresholds and did not require any additional disclosures. For further information, see also *Note 18 to Schedule 18* "*Notes Forming part of the Accounts*" to the standalone financial statements. There can be no assurance that such disclosures will not impact us, our reputation, our business and future financial performance. There could be a possibility of the Reserve Bank of India or other regulatory bodies also taking enforcement action based on divergences in the assessment of asset classification and provisioning. Our subsidiaries are also regulated by their respective regulatory bodies. Similar to us, there may arise a requirement for additional disclosures from our subsidiaries in future, which may have an adverse impact on us.

In June 2017, the Reserve Bank of India directed banks to commence proceedings under the Insolvency and Bankruptcy Code, enacted in 2016, in respect of certain corporate borrowers. Under the Insolvency and Bankruptcy Code, a resolution plan for these borrowers would be required to be finalized within specified timeframes, failing which the borrowers would go into liquidation. The Reserve Bank of India has also specified higher provisions in respect of loans to these borrowers. In August 2017, the Reserve Bank of India identified additional accounts and directed banks to initiate an insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code by December 31, 2017 if a resolution plan where the residual debt was rated investment grade by two external credit rating agencies was not implemented by December 13, 2017. Further, on February 12, 2018, the Reserve Bank of India issued a revised framework for resolution of stressed assets, which requires commencement of proceedings under the Insolvency and Bankruptcy Code in respect of borrowers where a resolution satisfying specified criteria could not be achieved within a prescribed timeframe. Certain borrowers and industry associations representing affected firms filed petitions challenging the Reserve Bank of India's revised framework for resolution of stressed assets dated February 12, 2018 in various High Courts. Subsequently, the Reserve Bank of India petitioned the Supreme Court to transfer all such petitions filed before various High Courts to the Supreme Court. On September 11, 2018, the Supreme Court, while allowing the Reserve Bank of India's transfer petition, passed an order transferring all such petitions pending before various High Courts to itself and requiring status quo as on that date to be maintained. The next hearing date in the Supreme Court is November 14, 2018. Given that the process of resolution of accounts referred under the Insolvency and Bankruptcy Code is still evolving, with periodic amendments being incorporated into the framework as well as litigation and judicial decisions impacting the framework, there is uncertainty regarding the impact of resolution of these borrowers and whether such resolution will be achieved, which may result in higher provisions and credit losses. The Reserve Bank of India may identify other corporate borrowers for action under the Insolvency and Bankruptcy Code and may require banks to commence similar proceedings, which may further impact our provisioning and credit loss.

In August 2017, the Securities and Exchange Board of India issued a circular requiring listed companies to disclose to the stock exchanges, within one working day, any event of default in payment of interest on installment obligations on debt securities including commercial paper, medium term notes, loans from banks and financial institutions, external commercial borrowing and other forms of debt. The circular was to be effective from October 1, 2017, but has been deferred.

In February 2018, the Reserve Bank of India issued directions and guidelines aimed at time-bound resolution of non-performing and stressed borrowers, withdrawal of earlier resolution schemes and commencement of proceedings under the Insolvency and Bankruptcy Code in respect of borrowers where a resolution satisfying specified criteria could not be achieved within a prescribed timeframe. Apart from the withdrawal of earlier resolution mechanisms, the guidelines have also withdrawn the Joint Lenders' Forum, a committee formed by banks to explore options for resolution. The guidelines withdrew the standstill benefit for classification of borrower accounts and resulted in banks, including us, classifying assets under the resolution schemes of the Reserve Bank of India as non-performing on an accelerated basis. The impact of these measures on the corporate and banking sectors is uncertain.

If our restructured borrowers fail to perform as expected and the loans to them are recategorized to the non-performing category, our business will suffer.

Our standard assets also include restructured standard loans. See also "*Description of ICICI Bank—Classification of Loans—Restructured Loans*". At June 30, 2018, our net restructured standard loans were Rs. 14.13 billion. We had experienced a significant increase in the amount of standard restructured loans that were re-categorized to the non-performing category till fiscal 2016. The principal amount of such re-categorized loans increased from Rs. 7.27 billion in fiscal 2014 to Rs. 45.29 billion in fiscal 2015 and further to Rs. 53.00 billion in fiscal 2016. The restructured loans re-categorized to the non-performing category declined to Rs. 45.20 billion in fiscal 2017, Rs. 22.84 billion in fiscal 2018 and further to Rs. 0.82 billion during the three months ended June 30, 2018. The failure of some of our restructured borrowers to perform as expected and the Reserve Bank of India's review of the loan portfolios of Indian banks could result in an increase in non-performing loans. The performance of our restructured borrowers is dependent on various factors, including economic conditions, in India and globally, movements in global commodity markets prices and exchange rates, rise in interest rates, inflation and distress in certain sectors, in addition to regulatory change.

See also "—If regulatory and legal changes continue to impose increasingly stringent requirements regarding non-performing loans and provisioning for such loans, our business will suffer" and "Supervision and Regulation—Loan Loss Provisions and Non-Performing Assets—Asset Classification—Restructured loans".

Our loan portfolio includes long-term project finance loans, which are particularly vulnerable to completion and other risks.

The quality of our project finance portfolio could be adversely impacted by several factors. The viability of these projects depends upon a number of factors, including market demand, government policies, the processes for awarding government licenses and access to natural resources and their subsequent judicial or other review, the financial condition of the government or other entities that are the primary customers for the output of such projects and the overall economic environment in India and the international markets. These projects are particularly vulnerable to a variety of risks, including risks of delays in regulatory approvals, environmental and social issues, completion risk and counterparty risk, which could adversely impact their ability to generate revenues. In the past, we have experienced a high level of default and restructuring in our industrial and manufacturing project finance loan portfolio as a result of the downturn in certain global commodity markets and increased competition in India. Our loans to the power sector were 6.1% of our total loans at March 31, 2016, 6.3% at March 31, 2017, 5.1% at March 31, 2018 and 5.2% at June 30, 2018. Power projects face a variety of risks, including access to fuel such as coal and gas, volatility in pricing of power and off-take of the power produced. Coal based power projects in India have experienced delays primarily due to environmental concerns around coal mining and the de-allocation of coal blocks allocated to companies. In addition, power projects inherently have high leverage levels and volatility in capital markets and concerns about the implementation of these projects and their future cash flows may constrain the availability of equity funding for such projects. Any reduction in the output of operational power plants or the projected output of newly commissioned or under-implementation power projects due to lower availability of fuel, higher fuel costs that cannot be passed through to purchasers and inability of state-owned power distribution utilities to purchase or pay for power due to their financial condition, or a decline in the price of power, may have an adverse impact on the financial condition of power producers and their ability to service their debt obligations, including to us. We cannot be sure that these projects will begin operations as scheduled or perform as anticipated. A change in the ownership and management of these projects could further delay the commencement of operations. We may see an increase in our non-performing assets or restructured assets in case of delays from the scheduled commercial date of operations of such projects, which are longer than that permitted by the Reserve Bank of India guidelines.

Our loan portfolio also includes project finance, corporate finance, and working capital loans to commodity-based sectors such as iron and steel and mining, which are subject to similar and additional risks, as well as global commodity price cycles. For instance, during fiscal 2016, due to a slowdown in global demand for steel, there was a sharp decline in global steel prices, which in turn impacted Indian steel companies. Capacity utilization of steel companies declined and profitability came under pressure. The Government of India announced certain policy measures, including a minimum price for procuring steel from overseas markets, which have benefited the Indian steel sector. However, we cannot be certain that such or any other measures will continue to be introduced by the Government of India in the future. A slowdown in the Indian and global economy may exacerbate the risks for the projects that we have financed. Future project finance losses or high levels of loan restructuring could have a materially adverse effect on our profitability and the quality of our loan portfolio and the price of the Notes.

We have a high concentration of loans to certain customers, borrower groups and sectors and if a substantial portion of these loans become non-performing, the overall quality of our loan portfolio, our business and the price of the Notes could be adversely affected.

Our loan portfolio and non-performing asset portfolio have a high concentration in certain types of customers. ICICI Bank's policy is to limit its exposure to any particular industry, other than retail loans, to 15.0% of its total exposure. Our loans and advances to the retail finance segment constituted 55.3% of our gross loans and advances at June 30, 2018. Our loans and advances to the services-finance sector were 6.7%, to the power sector were 5.2%, to the infrastructure sector (excluding power) were 3.9%, to the iron and steel sector were 3.1% and to the non-finance services sector were 2.9% of our gross loans and advances at June 30, 2018.

There are uncertainties in respect of certain sectors due to global and domestic economic conditions and high corporate leverage. The key sectors that have been impacted include power, mining, iron and steel, cement and rigs. At June 30, 2018, ICICI Bank's exposures (including outstanding unfunded commitments) to companies internally rated below investment grade (excluding accounts classified as non-performing or restructured) were Rs. 26.77 billion (0.3% of the Bank's total exposure) to iron and steel, Rs. 12.49 billion (0.1%) to power, Rs. 4.30 billion to mining and Rs. 0.45 billion to cement and rigs. Our consolidated net loans to accounts internally rated below investment grade (including net non-performing and restructured loans) were Rs. 246.29 billion at June 30, 2018.

Pursuant to the guidelines of the Reserve Bank of India, the Bank's credit exposure to an individual borrower must not exceed 15.0% of its capital funds, unless the exposure is with regards to an infrastructure project. Capital funds refer to Tier 1 and Tier 2 capital after regulatory adjustments as per the Reserve Bank of India guideline 'Master Circular - Basel III Capital Regulations'. ICICI Bank's exposure to a group of companies under the same management control generally must not exceed 40.0% of its capital funds unless the exposure is towards an infrastructure project, as per the Reserve Bank of India guidelines. Banks may, in exceptional circumstances, with the approval of their boards, enhance the exposure by 5.0% of capital funds (i.e., aggregate exposure can be 20.0% of capital funds for an individual borrower and aggregate exposure can be 45.0% of capital funds for a group of companies under the same management). At June 30, 2018, our largest non-bank borrower accounted for 11.1% of our capital funds. The largest group of companies under the same management control accounted for 21.5% of our capital funds. At June 30, 2018, the Bank's exposure to its 20 largest borrowers (including banks) was 12.9% of our total exposure, and our credit exposure to our 20 largest borrowers (including banks) was 13.0% of the Bank's total credit exposure.

In December 2016, the Reserve Bank of India released a framework for large exposures with limits on exposure of banks to single counterparty and a group of connected counterparties. As per this framework, the sum of all the exposure values of a bank to a single counterparty must not be higher than 20% of the bank's available eligible capital base at all times and the sum of all the exposure values of a bank to a group of connected counterparties must not be higher than 25% of the bank's available eligible capital base at all times. This framework is expected to be implemented in full by April 1, 2019 and the exposure norms currently applicable for credit exposure to individual borrower or to group of companies/group of companies under same management control will no longer be applicable from that date. Banks are required to gradually adjust their exposures so as to comply with the limits given in the framework for large exposures.

In August 2016, the Reserve Bank of India issued guidelines proposing that large borrowers should reduce reliance on banks for their additional funding and access market borrowings and other funding sources. The exposure of the banking system to large borrowers would attract higher risk weights and provisioning. Borrowers to be considered for this purpose would be those having an aggregate fund-based credit limit of Rs. 250.0 billion at any time during fiscal 2018. This will be gradually reduced to Rs. 150.0 billion in fiscal 2019 and to Rs. 100.0 billion from fiscal 2020 onwards. Bank lending in excess of 50.0% of the incremental funds raised by these borrowers attracts higher risk weights and provisioning from April 1, 2018. Further, the Securities and Exchange Board of India released a consultation paper in July 2018 which proposed that a company rated AA and above and with an outstanding long term borrowing of Rs. 1.00 billion and above at March 31 in any given year, should necessarily raise 25% of its incremental borrowings for the following year through the bond market. This is proposed to be effective from April 1, 2019. These guidelines, and our focus on controlling and reducing concentration risk, may restrict our ability to grow our business with some customers, and require us to reduce our exposure to some groups.

Our strategy with respect to our loan portfolio comprises growing the retail portfolio with a focus on enhancing the customer franchise and lending to higher rated, well-established corporates. The Bank will remain cautious in lending to projects under implementation. See also "*Description of ICICI Bank—Strategy*". We have been focusing on resolution of exposures and have created a framework for managing concentration risk which specifies various single borrower and group exposure thresholds and the authorization matrix that must be followed in case exposures exceed the stipulated thresholds. There can be no assurance that we will be able to successfully implement our strategy and control or reduce the level of concentration. See also "*Description of ICICI Bank—Loan Portfolio—Loan Concentration*".

Our exposure to the securities of asset reconstruction companies could generally affect our business, financial condition and results of operations.

We also have investments in security receipts arising from the sale of non-performing assets by us to reconstruction companies registered with the Reserve Bank of India. See also "*Description of ICICI Bank—Classification of Loans*". There can be no assurance that reconstruction companies will be able to recover these assets and redeem our investments in security receipts and that there will be no reduction in the value of these investments. Any such inability to recover assets or redeem our investments without a diminution in value could generally affect our business, financial condition and results of operations. In September 2016, the Reserve Bank of India issued a framework for sale of stressed assets. As per this framework, with effect from April 1, 2017, provisions held for investment in security receipts will be subject to a floor rate applicable to the underlying loans (the provisions the bank would have had to make if the loans had continued to be held in its books), if more than 50% of the security receipts are held by the bank that sold the loans. The threshold of 50% was reduced to 10% from April 1, 2018 as per the framework. Further, the framework requires banks to maintain an internal list of stressed assets identified for sale and review assets classified as 'doubtful' above a threshold amount on a periodic basis with a view to consider a sale or other disposition.

The value of our collateral may decrease or we may experience delays in enforcing our collateral when borrowers default on their obligations to us which may result in failure to recover the expected value of collateral security exposing us to a potential loss.

A substantial portion of our loans to corporate and retail customers is secured by collateral. See also "*Description of ICICI Bank—Loan Portfolio—Collateral—Completion, Perfection and Enforcement*". Changes in asset prices may cause the value of our collateral to decline, and we may not be able to realize the full value of our collateral as a result of delays in bankruptcy and foreclosure proceedings, delays in the creation of security interests, defects or deficiencies in the perfection of collateral (including due to inability to obtain approvals that may be required from various persons, agencies or authorities), fraudulent transfers by borrowers and other factors, including depreciation in the value of the collateral and illiquid market for disposal of and volatility in the market prices for the collateral, current legislative provisions or changes thereto and past or future judicial pronouncements.

In India, foreclosure on collateral consisting of property can be undertaken directly by lenders by fulfilling certain procedures and requirements (unless challenged in courts of law) or otherwise by a written petition to an Indian court or tribunal. An application, when made (or a legal challenge to the foreclosure undertaken directly), may be subject to delays or administrative requirements that may result in, or be accompanied by, a decrease in the value of collateral. These delays can last for several years and might lead to deterioration in the physical condition or market value of the collateral. In the event a corporate borrower is in financial difficulty and unable to sustain itself, it may opt for the process of voluntary winding up. If a company becomes a "sick unit" (as defined under Indian law, which provides for a unit to be so categorized based on the extent of its accumulated losses relative to its stockholders' equity), foreclosure and enforceability of collateral is stayed. In some cases, we may repossess collateral in lieu of principal and interest dues but may experience delays in liquidating the collateral. The Insolvency and Bankruptcy Code enacted in 2016 provides for a time-bound mechanism to resolve stressed assets. Further, the new framework for resolution of stressed assets introduced in February 2018 by the Reserve Bank of India requires banks to implement a plan to resolve within 180 days any overdue account where aggregate exposure of the lenders is Rs. 20.0 billion or more, failing which the borrower would have to be referred for resolution under the Insolvency and Bankruptcy Code. The process of resolution of accounts referred under the Insolvency and Bankruptcy Code is still evolving, with periodic amendments being incorporated in the framework through both legislation and judicial decisions. This could delay the resolution of accounts referred. Should the resolution of accounts not be achieved, the borrowers will go into liquidation, and the market value of the collateral may come down thus impacting the recovery of dues by lenders.

In addition, for collateral we hold in jurisdictions outside India, the applicable laws and regulations in such jurisdictions may impact our ability to foreclose on collateral and realize its value. Failure to recover the expected value of collateral could expose us to potential losses, which could adversely affect our future financial performance, our stockholders' equity and the price of the Notes.

The exposures of our international branches and subsidiaries could generally affect our business, financial condition and results of operations.

The loan portfolio of our international branches and subsidiaries includes foreign currency loans to Indian companies for their Indian operations (where permitted by regulation) as well as for their overseas ventures, including cross-border acquisitions. This exposes us to specific additional risks including the failure of the acquired entities to perform as expected, and our inexperience in various aspects of the economic and legal framework in overseas markets. See *also* "*—Our international operations increase the complexity of the risks that we face*".

The classification of the loan portfolio of our overseas branches and subsidiaries is also subject to the regulations of respective local regulators. Such loans that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the current Reserve Bank of India guidelines, are classified as non-performing to the extent of the amount of outstanding loan in the host country. Overseas regulators may also require higher provisions against loans held in their jurisdictions. Further, some of our branches and subsidiaries will commence preparation of financial statements under International Financial Reporting Standards, including International Financial Reporting Standard 9—Financial Instruments, or under Indian accounting standards converging with this standard, from fiscal 2019, which will impact asset classification and provisioning. Such classification of loans as non-performing based on host country regulations may lead to an adverse impact on our business, our future financial performance and the price of the Notes.

Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance.

Interest rates in India are impacted by a range of factors including inflation, fiscal deficit and government borrowing, monetary policy and market liquidity. For instance, in July 2013, with a view to manage the volatility in the exchange rate, the Reserve Bank of India introduced measures to reduce liquidity in the Indian banking system and increase the cost of borrowing from the Reserve Bank of India.

As a result of certain reserve requirements of the Reserve Bank of India, we are more structurally exposed to interest rate risk than banks in many other countries. See also *"Supervision and Regulation—Legal Reserve Requirements*". These requirements result in our maintaining a large portfolio of fixed income Government of India securities, and we could be materially adversely impacted by a rise in interest rates, especially if the rise were sudden or sharp. Realized and marked-to-market gains or losses on investments in fixed income securities, including Government of India securities, are an important element of our profitability and are impacted by movements in market yields. A rise in yields on government securities reduces our profits from this activity and the value of our fixed income portfolio. There was a sharp increase in government bond yields between January 2018 and March 2018. Further, in April 2018, the Reserve Bank of India advised banks to create an investment fluctuation reserve (the "Investment Fluctuation Reserve"), equivalent to at least 2.0% of the held-for-trading and available-for-sale portfolio, on a continuing basis, from fiscal 2019. This measure is aimed at protecting banks against a sudden increase in government bond yields. The requirement to maintain a large portfolio of government securities also has a negative impact on our net interest income and net interest margin because we earn interest on a portion of our assets at rates that are generally less favorable than those typically received on our other interest-earning assets. We are also exposed to interest rate risk through our treasury operations as well as the operations of certain of our subsidiaries, including ICICI Lombard General Insurance Company, which has a portfolio of fixed income securities, and ICICI Securities Primary Dealership, which is a primary dealer in Government of India securities. In our asset management business, we manage money market mutual funds whose performance is impacted by a rise in interest rates, which adversely impacts our revenues and profits from this business. See also "*—Risks Relating to India and Other Economic and Market Risks—A prolonged slowdown in economic growth or rise in interest rates in India could cause our business to suffer*" *and* "*—Risks Relating to India and Other Economic and Market Risks—Current account deficits, including trade deficits, and capital flow and exchange rate volatility could adversely affect our business and the price of the Notes"*.

If the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or if our cost of funds does not decline at the same time or to the same extent as the decrease in yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. Any systemic decline in low cost funding available to banks in the form of current and savings account deposits would adversely impact our net interest margin. The

Reserve Bank of India has deregulated the interest rate on savings deposits, following which some banks in India are offering higher interest rates on their savings deposit accounts. If other banks with whom we compete similarly raise their savings account deposit rates, we may also have to do so to remain competitive and this would adversely impact our cost of funds. In fiscal 2018, several large banks, including us, reduced the interest rate on savings account deposits up to a specified amount following the reduction in lending rates, high systemic liquidity and subdued credit growth. At the same time, some banks continued to offer higher interest rates on savings bank accounts. During fiscal 2018, a large private sector bank introduced a new interest rate of 6.0% for savings account deposits where balances of Rs. 100.0 million and above were being maintained. Such revisions in deposit interest rates, or introduction of higher interest rates for accounts with higher balances, by banks with whom we compete may also lead to revisions in our deposit rates to remain competitive and this could adversely impact our cost of funds.

In December 2015, the Reserve Bank of India released guidelines on computation of lending rates based on the marginal cost of funds methodology which is applicable on incremental lending from April 1, 2016. This change in the methodology for calculating cost of funds led to lower lending rates, and led to more frequent revisions in lending rates due to the prescribed monthly review of cost of funds. During the period from November 2016 to March 2017, there was a significant increase in savings and current account deposits in the banking system following the Government of India's decision to withdraw high denomination currency notes. The surge in low cost funds resulted in an increase in liquidity in the banking system and a reduction in the cost of funds for banks, including for us. The subsequent reduction in lending rates was however higher compared to the decline in cost of funds, as banks were seeking to deploy the excess liquidity. Further, customers with floating rate loans also repriced their existing loans at lower rates. The migration of existing loans under the earlier benchmark base rate to the marginal cost-based lending rate were also repriced at lower rates. In October 2017, the Reserve Bank of India released the report of an internal study group which has proposed a revision to the methodology for pricing of bank loans and has recommended referencing lending rates to an external benchmark and increasing the periodicity of reset of interest rates to once a quarter. Further, in February 2018, the Reserve Bank of India proposed to harmonize the methodology of determining benchmark rates by linking the base rate to the marginal cost based lending rate. See also "*Description of ICICI Bank—Loan Portfolio—Loan Pricing*" *and* "*Supervision and Regulation—Regulations Relating to Advancing Loans*". Since our funding is primarily fixed rate, volatility in benchmarks underlying loan pricing may cause volatility in or compress our net interest margin. If there are increases in our cost of funds and if we are unable to pass on the increases fully into our lending rates, our net interest margins and profitability would be adversely impacted. Such revisions in benchmark lending rates may impact the yield on our interest-earning assets, our net interest income and net interest margin.

High and increasing interest rates or greater interest rate volatility would adversely affect our ability to grow, our net interest margins, our net interest income, our income from treasury operations and the value of our fixed income securities portfolio.

We are subject to the directed lending requirements of the Reserve Bank of India, and any shortfall in meeting these requirements may be required to be invested in Government of India schemes that yield low returns, thereby impacting our profitability. We may also experience a higher level of non-performing assets in our directed lending portfolio, which could adversely impact the quality of our loan portfolio, our business and the price of the Notes.

Under the directed lending norms of the Reserve Bank of India, banks in India are required to lend 40.0% of their adjusted net bank credit to certain eligible sectors, categorized as priority sectors. Of this, banks have sub-targets for lending to key segments or sectors. A proportion of 8.0% of adjusted net bank credit is required to be lent to small and marginal farmers and 7.5% to micro-enterprises. The balance of the priority sector lending requirement can be met by lending to a range of sectors, including small businesses, medium-sized enterprises, renewable energy, social infrastructure and residential mortgages satisfying certain criteria. The Reserve Bank of India has directed banks to maintain direct lending to non-corporate farmers at the banking system's average level for the last three years and has notified a target of 11.8% of adjusted net bank credit for this purpose for fiscal 2018. Loans to identified weaker sections of society must comprise 10.0% of adjusted net bank credit. From fiscal 2017, these requirements are assessed on a quarterly average basis compared to the earlier requirement of meeting as of the last reporting Friday of the fiscal year with reference to the adjusted net bank credit of the previous fiscal year.

These requirements apply to ICICI Bank on a standalone basis. Total average priority sector lending was Rs. 1,500.78 billion constituting 37.7% of adjusted net bank credit against the requirement of 40.0% of adjusted net bank credit. The average lending to the agriculture sector was Rs. 587.55 billion constituting 14.8% of adjusted net bank credit against the requirement of 18.0% of adjusted net bank credit. The average advances to weaker sections were Rs. 246.63 billion constituting 6.2% of adjusted net bank credit against the requirement of 10.0% of adjusted net bank credit. Average lending to small and marginal farmers was Rs. 170.72 billion constituting 4.3% of adjusted net bank credit against the requirement of 8.0% of adjusted net bank credit. The average lending to micro enterprises was Rs. 266.32 billion constituting 6.7% of adjusted net bank credit against the requirement of 7.5% of adjusted net bank credit. The average lending to non-corporate farmers was Rs. 352.03 billion constituting 8.9% of adjusted net bank credit against the requirement of 11.8% of adjusted net bank credit.

The Reserve Bank of India has from time to time issued guidelines on priority sector lending requirements that restrict the ability of banks to meet the directed lending obligations through lending to specialized financial intermediaries, specified criteria to be fulfilled for investments by banks in securitized assets and outright purchases of loans and assignments to be eligible for classification as priority sector lending and regulate the interest rates charged to ultimate borrowers by the originating entities in such transactions. Any revision in the definition or classification of segments eligible for priority sector lending could also impact our ability to meet priority sector lending requirements. In September 2013, the Reserve Bank of India set up a committee on comprehensive financial services for small businesses and low income households which, among other recommendations, proposed a new methodology for computation of priority sector targets based on district-level credit penetration and other criteria. This recommendation has not been implemented thus far.

Any shortfall in meeting the priority sector lending requirements may be required to be invested at any time, at the Reserve Bank of India's request, in Government of India schemes that yield low returns, determined depending on the prevailing bank rate and on the level of shortfall, thereby impacting our profitability. The aggregate amount of funding required by such schemes is drawn from banks that have shortfalls in achievement of their priority sector lending targets, with the amounts drawn from each bank determined by the Reserve Bank of India. At June 30, 2018, our total investments in such schemes on account of past shortfalls in achieving the required level of priority sector lending were Rs. 258.40 billion. The Reserve Bank of India has issued guidelines allowing banks to include the outstanding mandated investments in Government of India schemes at March 31 of the fiscal year to count towards overall priority sector target achievement. Investments at March 31 of the preceding year would be included in the adjusted net bank credit which forms the base for computation of the priority sector and sub-segment lending requirements. These changes were made effective fiscal 2014. The Reserve Bank of India has also allowed banks to sell and purchase priority sector lending certificates in the event of excess/shortfall in meeting priority sector targets, which may help in reducing the shortfall in priority sector lending. However, this would depend on the availability of such certificates for trading. Our investments in Government of India schemes are expected to increase in view of the continuing shortfall in agriculture lending sub-targets and weaker section loans. See also "*Supervision and Regulation—Directed Lending*".

As a result of priority sector lending requirements, we may experience a higher level of non-performing assets in our directed lending portfolio, particularly due to loans to the agricultural sector and small enterprises, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. The Bank's gross non-performing assets in the priority sector loan portfolio were 2.1% in fiscal 2015 and 2.2% each in fiscal 2016, fiscal 2017 and fiscal 2018. In fiscal 2018 some states in India announced schemes for waiver of loans taken by farmers. While the cost of such schemes is borne by the state governments, such schemes or borrower expectations of such schemes may result in higher delinquencies in our agricultural lending portfolio. Any future changes by the Reserve Bank of India to the directed lending norms may result in our continued inability to meet the priority sector lending requirements as well as require us to increase our lending to relatively riskier segments and may result in an increase in non-performing loans.

In addition to the directed lending requirements, the Reserve Bank of India has mandated banks in India to have a financial inclusion plan for expanding banking services to rural and unbanked centers and to customers who currently do not have access to banking services. Further, since August 2014, the Indian Government has launched a financial inclusion mission which involves opening a bank account for every household along with credit and insurance facilities. The expansion into these markets involves significant investments and recurring costs. The profitability of these operations depends on our ability to generate business volumes in these centers and from these customers, and the level of non-performing loans in the portfolio of loans to such customers.

We have seen a significant increase in our branch network over the last few years and any inability to use these branches productively or substantial delays in achieving desired levels of productivity may have an adverse impact on our growth and profitability.

The branch network of ICICI Bank in India has increased from 3,100 branches at year-end fiscal 2013 to 4,867 branches at June 30, 2018. See also "*—We may seek opportunities for growth through acquisitions, divest our existing businesses, or be required to undertake mergers by the Reserve Bank of India and could face integration and other acquisitions risks*". We have also substantially scaled up our branch network in rural and semi-urban areas and have also established branches in villages that did not have any banking services. Our new branches typically operate at lower productivity levels, as compared to our existing branches. Our operating performance depends also on the productivity of our employees. Any inability to achieve or substantial delays in achieving desired levels of productivity would have an adverse impact on our growth and profitability and the price of the Notes.

We are subject to capital adequacy requirements stipulated by the Reserve Bank of India, including Basel III, and any inability to maintain adequate capital due to changes in regulations, a lack of access to capital markets, or otherwise may impact our ability to grow and support our businesses.

Banks in India are subject to the Basel III capital adequacy framework as stipulated by the Reserve Bank of India. The Basel III guidelines, among other things, establish common equity Tier 1 as a new tier of capital; impose a minimum common equity Tier 1 risk-based capital ratio of 5.5% and a minimum Tier 1 risk-based capital ratio of 7.0% while retaining the minimum total risk-based capital ratio of 9.0%; require banks to maintain a common equity Tier 1 capital conservation buffer of 2.5% of risk-weighted assets above the minimum requirements to avoid restrictions on capital distributions and discretionary bonus payments; establish eligibility criteria for capital instruments in each tier of regulatory capital; require more stringent adjustments to and deductions from regulatory capital; provide for more limited recognition of minority interests in the regulatory capital of a consolidated banking group; impose a 4.5% Basel III leverage ratio of Tier 1 capital to exposure during a parallel run period from 2013 to 2017; and modify the Reserve Bank of India's Basel II guidelines with respect to credit risk, including counterparty credit risk and credit risk mitigation, and market risk. The guidelines are to be fully implemented by year-end fiscal 2019. Applying the Basel III guidelines, our capital ratios on a standalone basis at June 30, 2018 were: common equity Tier 1 risk-based capital ratio of 14.42%; Tier 1 risk-based capital ratio of 15.84%; and total risk-based capital ratio of 18.35%.

The capital regulations continue to evolve, both globally and in India. The Reserve Bank of India requires additional capital to be held by banks as a systemic buffer. For instance, in July 2014, the Reserve Bank of India issued guidelines requiring additional common equity Tier 1 capital requirements ranging from 0.2% to 0.8% of risk-weighted assets for domestic banks that are identified as systemically important. The systemic importance of a bank would be determined based on the size, inter-connectedness, substitutability and complexity of the bank, with a larger weightage given to size. We were declared a systemically important bank in India by the Reserve Bank of India in August 2015 and in subsequent years, and were placed in the first bucket, which requires us to maintain additional common equity Tier 1 capital of 0.2% in a phased manner from April 19, 2016. Further, the Reserve Bank of India also released guidelines on implementation of counter cyclical capital buffers which propose higher capital requirements for banks, ranging from 0% to 2.5% of risk-weighted assets, during periods of high economic growth. The capital requirement would be determined based on certain triggers such as deviation of long-term average credit-to-GDP ratio and other indicators. While these guidelines are already effective, the Reserve Bank of India has stated that current economic conditions do not warrant activation of the counter cyclical capital buffer. In addition, with the approval of the Reserve Bank of India, banks in India may migrate to advanced approaches for calculating risk-based capital requirements in the medium term. The Reserve Bank of India has indicated that it would increase the risk weight on unrated exposures to corporates and infrastructure financing non-banking finance companies from 100.0% to 150.0% if the aggregate exposure of the banking system exceeds Rs. 2.0 billion. This was expected to be effective from June 30, 2017, but has been deferred and final timelines have not yet been released. In April 2018, the Reserve Bank of India advised banks to create an Investment Fluctuation Reserve from fiscal 2019 with the aim of building adequate reserves to protect against sudden increase in government bond yields. A minimum amount equal to either the net profit on sale of investments during the year or net profit for the year excluding mandatory appropriations, whichever is lower, would have to be transferred to the Investment Fluctuation Reserve and would cover at least 2.0% of the held-for-trading and available-for-sale portfolio of the bank, on a continuing basis. This reserve would be eligible for inclusion in tier 2 capital. In a draft guideline issued in June 2018, the Reserve Bank of India proposed a minimum level of loan component on fund-based working capital limits for large borrowers with the remaining to be drawn in the form of cash credit, and a mandatory credit conversion factor of 20.0% for the undrawn portion of cash credit/overdraft limits. Such regulatory changes and evolving regulations may impact the amount of capital that we are required to hold. Our ability to grow our business and execute our strategy is dependent on our level of capitalization and we typically raise resources from the capital markets to meet our capital requirements.

In December 2013, the Reserve Bank of India issued guidelines on stress testing according to which banks have to carry out stress tests for credit risk and market risk to assess their ability to withstand shocks. Banks are classified into three categories based on size of risk-weighted assets and banks with risk-weighted assets of more than Rs. 2,000.0 billion are required to carry out stress testing. The Reserve Bank of India has also issued a leverage ratio framework which is effective from April 1, 2015 and is measured as the ratio of a bank's Tier 1 capital and total exposure.

Any reduction in our regulatory capital ratios, increase in capital requirements applicable to us on account of regulatory changes or otherwise, or inability to access capital markets may limit our ability to grow our business or adversely impact our profitability and our future performance and strategy.

We are subject to liquidity requirements of the Reserve Bank of India, and any inability to maintain adequate liquidity due to changes in regulations, a lack of access to capital markets, or otherwise may impact our ability to grow and support our businesses.

In June 2014, the Reserve Bank of India released guidelines on liquidity coverage ratio requirements under the Basel III liquidity framework. These guidelines require banks to maintain and report the Basel III liquidity coverage ratio, which is a ratio of the stock of high quality liquid assets and total net cash outflows over the next 30 calendar days. The Reserve Bank of India has also defined categories of assets qualifying as high quality liquid assets and mandated a minimum liquidity coverage ratio of 60.0% from January 1, 2015, which would be increased in a phased manner to a minimum of 100.0% from January 1, 2019. Further, the Reserve Bank of India has issued final guidelines on the net stable funding ratio for banks and would require banks to maintain sufficient funds that are considered as reliable to cover the liquidity requirements and asset maturities coming up over the next one year on an ongoing basis. However, the Reserve Bank of India has not yet indicated the date from which the guidelines on net stable funding ratio would be applicable. These requirements together with the existing liquidity and cash reserve requirements may result in Indian banks, including us, holding higher amounts of liquidity, thereby impacting profitability. Any sudden increase in the demand for liquidity by banks to meet these regulatory liquidity requirements could have an adverse impact on the financial markets, and result in a sharp increase in short-term borrowing costs and a sudden increase in the cost of funding for banks, including us.

Any reduction in our liquidity coverage or net stable funding ratios, increase in liquidity requirements applicable to us on account of regulatory changes or otherwise, changes in the composition of liquidity and any inability to access capital markets may limit our ability to grow our business or adversely impact our profitability and our future performance and strategy.

In addition, as we and other banks manage these various liquidity requirements, there could be a sudden increase in demand for liquidity in the banking system which could have an adverse impact in the financial markets, and result in an increase in our short-term borrowing costs and a sudden increase in the bank's cost of funds. Further, any tightening of liquidity and volatility in international markets may limit our access to international bond markets and result in an increase in our cost of funding for our international business. Continued volatility in international markets could constrain and increase the cost of our international market borrowings and our ability to replace maturing borrowings and fund new assets. Our overseas banking subsidiaries are also exposed to similar risks.

Our risk profile is linked to the Indian economy and the banking and financial markets in India which are still evolving.

Our credit risk may be higher than the credit risk of banks in some developed economies. Our access to information about the credit histories of our borrowers, especially individuals and small businesses, may be limited relative to what is typically available for similar borrowers in developed economies with more established nation-wide credit bureaus. In addition, the credit risk of our borrowers is often higher than borrowers in more developed economies due to the evolving Indian regulatory, political, economic and industrial environment. The directed lending norms of the Reserve Bank of India require us to lend a certain proportion of our loans to "priority sectors", including agriculture and small enterprises, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. Any shortfall may be required to be allocated to investments yielding sub-market returns. See also "*—We are subject to the directed lending requirements of the Reserve Bank of India, and any shortfall in meeting these requirements may be required to be invested in Government of India schemes that yield low returns, thereby impacting our profitability. We may also experience a higher level of non-performing assets in our directed lending portfolio, which could adversely impact the quality of our loan portfolio, our business and the price of the Notes*" and "*Description of ICICI Bank—Loan Portfolio—Directed Lending*". Several of our corporate borrowers have suffered from low profitability because of increased competition from economic liberalization, a sharp decline in commodity prices before fiscal 2018, high debt burden and high interest rates in the Indian economy, and other factors. An economic slowdown and a general decline in business activity in India could impose further stress on these borrowers' financial soundness and profitability and thus expose us to increased credit risk. For instance, developments in the Indian economy have led to a rise in non-performing and restructured assets of Indian banks, including us, since fiscal 2014. Such conditions may lead to an increase in the level of our non-performing assets and there could be an adverse impact on our business, our future financial performance, our stockholders' equity and the price of the Notes.

In addition to credit risks, we also face additional risks as compared with banks in developed economies. We pursue our banking, insurance and other activities in India in a developing economy with all of the risks that come with such an economy. Our activities in India are widespread and diverse and involve employees, contractors, counterparties and customers with widely varying levels of education, financial sophistication and wealth. Although we seek to implement policies and procedures to reduce and manage marketplace risks as well as risks within our own organization, some risks remain inherent in doing business in a large, developing country. We cannot eliminate these marketplace and operational risks, which may lead to or exacerbate legal or regulatory actions, negative publicity or other developments that could reduce our profitability. In the aftermath of the financial crisis, regulatory scrutiny of these risks is increasing. See also "*—The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past*", "*—We are at increased risk for inquiries or investigations by regulatory and enforcement authorities, which may adversely affect our reputation, lead to increased regulatory scrutiny, cause us to incur additional costs or adversely affect our ability to conduct business*" and "*—The value of our collateral may decrease or we may experience delays in enforcing our collateral when borrowers default on their obligations to us which may result in failure to recover the expected value of collateral security exposing us to a potential loss*".

The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past.

We are subject to a wide variety of banking, insurance and financial services laws, regulations and regulatory policies and a large number of regulatory and enforcement authorities in each of the jurisdictions in which we operate. Since the global financial crisis, regulators in India and in the other jurisdictions in which we operate have intensified their review, supervision and scrutiny of many financial institutions, including us. Since the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past, in a range of areas. This increased review and scrutiny or any changes in the existing regulatory supervision framework, increases the possibility that we will face adverse legal or regulatory actions. In the face of difficulties in the Indian banking sector, the Reserve Bank of India has been increasing the intensity of its scrutiny of Indian banks and has recently been imposing fines and penalties on Indian banks that are larger than the historic norms. The Reserve Bank of India and other regulators regularly review our operations, and there can be no guarantee that all regulators will agree with our internal assessments of asset quality, provisions, risk management, capital adequacy and management functioning, other measures of the safety and soundness of our operations or compliance with applicable laws, regulations, accounting and taxation norms, listing norms or regulatory policies. See also "*—If regulatory and legal changes continue to impose increasingly stringent requirements regarding non-performing loans and provisioning for such loans, our business will suffer*". Regulators, including among others the Reserve Bank of India and the Securities and Exchange Board of India (SEBI), may find that we are not in compliance with applicable laws, regulations, accounting and taxation norms, listing norms or regulatory policies, or with the regulators' revised interpretations of such laws, regulations or regulatory policies, and may take formal or informal actions against us. Such formal or informal actions might force us to make additional provisions for our non-performing assets or otherwise, divest our assets, adopt new compliance programs or policies, remove personnel including senior executives, reduce dividend or executive compensation, provide remediation or refunds to customers or undertake other changes to our business operations. Any of these changes, if required, could reduce our profitability by restricting our operations, imposing new costs or harming our reputation. See also "*—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment*" and "*Supervision and Regulation*".

If we fail to manage our legal and regulatory risk in the many jurisdictions in which we operate, our business could suffer, our reputation could be harmed and we would be subject to additional legal and regulatory risks. This could, in turn, increase the size and number of claims and damages asserted against us and/or subject us to regulatory investigations, enforcement actions or other proceedings, or lead to increased supervisory concerns. We may also be required to spend additional time and resources on remedial measures and conducting enquiries, beyond those already initiated and ongoing, which could have an adverse effect on our business.

Despite our best efforts to comply with all applicable regulations, there are a number of risks that cannot be completely controlled. Our international expansion has led to increased legal and regulatory risks. Regulators in every jurisdiction in which we operate or have listed our securities have the power to restrict our operations, stipulate higher capital and liquidity requirements or bring administrative or judicial proceedings against us (or our employees, representatives, agents and third-party service providers), which could result, among other things, in suspension or revocation of one or more of our licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially harm our reputation, results of operations and financial condition.

The opportunities for growth in our international operations and our ability to repatriate capital from these operations may be limited by the local regulatory environments.

Our banking subsidiaries in the United Kingdom and Canada have in the past focused primarily on leveraging their deposit franchises in these markets to extend financing to Indian companies for their operations in India and globally, including the financing of overseas acquisitions by Indian companies through structured transactions. In view of regulatory limitations on cross-border financing of this nature, these subsidiaries have experienced a reduction in their business, impacting their profitability and resulting in a sharp reduction in the return on the capital invested in these businesses. While both these subsidiaries are focused on growing their business within the current regulatory framework, the opportunities to do so may be limited. Further, while both these subsidiaries are focused on optimizing their capital base and have repatriated capital and made dividend payments to ICICI Bank in the recent past, such initiatives are subject to regulatory approvals. There can be no assurance regarding the timing or grant of such approvals in the future. Our overseas branches are also subject to respective local regulatory requirements, including any requirements related to liquidity, capital and asset classification and provisioning.

Our asset management, insurance and securities subsidiaries are subject to extensive regulation and supervision which can lead to increased costs or additional restrictions on their activities that adversely impact the Bank.

Our asset management company subsidiary, ICICI Prudential Asset Management Company, is subject to supervision and regulation by Securities and Exchange Board of India. For instance, in July 2018, our asset management company subsidiary received a letter from Securities and Exchange Board of India advising that it would be required to pay Rs. 2.4 billion, together with interest at 15% per annum, to five schemes of ICICI Prudential Mutual Fund, in connection with shares allotted to these schemes in the initial public offering of ICICI Securities Limited in March 2018. In addition, our asset management company subsidiary would be required to compensate the investors in these schemes, who have redeemed their units, for losses incurred since the March 2018 allotment, plus interest at 15% per annum. In accordance with the advice and with due approval, the relevant shares were sold in the secondary market and the difference of the sale proceeds of these shares and the allotment amount of such shares in the ICICI Securities Limited's initial public offering as well as interest at 15% per annum were paid by the asset management company subsidiary to the five schemes. Also, as advised, the asset management company subsidiary had compensated the investors in these schemes, who had redeemed their units for losses incurred in connection with the said shares, plus interest at 15% per annum. Further, in the same matter, an adjudication proceeding has been initiated by the Securities and Exchange Board of India. Our asset management company subsidiary is working towards closure of the matter.

In addition to oversight by the Reserve Bank of India, our insurance subsidiaries are also subject to extensive regulation and supervision by India's insurance regulators. The Insurance Regulatory and Development Authority of India has the authority to modify and interpret regulations regarding the insurance industry, including regulations governing products, selling commissions, solvency margins and reserving, which can lead to additional costs or restrictions on our insurance subsidiaries' activities. Further, our insurance subsidiaries are now publicly listed companies on the Indian stock exchanges, which has resulted in enhanced compliance requirements and regulatory oversight. There can be no assurance that increased regulatory scrutiny of our insurance subsidiaries and the stringent requirements they face, including additional disclosures, will not have a material adverse impact on the Bank.

Further, our insurance and securities broking subsidiaries are now publicly listed companies on the Indian stock exchanges, which has resulted in enhanced compliance requirements and regulatory oversight. There can be no assurance that increased regulatory scrutiny of our insurance and securities subsidiaries and stringent requirements, including additional disclosures, will not have a material adverse impact on the Bank. There could be instances where the regulator may find that we are not in compliance with applicable laws and regulations pertaining to listed companies or their relationship with the parent or other group companies, or with the regulators' interpretations of laws and regulations, and may take formal or informal actions against us and our subsidiaries.

We may be subject to fines, restrictions or other sanctions for past instances of regulatory failures, which may adversely affect our financial position or our ability to expand our activities.

Failure to comply with applicable regulations in various jurisdictions, including unauthorized actions by employees, representatives, agents and third parties, suspected or perceived failures and media reports, and ensuing inquiries or investigations by regulatory and enforcement authorities, has resulted, and may result in the future, in regulatory actions, including financial penalties and restrictions on or suspension of the related business operations. Following the release on the internet in March 2013 of videos forming part of a sting operation on banks and insurance companies in India that purported to show the Bank's frontline branch employees engaging in conversations that would violate our Group's Code of Business Conduct and Ethics and could have, if any transactions had been consummated, led to violations of anti-money laundering and 'know-your-customer' norms, the Reserve Bank of India undertook investigations at ICICI Bank and over 30 other banks in India. While the Reserve Bank of India's investigations did not reveal any prima facie evidence of money laundering, the Reserve Bank of India imposed an aggregate penalty of Rs. 665 million on 31 Indian banks, including Rs. 10 million on ICICI Bank, for instances of violation of applicable regulations, which we have paid. In February 2015, a penalty was imposed on several banks including ICICI Bank by the Financial Intelligence Unit, India for a failure to report attempted suspicious transactions, with respect to the incidents concerning the media sting operation in June 2013. The Bank was levied a penalty of Rs. 1.4 million, which was paid, and an appeal was filed against the penalty with the Appellate Tribunal. In June 2017, the Appellate Tribunal ruled that the penalty was not sustainable and asked the appellant banks to report such matters in the future. In March 2018, the Reserve Bank of India imposed a penalty of Rs. 589 million on ICICI Bank for non-compliance with directions issued by it on the sale of securities from the held-to-maturity portfolio and specified disclosure in this regard.

We are at increased risk for inquiries or investigations by regulatory and enforcement authorities, which may adversely affect our reputation, lead to increased regulatory scrutiny, cause us to incur additional costs or adversely affect our ability to conduct business.

A failure to comply with the applicable regulations in various jurisdictions by our employees, representatives, agents and third-party service providers either in or outside the course of their services, or suspected or perceived failures by them, may result in further inquiries or investigations by regulatory and enforcement authorities and in additional regulatory or enforcement action against either us, or such employees, representatives, agents and third-party service providers. Such additional actions may further impact our reputation, result in adverse media reports, lead to increased or enhanced regulatory or supervisory concerns, cause us to incur additional costs, penalties, claims and expenses or impact adversely our ability to conduct business. See also "*—The Audit Committee of the Bank has instituted an independent enquiry, headed by a former Supreme Court Judge, to consider various allegations relating to the former MD and CEO, Ms. Chanda Kochhar*." and "*—We are investigating certain allegations made in an anonymous whistleblower complaint that the Bank incorrectly classified certain assets due to claimed irregular transactions in borrower accounts, incorrectly accounted for interest income and recoveries from non-performing assets as fees, and improperly valued loan collateral*".

We cannot predict the timing or form of any current or future regulatory or law enforcement initiatives, which are increasingly common for international banks and financial institutions, but we would expect to co-operate with any such regulatory investigation or proceeding.

The Audit Committee of the Bank has instituted an independent enquiry, headed by a former Supreme Court Judge, to consider various allegations relating to the former MD and CEO, Ms. Chanda Kochhar.

The Audit Committee of the Bank, under direction given by the Board of Directors, has instituted an independent enquiry, headed by a former Supreme Court Judge, Hon'ble Mr. Justice B. N. Srikrishna (Retd.), to consider various allegations relating to the former Managing Director ("MD") and Chief Executive Officer ("CEO"), Ms. Chanda Kochhar. The allegations have been levelled against Ms. Kochhar through media articles, a whistleblower complaint and complaints written by a private individual to senior government officials and regulators. The allegations include nepotism, quid pro quo and claims that Ms. Kochhar, by not disclosing conflicts of interest caused by certain transactions between certain borrowers of the Bank and entities controlled by Ms. Kochhar's spouse, committed infractions under applicable regulations and the Bank's Code of Conduct.

The independent enquiry is supported by an independent law firm and a forensic firm. The independent enquiry is under way.

In addition, SEBI issued a show-cause notice to Ms. Kochhar and to the Bank in May 2018 in relation to the allegations. The Bank has responded to the relevant allegations in the notice which pertain to the Bank. The Central Bureau of Investigation ("**CBI**") also initiated a preliminary enquiry against various individuals and firms including unknown officers and/or officials of the Bank.

Ms. Kochhar proceeded on a leave of absence following the institution of the independent enquiry. In the interim, Mr. Sandeep Bakhshi was appointed as wholetime Director and Chief Operating Officer and reported directly to the Board of Directors during her absence. On October 4, 2018, the Board of Directors of the Bank, accepted the request of Ms. Kochhar to seek early retirement from the Bank at the earliest. The Board accepted this request with immediate effect. The enquiry instituted by the Board will remain unaffected by this and certain benefits will be subject to the outcome of the enquiry. Ms. Kochhar will also relinquish office from the boards of the Bank's subsidiaries. The Board decided to appoint Mr. Sandeep Bakhshi as Managing Director and Chief Executive Officer. His appointment will be for a period of five years until October 3, 2023, subject to regulatory and other approvals. The other terms and conditions of his appointment, such as remuneration, would remain unchanged.

These developments could materially and adversely affect our results of operations, financial condition and reputation. In the event that the Bank or individuals associated with the Bank are found by the independent enquiry, the SEBI enquiry or the CBI investigation to have violated applicable laws or regulations, the Bank or individuals associated with the Bank could become subject to legal and regulatory sanctions that may materially and adversely affect our results of operations, financial condition and reputation.

We are investigating certain allegations made in an anonymous whistleblower complaint that the Bank incorrectly classified certain assets due to claimed irregular transactions in borrower accounts, incorrectly accounted for interest income and recoveries from non-performing assets as fees, and improperly valued loan collateral.

The Bank became aware in March 2018 of an anonymous whistleblower complaint alleging incorrect asset classifications stemming from claimed irregular transactions in borrower accounts, incorrect accounting of interest income and non-performing asset recoveries as fees, and overvaluation of collateral securing corporate loans. The allegations related to fiscal 2016 and earlier. The Bank conducted an internal enquiry of these allegations under its Whistle Blower Policy, which was carried out by the Head of the Internal Audit Group and supervised directly by the Audit Committee, without the involvement of any other member of the Bank's senior management. The enquiry resulted in an Interim Report that was reviewed in detail by the Audit Committee and the statutory auditors before the finalization of the accounts for the year ended March 31, 2018 and has been submitted to the Reserve Bank of India. In certain accounts, transactions were observed that may have delayed the classification of the account as non-performing in earlier years. Further, the Bank reviewed certain additional accounts for any similar irregular transactions as alleged in the complaint. Based on the Interim Report and review undertaken for additional loan accounts, the Bank concluded that the likely impact of these allegations was not material to the financial statements for the year ended March 31, 2018 or earlier periods included in this Offering Circular. The Bank has, since April 2016, implemented enhanced internal controls, relating to review of loan accounts which satisfy certain threshold parameters, primarily relating to size, credit rating and days-past-due, for identification of non-performing assets. The Bank also assessed and concluded that internal control over financial reporting was found to be effective as at March 31, 2018. The Bank, at the direction of the Audit Committee and with the assistance of external counsel, is continuing to investigate all of the allegations made by the whistleblower. In the event that the Bank or individuals associated with the Bank are found to have violated applicable laws or regulations, the Bank or individuals associated with the Bank could become subject to legal and regulatory sanctions that may materially and adversely affect our results of operations, financial condition and reputation.

In addition, as a large and internationally active bank with operations and listing of its equity and debt instruments in multiple jurisdictions, the Bank is regularly engaged with regulators, including the United States Securities and Exchange Commission ("**SEC**"), on a range of matters, including regarding the March 2018 complaint. Even before this complaint, the Bank has been responding to requests for information from the SEC investigatory staff regarding an enquiry relating to the timing and amount of the Bank's loan impairment provisions taken under U.S. GAAP. The Bank evaluates loans for impairment under U.S. GAAP for the purpose of preparing the annual footnote reconciling the Bank's Indian GAAP financial statements to U.S. GAAP. The Bank has voluntarily complied with all requests of the SEC investigatory staff for information and interviews related to the Bank's U.S. GAAP loan impairment process. In the event that the Bank is found by the SEC to have violated federal securities laws or regulations, the Bank could become subject to legal and regulatory sanctions that may materially and adversely affect our results of operations, financial condition and reputation.

We depend on the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of their independent auditors. For instance, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. Our financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or other information that is materially misleading. According to data published by the Reserve Bank of India, frauds reported in the Indian banking sector have shown an increasing trend in recent years, and the composition of the fraud amount reported is largely dominated by frauds related to loans and advances. In addition, our access to information about the credit histories of our borrowers, especially individuals and small businesses, may be limited, relative to what is typically available for similar borrowers in developed economies with more established nation-wide credit bureaus. This may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. As a result, our ability to effectively manage our credit risk may be adversely affected.

Commission, exchange and brokerage income, profit on foreign exchange transactions and other sources of fee income are important elements of our profitability, and regulatory changes and market conditions could cause these income streams to decline and adversely impact our financial performance.

We earn commission, exchange and brokerage income from a variety of activities, including loan processing, syndication and advisory services for corporate clients with respect to their acquisition and project financing, distribution of retail investment and insurance products, transaction banking and retail credit products. Our commission, exchange and brokerage income is therefore impacted by the level of corporate activity including new financing proposals, the demand for retail financial products and the overall level of economic and trade activity. Our commission, exchange and brokerage income is also impacted by applicable regulations governing various products and segments of financial services and changes in these regulations may adversely impact our ability to grow in this area. For instance, in May 2014, the Reserve Bank of India directed banks to remove foreclosure charges on floating rate term loans given to individual borrowers and prohibited them from levying a penalty for non-maintenance of minimum balance in inoperative accounts. The securities regulator has issued regulations restricting charges that may be levied on depositary accounts. The profit on foreign exchange transactions is dependent on foreign exchange market conditions and the risk management strategies of corporate clients. Volatile market conditions may also have an adverse impact on mergers and acquisitions activity by Indian companies, affecting our fee and other incomes related to such activity. Our commission, exchange and brokerage income is also impacted by the level of corporate investment activity and new financing proposals. Such regulations could adversely impact our fee income streams in the future and adversely affect our financial performance.

Our international operations increase the complexity of the risks that we face.

Our international profile in multiple jurisdictions exposes us to a variety of regulatory and business challenges and risks, including cross-cultural risk and has increased the complexity of our risks in a number of areas including price risks, currency risks, interest rate risks, credit risk, compliance risk, regulatory and reputational risk and operational risk. In the aftermath of the financial crisis and in light of enhanced regulations in many countries, we expect to face additional scrutiny in all of these areas and in the management of our international operations. We also face risks arising from our ability to manage inconsistent legal and regulatory requirements in the multiple jurisdictions in which we operate. Our businesses are subject to changes in legal and regulatory requirements and it may not be possible to predict the timing or nature of such changes. See also "*—The opportunities for growth in our international operations and our ability to repatriate capital from these operations may be limited by the local regulatory environments*". Business opportunities in these jurisdictions will also determine the growth in our operations.

The loan portfolio of our international branches and subsidiaries exposes us to specific additional risks including the failure of the acquired entities to perform as expected, and our inexperience in various aspects of the economic and legal framework in overseas markets. See also "*—The exposures of our international branches and subsidiaries could generally affect our business, financial condition and results of operations*". Regulatory changes globally and in specific markets, including increased regulatory oversight following the global financial crisis, may impact our ability to execute our strategy and deliver returns on capital invested in our international subsidiaries.

There could be risks arising from political changes in the jurisdictions in which we operate, such as the election by a majority of voters in the United Kingdom to withdraw from the European Union in a national referendum in June 2016. Further, recent global developments including a trade war by the United States with key large economies are expected to impact economic growth in Canada and the United Kingdom, which in turn could impact the business of our banking subsidiaries in these countries. See also "*—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment*". Our overseas branches and banking subsidiaries undertake select local banking businesses, including lending to multinational and local corporations, small businesses, property backed lending and insured mortgages, and in the event of these corporations being impacted by global and local economic conditions it could have an adverse impact on our business. They have also made investments in bonds, certificates of deposit, mortgage backed securities, treasury bills, credit derivatives and asset-backed commercial paper. The global financial and economic crisis resulted in mark-to-market and realized losses on our overseas and other subsidiaries' investment and derivative portfolios, increased the regulatory scrutiny of our international operations, constrained our international debt capital market borrowings and increased our cost of funding. If we are unable to manage these risks, our business would be adversely affected.

Our funding is primarily short-term and if depositors do not roll over deposited funds upon maturity, our business could be adversely affected.

Most of our incremental funding requirements are met through short-term funding sources, primarily in the form of deposits including deposits from corporate customers and inter-bank deposits. Our customer deposits generally have a maturity of less than one year. However, a large portion of our assets have medium- or long-term maturities, creating the potential for funding mismatches. For instance, our project finance loans typically have longer-term maturities compared to our funding profile. We have significantly expanded our branch network in recent years. See also "*Supervision and Regulation—Regulations Relating to the Opening of Branches*". Our new branches typically operate at lower efficiency levels, as compared to our existing branches, and although we intend to increase their efficiency over time, any inability to use these branches productively, or substantial delays in achieving desired levels of productivity, may have an impact on our ability to grow our deposit base to the desired extent.

Negative rumors have been previously circulated about our financial position which resulted in concerns being expressed by depositors and higher than normal withdrawal levels for a few days. Furthermore, a part of our loan and investment portfolio, consisting primarily of the loan and investment portfolios of our international branches and subsidiaries is denominated in foreign currencies, including the U.S. dollar. Our international branches are primarily funded by debt capital market issuances and syndicated/bilateral loans, while our international subsidiaries generally raise deposits in their local markets. We have certain borrowings that would be affected by a one or two notch downgrade of the Bank's current credit rating. These borrowings amounted to around 1.0% of our total borrowings at June 30, 2018. If an international credit rating agency downgrades the Bank's credit rating by one or two notches, we would be required to pay an increased interest rate on certain borrowings, and for certain borrowings, we would be required to renegotiate a new interest rate with our lenders. If we are not able to reach an agreement for an interest rate with a lender, the lender could require us to prepay the outstanding principal amount of the loan. Volatility in the international debt markets may constrain our international capital market borrowings. There can be no assurance that our international branches and subsidiaries will be able to obtain funding from the international debt markets or other sources in a timely manner on terms acceptable to them or at all. This may adversely impact our ability to replace maturing borrowings and fund new assets. In addition, borrowers who have taken foreign currency loans from us may face challenges in meeting their repayment obligations on account of market conditions and currency movements. See also "*—Risks Relating to India and Other Economic and Market Risks—Financial instability in other countries, particularly emerging market countries and countries where we have established operations, could adversely affect our business and the price of the Notes*", "*—Risks Relating to India and Other Economic and Market Risks—Financial difficulty and other problems in the Indian financial system could adversely affect our business and the price of the Notes*" and "*—Our international operations increase the complexity of the risks that we face*".

The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment.

The global financial crisis has led to significant and unprecedented changes in the laws, regulations and regulatory policies of India and the other jurisdictions in which we operate. Changes in laws, regulations or regulatory policies, including changes in the interpretation or application of such laws, regulations and regulatory policies, may adversely affect the products and services we offer, the value of our assets or the collateral available for our loans or our business in general. Recent regulatory changes as well as changes currently under discussion, such as changes with respect to Basel III risk-based and leverage capital requirements, Basel III liquidity requirements; restrictions on cross-border capital flows; enhanced emphasis on local lending obligations in overseas jurisdictions; changes in directed lending regulations in India; using national benchmark indices for pricing bank products; fixing the proportion of loans in working capital limits approved to corporates, changes with regard to concentration of large exposures in banks and collateral management; changes in the resolution of stressed assets; continuous licensing of universal banks; and discussions on management compensation, board governance, consumer protection and risk management, among other areas, are expected to have an impact on our business and our future strategy. These changes could require us to reduce or increase our business in specific segments, increase competition, impact our overall growth and impact our return on capital.

Changes in laws, regulations and regulatory policies, or the interpretation or application thereof, have and we expect will continue to lead to enhanced regulatory oversight and scrutiny and increased compliance costs. In the aftermath of the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past. This increased scrutiny increases the possibility that we will face adverse legal or regulatory actions. The Reserve Bank of India and other regulators regularly review our operations, and there can be no guarantee that any regulator will agree with our internal assessments of asset quality, provisions, risk management, capital adequacy, management functioning or other measures of the safety and soundness of our operations. See also "*—If* regulatory *and legal changes continue to impose increasingly stringent requirements regarding non-performing loans and provisioning for such loans, our business will suffer*". In addition, regulators may find that we are not in compliance with applicable laws, regulations or regulatory policies, or with the regulators' revised interpretations of such laws, regulations or regulatory policies, and may take formal or informal actions against us. Our ability to predict future legal or regulatory changes is limited and we may face enhanced legal or regulatory burdens without advance notice. For instance, the Reserve Bank of India, in its guidelines for private sector banking licenses issued in February 2013, has mandated that banks established pursuant to the issuance of such licenses be set up under a financial holding company structure. In the future, such requirements may be extended to existing banks in India, including us. Also, the Reserve Bank of India has released a discussion paper on a new banking structure in India. See also "*Overview of the Indian Financial Sector—Structural Reforms*". Any such regulatory or structural changes may result in increased expenses, operational restrictions, increased competition or revisions to our business operations, which may reduce our profitability or force us to forego potentially profitable business opportunities. In April 2017, the Reserve Bank of India revised its Prompt Corrective Action framework for banks and included indicators to be tracked, like capital adequacy, asset quality, profitability and leverage, with specified risk thresholds that would result in invocation of prompt corrective action. The revised framework stipulates actions like restriction on dividend distribution/ remittance of profits, restriction on branch expansion; domestic and/or overseas, higher provisions as part of the coverage regime, and restriction on management compensation and directors' fees. At June 30, 2018, the Bank's financial indicators did not breach the risk thresholds prescribed by the Reserve Bank of India. There can be no assurance that we will always remain within the thresholds prescribed by the Reserve Bank of India in the future. See also "*—The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past*".

Our inability to effectively manage credit, market and liquidity risk and inaccuracy of our valuation models and accounting estimates may have an adverse effect on our earnings, capitalization, credit ratings and cost of funds.

Our risk management strategies may not be effective because in a difficult or less liquid market environment other market participants may be attempting to use the same or similar strategies to deal with difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Our derivatives businesses may expose us to unexpected market, credit and operational risks that could cause us to suffer unexpected losses or enhanced regulatory scrutiny. Severe declines in asset values, unanticipated credit events, or unforeseen circumstances that may cause previously uncorrelated factors to become correlated may create losses resulting from risks not appropriately taken into account in the development, structuring or pricing of a derivative instrument. In addition, some derivative transactions are not cleared and settled through a central clearing house or exchange, and they may not always be confirmed or settled by counterparties on a timely basis. In these situations, we are subject to heightened credit and operational risk, and in the event of a default, we may find the contract more difficult to enforce. Further, as new and more complex derivative products are created, disputes regarding the terms or the settlement procedures of the contracts could arise, which could force us to incur unexpected costs, including transaction and legal costs, and impair our ability to manage effectively our risk exposure to these products. Many of our hedging strategies and other risk management techniques have a basis in historic market behavior, and all such strategies and techniques are based to some degree on management's subjective judgment. To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk. Our balance sheet growth is dependent upon economic conditions, as well as upon our ability to securitize, sell, purchase or syndicate particular loans or loan portfolios. Our trading revenues and interest rate risk are dependent upon our ability to properly identify, and mark-to-market, changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of migrations in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses.

To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses and enhanced regulatory scrutiny. The successful management of credit, market and operational risk is an important consideration in managing our liquidity risk because it affects the evaluation of our credit ratings by domestic and international rating agencies. Rating agencies may reduce or indicate their intention to reduce the ratings at any time. See also "*—Risks Relating to India and Other Economic and Market Risks—Any downgrade of India's debt rating by an international rating agency could adversely affect our business, our liquidity and the price of the Notes*". The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in our ratings. Any reduction in our ratings (or withdrawal of ratings) may increase our borrowing costs, limit our access to capital markets and adversely affect our ability to sell or market our products, engage in business transactions particularly longer-term, and derivatives transactions, or retain our customers. Conditions in the international and Indian debt markets may adversely impact our access to financing and liquidity. This, in turn, could reduce our liquidity and negatively impact our operating results and financial condition. For more information, relating to our ratings, see also "*Description of ICICI Bank—Risk Management—Quantitative and Qualitative Disclosures about Market Risk—Liquidity Risk*".

Negative publicity could damage our reputation and adversely impact our business and financial results and the price of the Notes.

Reputation risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. The reputation of the financial services industry in general has been closely monitored as a result of the financial crisis and other matters affecting the financial services industry. Negative public opinion about the financial services industry generally or us specifically could adversely affect our ability to keep and attract customers, and expose us to litigation and regulatory action. Negative publicity can result from our actual or alleged conduct in any number of activities, including lending practices and specific credit exposures, the level of non-performing loans, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government, regulators, investigative agencies and community organizations in response to that conduct. The media coverage and public scrutiny of our business practices, our board of directors, key management personnel, policies and actions has increased significantly over the past few months. Although we take steps to minimize reputation risk in dealing with such events, we, as a large financial services organization are inherently exposed to this risk.

We have recently experienced negative publicity with respect to the allegations levelled against Ms. Kochhar and her spouse leading up to her early retirement and the March 2018 whistleblower complaint regarding alleged incorrect asset classification and other allegations. See also "*—The Audit Committee of the Bank has instituted an independent enquiry, headed by a former Supreme Court Judge, to consider various allegations relating to the former MD and CEO, Ms. Chanda Kochhar*." and "*—We are investigating certain allegations made in an anonymous whistleblower complaint that the Bank incorrectly classified certain assets due to claimed irregular transactions in borrower accounts, incorrectly accounted for interest income and recoveries from non-performing assets as fees, and improperly valued loan collateral*". We cannot be certain how these investigations will end and it is possible that the conclusions of our independent investigations plus any regulatory actions could lead to more negative publicity.

Any continued unfavorable publicity may adversely impact investor confidence and affect the price of the Notes. Our subsidiaries' businesses include mutual fund, portfolio and private equity fund management, which are exposed to various risks including diminution in value of investments and inadequate liquidity of the investments. We also distribute products of our insurance, asset management and private equity subsidiaries. Investors in these funds and schemes may allege mismanagement or weak fund management as well as mis-selling and conflicts of interest which may impact our overall reputation as a financial services group and may require us to support these businesses with liquidity and may result in a reduction in business volumes and revenues from these businesses. We are also exposed to the risk of litigation by customers across our businesses.

We may seek opportunities for growth through acquisitions, divest our existing businesses, or be required to undertake mergers by the Reserve Bank of India and could face integration and other acquisitions risks.

We may seek opportunities for growth through acquisitions or be required to undertake mergers mandated by the Reserve Bank of India under its statutory powers. We have undertaken mergers and acquisitions in the past. Most recently, the Bank of Rajasthan, a private sector bank, merged with us effective August 12, 2010. In the past, the Reserve Bank of India has ordered mergers of weak banks with other banks primarily in the interest of depositors of the weak banks. More recently, the Government of India has indicated that public sector banks should pursue consolidation to create fewer banks that would be individually larger in scale. We may in the future examine and seek opportunities for acquisitions in countries where we currently operate. Our non-banking subsidiaries in India may also undertake mergers, acquisitions and takeovers. Any future acquisitions or mergers or takeovers, both Indian or international, may involve a number of risks, including the possibility of a deterioration of asset quality, financial impact of employee related liabilities, diversion of our management's attention required to integrate the acquired business and the failure to retain key acquired personnel and clients, leverage synergies or rationalize operations, or develop the skills required for new businesses and markets, or unknown and known liabilities including any ongoing litigation, claims or disputes concerning such acquisition, merger, its shareholders, share capital or its legal and regulatory compliance obligations or practices, some or all of which could have an adverse effect on our business.

We may also sell all or part of one or more of our businesses, including our subsidiaries, for a variety of reasons including changes in strategic focus, redeployment of capital, contractual obligations and regulatory requirements. See also "*Description of ICICI Bank—Overview of Our Products and Services—Insurance*".

We and our customers are exposed to fluctuations in foreign exchange rates.

Several of our borrowers enter into derivative contracts to manage their foreign exchange risk exposures. Volatility in exchange rates may result in increased mark-to-market losses in derivative transactions for our clients. Upon the maturity or premature termination of the derivative contracts, these mark-to-market losses become receivables owed to us. Consequently, we become exposed to various kinds of risks including but not limited to credit risk, market risk and exchange risk.

As discussed above, in the past, concerns over India's current account deficit and changes in capital flows due to changes in U.S. monetary policy have caused the rupee to depreciate against the U.S. dollar. During the three months ended June 30, 2018, there has been an increase in India's current account deficit to 2.4% of India's gross domestic product and there has been a sharp depreciation of the rupee against the U.S. dollar by 11.4% during the period April 1, 2018 to September 28, 2018. *See* "*—Risks relating to India and Other Economic and Market Risks—Current account deficits, including trade deficits, and capital flow and exchange rate volatility could adversely affect our business and the price of the Notes*". Some of our borrowers with foreign exchange and derivative exposures may be adversely impacted by the depreciation of the rupee. These include borrowers impacted by higher rupee denominated interest or principal repayment on unhedged foreign currency borrowings; increases in the cost of raw material imports where there is limited ability to pass through such escalations to customers; and the escalation of project costs due to higher imported equipment costs; and borrowers that may have taken adverse positions in the foreign exchange markets. The failure of our borrowers to manage their exposures to foreign exchange and derivative risk, particularly adverse movements and volatility in foreign exchange rates, may adversely affect our borrowers and consequently the quality of our exposure to our borrowers and our business volumes and profitability.

In January 2014, the Reserve Bank of India issued guidelines requiring higher capital and provisioning requirements for banks on their exposures to companies having unhedged foreign currency exposure, based on an assessment of likely loss on such exposures compared to the earnings of the corporate. An increase in non-performing or restructured assets on account of our borrowers' inability to manage exchange rate risk and any increased capital or provisioning requirement against such exposures may have an adverse impact on our profitability, our business and the price of the Notes. We have adopted certain risk management policies to mitigate such risk. However, there is no assurance that such measures will be fully effective in mitigating such risks.

Entry into new businesses or rapid growth in existing loan portfolios may expose us to increased risks that may adversely affect our business.

The rapid growth of our retail loan business and our rural initiative exposes us to increased risks within India including higher levels of non-performing loans in our unsecured retail credit portfolio, increased operational risk, increased fraud risk and increased regulatory and legal risk. Since fiscal 2012 we have focused on scaling up our retail lending volumes and since fiscal 2015, we have also seen an increase in our retail unsecured portfolio. Our net domestic retail loan portfolio grew by 20.6% in fiscal 2018 compared to an increase of 15.1% in our total domestic loan portfolio. Retail lending has been an important driver of growth for the Indian banking system as well, and in the last three years unsecured retail credit has grown at a rapid pace. Further, we are also focusing on scaling up our business and distribution network in rural areas. While we have taken measures to address the risks in these businesses, there can be no assurance that the businesses would perform according to our expectations or that there would not be any adverse developments in these businesses in the future. Our inability to manage such risks may have an adverse impact on our future business and strategy, our asset quality and profitability and the price of the Notes.

Our industry is very competitive and our strategy depends on our ability to compete effectively.

Within the Indian market, we face intense competition from other commercial banks, investment banks, insurance companies, non-bank finance companies, new private sector banks like payments banks and small finance banks and non-bank entities offering retail payments services. Some Indian public and private sector banks have experienced higher growth and increase in market shares relative to us. The Reserve Bank of India has issued licenses to two new private sector banks, and in-principle licenses to 10 small finance banks and 11 payments banks. While all the small finance banks have begun operations, only six payments banks have begun operations and three payments banks have surrendered, or announced their intention to surrender, their licenses. The Reserve Bank of India has also issued guidelines with respect to a continuous licensing policy for universal banks in the private sector. The expansion of existing competitors or the entry of new competitors could increase competition. Further, technology innovations in mobility and digitization of financial services require banks to continuously develop new and simplified models for offering banking products and services. Innovations in the payments system and increasing use of mobile banking are leading to emergence of new platforms for cashless payments. This can also lead to new types of banks expanding their presence in other financial products like insurance and mutual funds. These trends in technology could increase competitive pressures on banks, including us, to adapt to new operating models and upgrade back-end infrastructure on an ongoing basis. There is no assurance that we will be able to continue to respond promptly to new technology developments, and be in a position to dedicate resources to upgrade our systems and compete with new players entering the market. In addition, the moderation of growth in the Indian banking sector may lead to greater competition for business opportunities.

We face competition from non-banking finance companies that are lending in segments in which banks also have a presence, including home loans and vehicle loans. Their presence in the market may grow during periods when banks are unable to grow their advances due to challenges and stress in other businesses. There is no assurance that we will be able to effectively compete with these non-banking finance companies at all times. Further, changes in the banking sector structure due to consolidation as well as entry of new competitors may lead to volatility and new challenges and may increase pressure on banks to remain competitive.

In October 2013, the Reserve Bank of India completely deregulated branch licensing requirements and banks are permitted to open branches across Tier 1 to Tier 6 centers without the prior approval of the Reserve Bank of India, subject to them maintaining a prescribed proportion of 25% of their incremental branches in rural and semi-urban areas. Banks are also allowed to merge, close or shift a branch in metropolitan and urban centers without prior approval. See also "*Supervision and Regulation—Regulations Relating to the Opening of Branches*". In March 2017, the Reserve Bank of India issued revised guidelines on the rationalization of branch authorization. As per the revised guidelines, banks are permitted to open, unless otherwise specifically restricted, banking outlets in Tier 1 to Tier 6 centers without the need to obtain the Reserve Bank of India's permission. The opening of banking outlets during a financial year will be subject to condition that at least 25% of the total number of banking outlets opened during a financial year should be opened in unbanked rural centers. In May 2017, the description of a branch was broadened to include all service delivery points of a bank, including branches and business correspondent outlets.

The Reserve Bank of India has also released the framework for the presence of foreign banks in India, and has proposed according treatment substantively similar to domestic banks for foreign banks, based on the principles of reciprocity and subsidiary mode of presence. In May 2014, the Reserve Bank of India released the report of the committee constituted to review the governance of boards of banks in India which, among others, has proposed several measures aimed at improving the governance, ownership and board oversight of public sector banks. Following these recommendations, the Government of India split the position of chairman and managing director in public sector banks such that one person is no longer permitted to hold both positions. Any changes in the banking structure in India, including the entry of new banks, greater competition between existing players and improvement in the efficiency and competitiveness of existing banks, may have an adverse impact on our business. Due to competitive pressures, we may be unable to successfully execute our growth strategy or offer products and services at reasonable returns and this may adversely impact our business. See also "*Description of ICICI Bank—Competition*" and "*Overview of the Indian Financial Sector—Commercial Banks—Foreign Banks*".

In our international operations we also face intense competition from the full range of competitors in the financial services industry, both banks and non-banks and both Indian and foreign banks. We remain a small to mid-size player in the international markets and many of our competitors have resources much greater than our own.

Changes in the regulation and structure of the financial markets in India may adversely impact our business.

The Indian financial markets have in recent years experienced, and continue to experience, changes and developments aimed at reducing the cost and improving the quality of service delivery to users of financial services. We may experience an adverse impact on the cash float and fees from our cash management business resulting from the development and increased usage of payment systems, as well as other similar structural changes. Some structural changes in banking transactions in India include free access for a customer of any bank to ATMs of all other banks with restrictions on the amount and number of transactions. Furthermore, the Reserve Bank of India, from time to time, also imposes limits on transaction charges levied by banks on customers, including those on cash and card transactions. Banks were directed to remove foreclosure charges on home loans and floating rate term loans given to individual borrowers. Banks were prohibited from levying penalty on non-operative accounts for non-maintenance of minimum balance. Such developments may adversely impact the profitability of banks, including us, by reducing float balances and fee incomes, and increasing costs. See also "*—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment*". Our subsidiaries are also subject to similar risks. For instance, in the Union Budget for fiscal 2015, the Finance Minister announced an increase in the long-term capital gains tax rate on investments in debt mutual funds from 10% to 20% and also increased the minimum holding period for qualification as a long-term investment from 12 months to 36 months. Starting from April 2015, the Association of Mutual Funds of India has introduced a cap of 100 basis points on upfront commissions for all mutual fund schemes and from fiscal 2019, the Government of India has introduced a tax on distributed income by equity oriented mutual funds at the rate of 10.0%. Further, the Reserve Bank of India has rationalized the Merchant Discount Rate for debit card transactions, effective from January 1, 2018. The guidelines replaced the earlier slab-rate based Merchant Discount Rate on transaction value to a merchant turnover based Merchant Discount Rate structure, for which merchants have been suitably categorized, and has specified a ceiling on the maximum permissible Merchant Discount Rate. These changes may have an impact on the inflows and earnings of asset management companies, including our asset management subsidiary and also affect our fee and other incomes. See also "*—While our insurance businesses are an important part of our business, there can be no assurance of their future rates of growth or levels of profitability*".

Additional capital requirements of our insurance subsidiaries or our inability to monetize a part of our shareholding in these subsidiaries may adversely impact our business and the price of the Notes.

Although our insurance businesses are profitable and we currently do not anticipate they would require capital, additional capital may be required to support the business which may, among other reasons, arise due to regulatory requirements or increased opportunities for growth. For instance, in the past, in accordance with an order of the Insurance Regulatory and Development Authority of India, all general insurance companies in India, including our general insurance subsidiary, ICICI Lombard General Insurance Company Limited, were required to provide for losses on the third-party motor pool (a multilateral arrangement for insurance in respect of third-party claims against commercial vehicles, the results of which were shared by all general insurance companies in proportion to their overall market share). Since the losses were allocated to general insurance companies based on their overall market shares, the profitability and solvency ratio of our general insurance subsidiary were adversely impacted. Accordingly, we invested Rs. 740.0 million of capital into our general insurance subsidiary in fiscal 2013. Our ability to invest additional capital in these businesses is subject to the Reserve Bank of India's regulations on capital adequacy and its para-banking guidelines that prescribe limits for our aggregate investment in financial sector enterprises. All such investments require prior approval of the Reserve Bank of India. See also "*—Loss reserves for our general insurance business are based on estimates as to future claims liabilities and adverse developments relating to claims could lead to further reserve additions and materially adversely affect the operation of our general insurance subsidiary*".

Any additional capital requirements of our insurance subsidiaries and restrictions on our ability to capitalize them could adversely impact their growth, our future capital adequacy, our financial performance and the price of the Notes.

The Insurance Laws (Amendment) Act, 2015, increased the foreign shareholding limit in insurance companies from 26.0% to 49.0%, subject to the companies being Indian-owned and controlled, and to regulatory approval.

During fiscal 2016, we sold a 6.0% stake in our life insurance subsidiary, ICICI Prudential Life Insurance Company Limited, to financial investors, thereby reducing our share ownership in ICICI Prudential Life Insurance Company Limited from approximately 74% to 68%. In fiscal 2017, we sold a further 12.63% out of our shareholding in ICICI Prudential Life Insurance Company Limited through an offer for sale in an initial public offering of its shares. ICICI Prudential Life Insurance Company Limited was listed on the National Stock Exchange of India Limited and the BSE Limited on September 29, 2016. During fiscal 2019, we sold an additional 2.0% out of our shareholding in ICICI Prudential Life Insurance Company Limited through an offer for sale by promoters through stock exchange mechanism. Our current shareholding in our life insurance subsidiary stands at 52.88%. During fiscal 2016, Fairfax Financial Holdings and ICICI Bank agreed that Fairfax Financial Holdings (through its affiliate) would increase its shareholding in ICICI Lombard General Insurance Company by 9.0%. The transaction was completed in March 2016, resulting in our share ownership in ICICI Lombard General Insurance Company reducing to 63%. In September 2017, we sold 7.0% out of our shareholding in ICICI Lombard General Insurance Company Limited in an initial public offering by the Company. ICICI Lombard General Insurance Company was listed on the National Stock Exchange of India Limited and the BSE Limited in September 2017. Further, in November 2017, the Board of Directors of the Bank approved the sale of a part of our shareholding in ICICI Securities in an initial public offering. Subsequently, in March 2018, we sold 20.78% out of our shareholding in ICICI Securities in an initial public offering by the Company. ICICI Securities was listed on the National Stock Exchange of India Limited and the BSE Limited in April 2018. There is no assurance that we will be able to undertake further monetization of our investments in our subsidiaries, through public offering or otherwise, or of the level of valuation of the subsidiaries at which such monetization may take place. See also "*Description of ICICI Bank—Overview of Our Products and Services—Insurance*" and "*—While our insurance businesses are an important part of our business, there can be no assurance of their future rates of growth or levels of profitability*".

While our insurance businesses are an important part of our business, there can be no assurance of their future rates of growth or levels of profitability.

Our life insurance and general insurance businesses are an important part of our business. See also "*Description of ICICI Bank—Overview of Our Products and Services—Insurance*". These businesses have experienced volatility in growth rates in the past and there can be no assurance of their future rates of growth or profitability.

The Indian life insurance sector has experienced significant regulatory changes in recent years. In fiscal 2011, the Insurance Regulatory and Development Authority of India changed the regulations relating to unit-linked life insurance products. Subsequently, the Insurance Regulatory and Development Authority of India also issued revised regulations relating to non-linked life insurance products, which became effective during fiscal 2014. The key changes related to commissions payable to agents and distributors, lapse of policies, surrender values and minimum death benefits. As a result of these changes, the life insurance sector experienced low growth and changes in the product mix in recent years, as life insurance companies were required to modify their products and distribution strategies. While there was initially a shift in the product mix towards non-unit linked products, more recently the share of unit-linked products has increased driven by favorable cost structures of these products from a customer perspective, as well as by improved capital market conditions. The demand for these products may be influenced by any volatility or downturn in capital markets. The regulatory changes have also resulted in reduced profit margins on life insurance products. In fiscal 2015, the Insurance Laws (Amendment) Act, 2015, amended the existing statute to provide that no policy of life insurance shall be called in to question on any grounds, including misstatement of facts or fraud, at any time after three years from the date of the policy, i.e., from the date of issuance of the policy, commencement of risk, revival of the policy or the rider to the policy, whichever is later. The total premium of our life insurance subsidiary, ICICI Prudential Life Insurance Company Limited, increased by 21.1% from Rs. 223.54 billion in fiscal 2017 to Rs. 270.69 billion in fiscal 2018. The retail renewal premium increased from Rs. 142.19 billion in fiscal 2017 to Rs. 174.97 billion in fiscal 2018 and retail new business premium increased from Rs. 70.66 billion in fiscal 2017 to Rs. 84.02 billion in fiscal 2018.

ICICI Lombard General Insurance Company's gross direct premium income was Rs. 123.57 billion in fiscal 2018, a growth of 15.2% over fiscal 2017. ICICI Lombard General Insurance Company's growth and profitability depend on various factors, including the proportion of certain profitable products in its portfolio, the maintenance on its relationship with key distribution partners and reinsurers, continuation of support by the Government of India of certain insurance schemes, regulatory changes, and market movements. There can be no assurance of the future rates of growth in the insurance business. While this subsidiary has been making profits since fiscal 2013, there can be no assurance of the future profitability or rates of growth in the insurance business. See also "*—Additional capital requirements of our insurance subsidiaries or our inability to monetize a part of our shareholding in these subsidiaries may adversely impact our business and the price of the Notes*" and "*Supervision and Regulation—Regulations Governing Insurance Companies*".

The Insurance Regulatory Development Authority of India has from time to time proposed changes to the regulations governing distribution of insurance products by corporate agents, including banks. ICICI Bank is a corporate agent of its insurance subsidiaries and accounts for a significant portion of the business volumes of its life insurance subsidiary. While the latest regulatory proposals are not expected to impact this activity significantly, any future regulatory restrictions may require our insurance subsidiaries to change their distribution strategies, which may result in increased costs and lower business volumes, as well as impacting ICICI Bank's distribution of their products and the associated fee income. A slowdown in growth in the Indian economy, further regulatory changes or customer dissatisfaction with our insurance products could adversely impact the future growth of these businesses. See also "*—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment*". Any slowdown in these businesses and in particular in the life insurance business could have an adverse impact on our business and the price of the Notes.

Actuarial experience and other factors could differ from assumptions made in the calculation of life actuarial reserves and other actuarial information.

The assumptions our life insurance subsidiary makes in assessing its life insurance reserves and computing other actuarial information may differ from what it experiences in the future. These assumptions include the assessment of the long-term development of interest rates, investment returns, the allocation of investments between equity, fixed income and other categories, persistency, mortality and morbidity rates, policyholder lapses, policy discontinuation and future expense levels. In addition, there is a risk that the model used to estimate life and health insurance reserves based on such assumptions should be incorrect.

Our life insurance subsidiary monitors its actual experience of these assumptions and to the extent that it considers any deviation from assumption to continue in the longer term, it refines its long-term assumptions. Changes in any such assumptions may lead to changes in the estimates of life and health insurance reserves and other actuarial information. Such changes may also impact the valuation of our life insurance subsidiary by existing or potential investors, and the valuation at which any future monetization of our shareholding in the life insurance subsidiary may take place, if at all.

Loss reserves for our general insurance business are based on estimates as to future claims liabilities and adverse developments relating to claims could lead to further reserve additions and materially adversely affect the operation of our general insurance subsidiary.

In accordance with the general insurance industry practice and accounting and regulatory requirements, our general insurance subsidiary establishes reserves for loss and loss adjustment expenses related to its general insurance business. Reserves are based on estimates of future payments that will be made in respect of claims, including expenses relating to such claims. Such estimates are made on both a case-by-case basis of claims that have been reported but not settled, based on the facts and circumstances available at the time the reserves are established, as well as in respect of losses that have been incurred but not reported. These reserves represent the estimated ultimate cost necessary to bring all pending claims to final settlement.

Reserves are subject to change due to a number of variables which affect the ultimate cost of claims, such as changes in claims handling procedures, legal environment, social attitudes, results of litigation, costs of repairs, changing trends in medical costs, minimum wages and other factors such as inflation and exchange rates. Our general insurance subsidiary's reserves for environmental and other latent claims are particularly subject to such variables. The results of operations of our general insurance subsidiary depend significantly upon the extent to which its actual claims experience is consistent with the assumptions it uses in setting the prices for products and establishing the liabilities for obligations for technical provisions and claims. To the extent that its actual claims experience is less favorable than the underlying assumptions used in establishing such liabilities, it may be required to increase its reserves, which may materially adversely affect its results of operations.

Established loss reserves estimates are periodically adjusted in the ordinary course of settlement, using the most current information available to management, and any adjustments resulting from changes in reserve estimates are reflected in current results of operations. Our general insurance subsidiary also conducts reviews of various lines of business to consider the adequacy of reserve levels. Based on current information available and on the basis of internal procedures, the management of our general insurance subsidiary considers that these reserves are adequate. However, because the establishment of reserves for loss and loss adjustment expenses is an inherently uncertain process, there can be no assurance that ultimate losses will not materially exceed the established reserves for loss and loss adjustment expenses and have a material adverse effect on the results of operations of our general insurance subsidiary. See also "*—Additional capital requirements of our insurance subsidiaries or our inability to monetize a part of our shareholding in these subsidiaries may adversely impact our business and the price of the Notes*".

The financial results of our insurance subsidiaries could be materially adversely affected by the occurrence of a catastrophe.

Portions of our general insurance subsidiary's business may cover losses from unpredictable events such as hurricanes, windstorms, monsoons, earthquakes, fires, industrial explosions, floods, riots and other man-made or natural disasters, including acts of terrorism. The incidence and severity of these catastrophes in any given period are inherently unpredictable.

In addition, our life insurance subsidiary's operations are also exposed to claims arising out of catastrophes due to increased mortality and morbidity claims of affected customers. In addition, catastrophes could result in losses in the investment portfolios of our life insurance subsidiary due to, among other reasons, the failure of its counterparties to perform their obligations or significant volatility or disruption in the financial markets.

Although our subsidiaries monitor their overall exposure to catastrophes and other unpredictable events in each geographic region and determine their underwriting limits related to insurance coverage for losses from catastrophic events, the subsidiaries generally seek to reduce their exposure through the purchase of reinsurance, selective underwriting practices and by monitoring risk accumulation. Claims relating to catastrophes may result in unusually high levels of losses and may require additional capital to maintain solvency margins and could have a material adverse effect on our financial position or results of operations.

There is operational risk associated with the financial industry which, when realized, may have an adverse impact on our business.

We, like all financial institutions, are exposed to many types of operational risk, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees and third parties (including violation of regulations for prevention of corrupt practices, and other regulations governing our business activities), misreporting or non-reporting with respect to statutory, legal or regulatory reporting and disclosure obligations, or operational errors, including non-compliance with internal processes, clerical or recordkeeping and reconciliation errors or errors resulting from faulty computer or telecommunications systems. We have experienced significant growth in a fast changing environment, and management as well as our regulators, are aware that this may pose significant challenges to our control framework. As a result of our internal evaluations, we and our regulators have noted certain areas where our processes and controls could be improved. Our growth, particularly in retail lending, our rural initiative, our international business and our insurance businesses, exposes us to additional operational and control risks. Regulatory scrutiny of areas related to operational risk, including internal audit information, systems and data processing is increasing. The large size of our treasury and retail operations, which use automated control and recording systems as well as manual checks and recordkeeping, exposes us to the risk of errors in control, recordkeeping and reconciliation. The increasing size of our insurance business and the complexities of the products expose us to the risk that the models set up on actuarial software to compute the actuarial liabilities and deferred acquisition cost may contain errors or may require continuous improvement over a period of time. We also outsource some functions, like collections, to other agencies. Given our high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. In addition, our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws, employee tampering, manipulation of those systems and deficiency in access control management will result in losses that are difficult to detect. We may also be subject to disruptions of our operating systems, arising from events that are wholly or partially beyond our control (including, for instance, computer viruses or electrical or telecommunication outages), which may give rise to deterioration in customer service and to loss or liability to us.

Unexpected events, such as the withdrawal of high denomination currency notes, could result in a sharp increase in our transaction volumes and increase the pressure on our systems to keep pace with regulatory changes in a short period of time, which may result in inadvertent operational errors in our branch operations and resultant regulatory action. We are further exposed to the risk that external vendors may be unable to fulfil their contractual obligations to us (or will be subject to the same risk of fraud or operational errors by their respective employees as we are), and to the risk that our (or our vendors') business continuity and data security systems prove not to be sufficiently adequate. We also face the risk that the design of our controls and procedures proves inadequate, or is circumvented, thereby causing delays in detection or errors in information. Although we maintain a system of controls designed to keep operational risk at appropriate levels, like all banks and insurance companies we have suffered losses from operational risk and there can be no assurance that we will not suffer losses from operational risks in the future that may be material in amount, and our reputation could be adversely affected by the occurrence of any such events involving our employees, customers or third parties. Our transactions with other financial institutions could also expose us to such operational risks. For instance, in February 2018, a public sector bank declared that two related borrower groups had obtained funding from other banks against credit comfort provided by the first bank, and that such credit comfort had been fraudulently provided by certain of its employees without due authorization and record keeping. While we did not have exposure to the concerned transactions, we have exposure to one of the above borrower groups, which was classified as non-performing and required to be fully provided for in the quarter ended March 31, 2018. The impact of this and similar events is uncertain and could have an adverse impact on the banking sector.

In addition, regulators or legal authorities may also hold banks, including us, liable for losses on account of customer errors such as inadvertent sharing of confidential account related information. There are inherent limitations to the effectiveness of any system especially of controls and procedures, including the possibility of human error, circumvention or overriding of the controls and procedures, in a fast changing environment or when entering new areas of business or expanding geographic reach. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. We are committed to continuing to implement and improve internal controls and our risk management processes, and this remains a key priority for us. If, however, we are unable to manage operational risk in India and in the other jurisdictions in which we operate, or if we are perceived as being unable to manage such risk, we may be subject to enhanced regulatory oversight and scrutiny. For a discussion of how operational risk is managed, see also "*Description of ICICI Bank—Risk Management—Operational Risk*".

We face security risks, including denial of service attacks, hacking, social engineering attacks targeting our colleagues and customers, malware intrusion or data corruption attempts, and identity theft that could result in the disclosure of confidential information, adversely affect our business or reputation, and create significant legal and financial exposure.

Our businesses rely on our secure processing, transmission, storage and retrieval of confidential, proprietary and other information in our computer and data management systems and networks and in the computer and data management systems and networks of third parties. To access our products and services, our customers may use personal smartphones, tablet PCs, and other mobile devices that are beyond our control systems and subject to their own cybersecurity risks. Given our reliance and focus on technology and presence in diverse geographies, our technologies, systems, networks, and our customers' devices are subject to security risks and are susceptible to cyber-attacks (such as, denial of service attacks, hacking, terrorist activities or identity theft) that could negatively impact the confidentiality, integrity or availability of data pertaining to us or our customers, which in turn may cause damage to our reputation and adversely impact our business and financial results. Third parties with which we do business or that facilitate our business activities could also be sources of operational and information security risk to us, including from breakdowns or failures of their own systems or capacity constraints.

We, our customers, regulators and other third parties, including other financial services institutions and companies engaged in data processing, have been subject to, and are likely to continue to be the target of, cyber-attacks. These cyber-attacks include computer viruses, malicious or destructive code, phishing attacks, denial of service or information, ransomware, improper access by employees or vendors, attacks on personal email of employees, ransom demands to not expose security vulnerabilities in our systems or the systems of third parties or other security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of ours, our employees, our customers or of third parties, damage our systems or otherwise materially disrupt our or our customers' or other third parties' network access or business operations. Like many other large global financial institutions, we have also experienced a distributed denial of services attack which was intended to disrupt customer access to our main portal. While our monitoring and mitigating controls were able to detect and effectively respond to this incident, there can be no assurance that these security measures will be successful in the future. As cyber threats continue to evolve, we maybe required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities.

We have a governance framework in place for security and have implemented information security policies, procedures and technologies. However, considering that technology is currently in a phase of rapid evolution and that the methods used for cyber-attacks are also changing frequently or, in some cases, are not recognized until an actual attack, we may not be able to anticipate or to implement effective preventive measures against all security breaches. Cyber threats are rapidly evolving and we may not be able to anticipate or prevent all such attacks and could be held liable for any security breach or loss.

Cybersecurity risks for banking organizations have significantly increased in recent years in part because of the proliferation of new technologies, and the use of the internet and telecommunications technologies to conduct financial transactions. For example, cybersecurity risks may increase in the future as we continue to increase our mobile-payment and other internet-based product offerings and expand our internal usage of web-based products and applications. In addition, cybersecurity risks have significantly increased in recent years in part due to the increased sophistication and activities of organized crime affiliates, terrorist organizations, hostile foreign governments, disgruntled employees or vendors, activists and other external parties, including those involved in corporate espionage. Even the most advanced internal control environment may be vulnerable to compromise. Targeted social engineering attacks and "spear phishing" attacks are becoming more sophisticated and are extremely difficult to prevent. In such an attack, an attacker will attempt to fraudulently induce colleagues, customers or other users of our systems to disclose sensitive information in order to gain access to its data or that of its clients. Persistent attackers may succeed in penetrating defenses given enough resources, time, and motive. The techniques used by cyber criminals change frequently, may not be recognized until launched and may not be recognized until well after a breach has occurred. The risk of a security breach caused by a cyber-attack at a vendor or by unauthorized vendor access has also increased in recent years. Additionally, the existence of cyber-attacks or security breaches at third-party vendors with access to our data may not be disclosed to us in a timely manner.

We also face indirect technology, cybersecurity and operational risks relating to clients and other third parties with whom we do business or upon whom we rely to facilitate or enable our business activities, including, for example, financial counterparties, regulators and providers of critical infrastructure such as internet access and electrical power. As a result of increasing consolidation, interdependence and complexity of financial entities and technology systems, a technology failure, cyber-attack or other information or security breach that significantly degrades, deletes or compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including us. This consolidation, interconnectivity and complexity increases the risk of operational failure, on both individual and industry-wide bases, as disparate systems need to be integrated, often on an accelerated basis.

Any third-party technology failure, cyber-attack or other information or security breach, termination or constraint could, among other things, adversely affect our ability to effect transactions, service our clients, manage our exposure to risk or expand our business. Cyber-attacks or other information or security breaches, whether directed at us or third parties, may result in a material loss or have material consequences. Furthermore, the public perception that a cyber-attack on our systems has been successful, whether or not this perception is correct, may damage our reputation with customers and third parties with whom we do business. Hacking of personal information and identity theft risks, in particular, could cause serious reputational harm. A successful penetration or circumvention of system security could cause us serious negative consequences, including our loss of customers and business opportunities, costs associated with maintaining business relationships after an attack or breach; significant business disruption to our operations and business, misappropriation, exposure, or destruction of our confidential information, intellectual property, funds, and/or those of our customers; or damage to our or our customers' and/or third parties' computers or systems, and could result in a violation of applicable privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in our security measures, reputational damage, reimbursement or other compensatory costs, additional compliance costs, and could adversely impact our results of operations, liquidity and financial condition. Our insurance coverage may be insufficient to cover all losses.

System failures could adversely impact our business.

Given the large share of retail products and services and transaction banking services in our total business, the importance of systems technology to our business has increased significantly. Our business, financial, accounting, data processing systems or other operating systems and facilities may stop operating properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control, such as surges in customer transaction volume, utility disruptions or failures, natural disasters, diseases pandemics, events arising from political or social matters and terrorist attacks. While we have procedures to monitor for and prevent system failures, and to recover from system failures in the event they occur, there is no guarantee that these procedures will successfully prevent a system failure or allow us to recover quickly from a system failure. In the event that our data center is severely impacted, while we have a secondary disaster recovery data center, recovery of some of our systems and services may be delayed, thereby adversely impacting our operations and customer service levels. Any failure in our systems, particularly for retail products and services and transaction banking, could significantly affect our operations and the quality of our customer service and could result in enhanced regulatory scrutiny and business and financial losses that would adversely affect the price of the Notes. Regulatory scrutiny in this area is increasing. See also "*—The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past*".

Our business may be adversely affected by computer, internet and telecommunications fraud.

Our business operations are based on a high volume of transactions. Although we take adequate measures to safeguard against system-related and other fraud, there can be no assurance that we would be able to prevent fraud. Our reputation could be adversely affected by fraud committed by employees, customers or outsiders, or by our perceived inability to properly manage fraud-related risks. Such activity may take many forms, including check fraud, electronic fraud, wire fraud, phishing and other dishonest acts. Our inability or perceived inability to manage these risks could lead to enhanced regulatory oversight and scrutiny. Our branch network expansion, our rural initiative, our international growth and our expansion to product lines such as insurance may create additional challenges with respect to managing the risk of fraud due to increased geographical dispersion and use of intermediaries. See also "*Operating and Financial Review and Prospects—Provisions and Contingencies (excluding tax provisions)—Provisions for Non-performing Assets and Restructured Loans*" and "*Description of ICICI Bank—Risk Management-Operational Risk*".

A determination against us in respect of disputed tax assessments may adversely impact our financial performance.

We are regularly assessed by the Government of India's tax authorities, and on account of outstanding tax demands we have included in contingent liabilities Rs. 62.49 billion in additional taxes in excess of our provisions at June 30, 2018. These additional tax demands mainly relate to income tax, service tax, sales tax and value added tax demands by the Government of India's tax authorities for past years. We have appealed against each of these tax demands. The tax related inquiries are not included as contingent liabilities in our financial statements as we believe that such proceedings are likely to be dropped by the tax authorities or will not be upheld by judicial authorities. As such, no provision has been made in the accounts for these contingent liabilities. The Rs. Rs. 62.49 billion included in our contingent liabilities does not include further disputed tax assessments amounting to Rs. 33.68 billion, of which Rs. 28.38 billion mainly relates to bad debts written off and penalties levied, where the possibility of liability arising has been considered remote based on favorable Supreme Court decisions in other similar cases, and Rs. 5.30 billion relating to disallowance of taxes paid. See also "*Description of ICICI Bank—Legal and Regulatory Proceedings*".

We have appealed all of these demands. While we expect that no additional liability will arise out of these disputed demands based on our consultations with tax counsel and favorable decisions in our own and other cases, there can be no assurance that these matters will be settled in our favor or that no further liability will arise out of these demands. Any additional tax liability may adversely impact our financial performance and the price of the Notes.

We are involved in various litigations. Any final judgment awarding material damages against us could have a material adverse impact on our future financial performance and our stockholders' equity.

We and our group companies, or our or their directors or officers, are often involved in litigations (civil and criminal) in India and in the other jurisdictions in which we operate for a variety of reasons, which generally arise because we seek to recover our dues from borrowers or because customers seek claims against us. The majority of these cases arise in the normal course of business and we believe, based on the facts of the cases and consultation with counsel, that these cases generally do not involve the risk of a material adverse impact on our financial performance or stockholders' equity. We estimate the probability of losses that may be incurred in connection with legal and regulatory proceedings as of the date on which our unconsolidated and consolidated financial statements are prepared. We recognize a provision when we have a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. We determine the amount of provision based on our estimate of the amount required to settle the obligation at the balance sheet date, supplemented by our experience in similar situations. We review provisions at each balance sheet date and adjust them to reflect current estimates. In cases where the available information indicates that a loss is reasonably possible but the amount of such loss cannot be reasonably estimated, we make a disclosure to this effect in the unconsolidated and consolidated financial statements. In certain instances, present and former employees have instituted legal and other proceedings against us alleging irregularities. When there is only a remote risk of loss, we do not recognize a provision nor do we include a disclosure in the unconsolidated and consolidated financial statements. See also "*Description of ICICI Bank—Legal and Regulatory Proceedings*". We cannot guarantee that the judgments in any of the litigation in which we are involved would be favorable to us and if our assessment of the risk changes, our view on provisions will also change.

We depend on the knowledge and skills of our senior management. Any inability to attract and retain them and other talented professionals may adversely impact our business.

Our continued success depends in part on the continued service of key members of our management team and our ability to continue to attract, train, motivate and retain highly qualified professionals. This is a key element of our strategy and we believe it to be a significant source of competitive advantage. The successful implementation of our strategy depends on the availability of skilled management, both at our head office and at each of our business units and international locations, continuity in the service of our directors, executives and senior managers, and our ability to attract and train young professionals.

The appointment of individuals in certain positions is subject to regulatory and shareholder approvals. Any stringent requirements by our regulator for appointing key members in the management may require us to reorganize our management structure and may affect our ability to identify, hire and appoint suitable professionals for various roles.

The loss of any member from our senior management, including directors and key personnel, can have a material impact on our business, our financial performance, our stockholders' equity, our ability to implement our strategy and the price of the Notes. If we or one of our business units or other functions fail to staff operations appropriately, or lose one or more key senior executives or qualified young professionals and fail to replace them in a satisfactory and timely manner, our business, financial condition and results of operations, including our control and operational risks, may be adversely affected. Likewise, if we fail to attract and appropriately train, motivate and retain young professionals or other talent, our business may likewise be affected.

A substantial portion of our compensation structure for middle and senior management is in the form of employee stock options, and dependent on the market price of our equity shares. Depending on market and business conditions, we may decide to reduce our employee strength in certain of our businesses. Increased competition, including the entry of new banks into an already competitive sector, may affect our ability to hire and retain qualified employees. See also "*Description of ICICI Bank—Employees*".

Adoption of a different basis of accounting or new accounting standards may result in changes in our reported financial position and results of operations for future and prior periods.

The financial statements and other financial information included or incorporated by reference in this Offering Circular are based on our unconsolidated and consolidated financial statements under Indian GAAP. The Institute of Chartered Accountants of India has issued Ind AS (a revised set of accounting standards) which largely converges the Indian accounting standards with International Financial Reporting Standards. The Ministry of Corporate Affairs, which is the law making authority for adoption of accounting standards in India, has notified these Ind AS for adoption. Further, the ministry has also issued a roadmap for transition to Ind AS by Indian companies in a phased manner starting from April 1, 2016. For banking companies and non-banking finance companies, the implementation of Ind AS was to begin from April 1, 2018. The Reserve Bank of India has deferred the implementation of Ind AS for banks by one year. The implementation is currently scheduled to begin from fiscal year 2020, beginning April 1, 2019. For insurance companies the implementation of Ind AS will begin from April 1, 2020. Accordingly, while some of our group companies would report their financials as per Ind AS from April 1, 2018, ICICI Bank will report its financial statements as per Ind AS from April 1, 2019.

Ind AS 109 - Financial Instruments (Standard equivalent to International Financial Reporting Standard 9) would have a significant impact on the way financial assets and liabilities are classified and measured, resulting in volatility in profit or loss and equity. See also "*Operating and Financial Review and Prospects—Convergence of Indian accounting standards with International Financial Reporting Standards*".

Further, banks migrating to the advanced measurement approach for operational risk and internal ratings-based approaches for credit risk under Basel II are required to follow the prescribed minimum loss given default levels for capital adequacy computation and treat restructured assets as non-performing assets for capital adequacy purposes. Compliance with these new standards may result in an increase in loans classified as non-performing and provisioning costs, and a reduction in capital adequacy for banks, including us.

Risks Relating to the Notes

There is no existing market for any Notes issued under the Global Programme and therefore an investment in any Notes may be illiquid.

Each new series of Notes will constitute a new class of securities with no established market or prior trading history. While certain of the Notes issued under the Global Programme may be listed on the SGX-ST, there can be no assurance that a market for such Notes will be available or, if it is available, that it will provide investors with an avenue for liquidity for their investment, nor is there any assurance as to how long such Notes will be listed on the relevant stock exchange or the prices at which they may trade. In particular, the Notes could trade at prices that may be higher or lower than the initial offering price due to many factors, including prevailing interest rates, the Bank's operating results, the market for similar securities and general macroeconomic and market conditions in India and elsewhere.

The Dealers have made no commitment and have no obligation to make a market in the Notes. Therefore, no assurance can be given that any Dealer will actually make a market in any Notes that are issued under the Global Programme, or if it does, that it will continue to make a market in the future. No assurance can be given that an active trading market for any Notes will develop and therefore the liquidity of the Notes may be considerably less than for comparable emerging market securities.

There are certain restrictions under the Banking Regulation Act, 1949 (the "Banking Regulation Act") which may affect or restrict the rights of investors in the Notes.

Under Sections 35A and 36 of the Banking Regulation Act (which apply to the Bank), Reserve Bank of India is empowered to give directions to the Bank, prohibit the Bank from entering into any transactions, and advise the Bank generally. Consequently, the performance of obligations by the Bank under the Global Programme Agreement, the Trust Deed, the Agency Agreement and the Notes may be restricted by the directions or advice given by Reserve Bank of India under the aforesaid provision.

Under Section 50 of the Banking Regulation Act (which also applies to the Bank), no person shall have a right, whether in contract or otherwise, to any compensation for any loss incurred by reason of operation of certain provisions of such Act, including Sections 35A and 36 of the Banking Regulation Act. Therefore, holders of the Notes may not be able to claim any compensation for a failure by the Bank to perform its obligations under the Global Programme Agreement, the Trust Deed, the Agency Agreement and the Notes, consequent to the operation of the aforesaid provisions.

If we are unable to make payments on the Notes from Hong Kong, Singapore, Dubai, New York or from our IFSC Banking Unit and must make payments from India, including any additional amounts, we may experience delays in obtaining or be unable to obtain the necessary approvals from Reserve Bank of India.

We are under no legal obligation to maintain liquidity at our Hong Kong Branch, Singapore Branch, Dubai Branch, New York Branch or IFSC Banking Unit at levels sufficient to make payments on the Notes. If payment under the Notes is requested directly from us in India (whether by reason of a lack of liquidity of our Hong Kong Branch, Singapore Branch, Dubai Branch, New York Branch or IFSC Banking Unit, as applicable, acceleration, enforcement of a judgment or imposition of any restriction under the law of our Hong Kong Branch, Singapore Branch, Dubai Branch, New York Branch or IFSC Banking Unit, as applicable), and payment thereunder, including any additional amounts, is to be made from India, approval from the Reserve Bank of India will be required for the remittance of funds outside India. Any such approval is within the discretion of the Reserve Bank of India and we can provide no assurance that we would in fact be able to obtain such approval upon our request. In addition, there could be significant delays in obtaining approval from the Reserve Bank of India.

In the event that no approvals are obtained or obtainable for the payment by us of amounts owed and payable by our Hong Kong Branch, Singapore Branch, Dubai Branch, New York Branch or IFSC Banking Unit through remittances from India, we may have to seek other mechanisms permitted by applicable laws to effect payment of amounts due under the Notes. However, we cannot assure you that other remittance mechanics permitted by applicable law will be available in the future, and even if they are available in the future, we cannot assure you that the payments due under the Notes would be possible through such mechanisms.

The Notes are subject to transfer restrictions.

The Notes will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except to QIBs in reliance on the exemption provided by Rule 144A, to non-U.S. persons in offshore transactions in reliance on Regulation S, or, if available, pursuant to another exemption from, or in another transaction not subject to, the registration requirements of the Securities Act and, in each case, in accordance with applicable state securities laws. In addition, subject to the conditions set forth in the Trust Deed (as defined in "*Terms and Conditions of the Notes*"), a Note may be transferred only if the principal amount of Notes transferred is at least US$200,000 (or its foreign currency equivalent) unless a different minimum denomination is specified in the applicable Pricing Supplement. Under certain conditions and if so set forth in the applicable Pricing Supplement, a Note may be transferred only if the principal amount of the Notes transferred is at least € 100,000 or the equivalent in another foreign currency. For a further discussion of the transfer restrictions applicable to the Notes, see "*Subscription and Sale and Transfer and Selling Restrictions*".

Noteholders' right to receive payments on the Notes is junior to certain tax and other liabilities preferred by law.

The Notes will be subordinated to certain liabilities preferred by law such as claims of the Government of India on account of taxes, and certain liabilities incurred in the ordinary course of the Bank's trading or banking transactions.

In particular, in the event of bankruptcy, liquidation or winding up, the Bank's assets will be available to pay obligations on the Notes only after all of those of the Bank's liabilities that rank senior to these Notes have been paid. In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Notes.

The Notes do not restrict the Bank's ability to incur additional debt, repurchase the Notes or to take other actions that could negatively impact holders of the Notes.

The Bank is not restricted under the Terms and Conditions of the Notes from incurring additional debt, including secured debt, or from repurchasing the Notes. In addition, the covenants applicable to the Notes do not require the Bank to achieve or maintain any minimum financial results relating to the Bank's financial position or results of operations. The Bank's ability to recapitalize, incur additional debt and take other actions that are not limited by the Terms and Conditions of the Notes could diminish the Bank's ability to make payments on the Notes and amortizing bonds when due.

If the Bank does not satisfy its obligations under the Notes, Noteholders' remedies will be limited.

Payment of principal due under the Notes may be accelerated only in the event of certain events involving the Bank's bankruptcy, winding up or dissolution or similar events or otherwise if certain conditions have been satisfied. See "*Terms and Conditions of the Notes—Events of Default and Enforcement*".

The book-entry registration system of the Notes may reduce the liquidity of any secondary market for the Notes and may limit the receipt of payments by the beneficial owners of the Notes.

Because transfers of interests in the global notes can be effected only through book entries at Clearstream, Luxembourg and Euroclear or the CMU, in the case of the global notes to be issued in reliance on Regulation S, or DTC, in the case of the global notes to be issued in reliance on Rule 144A, for the accounts of their respective participants, the liquidity of any secondary market for global notes may be reduced to the extent that some investors are unwilling to hold Notes in book-entry form in the name of a Clearstream, Luxembourg, Euroclear, CMU or DTC participant. The ability to pledge interests in the global notes may be limited due to the lack of a physical certificate. Beneficial owners of global notes may, in certain cases, experience delay in the receipt of payments of principal and interest since such payments will be forwarded by the paying agent to Clearstream, Luxembourg, Euroclear, the CMU or DTC, as applicable, who will then forward payment to their respective participants, who (if not themselves the beneficial owners) will thereafter forward payments to the beneficial owners of the interests in the global notes. In the event of the insolvency of Clearstream, Luxembourg, Euroclear, the CMU, DTC or any of their respective participants in whose name interests in the global notes are recorded, the ability of beneficial owners to obtain timely or ultimate payment of principal and interest on global notes may be impaired.

Payments under the Notes may be subject to the Reserve Bank of India's guidelines regarding remittances of funds outside India.

If the Bank is unable to make payments with respect to the Notes from its overseas branches and instead makes payments from India, such payments shall be subject to the Reserve Bank of India's governing the remittance of funds outside India. The Bank is under no obligation to maintain liquidity at its overseas branches to make interest payments due on the Notes. Any approval, if and when required, for the remittance of funds outside India is at the discretion of the Reserve Bank of India and the Bank can give no assurance that it will be able to obtain such approvals.

If the Issuer substitutes the issuing office, branch or unit with another office, branch or unit, the interests of the Noteholders may be materially prejudiced as a result.

The Issuer may elect to substitute the Head Office, the IFSC Banking Unit, the Singapore Branch, the Hong Kong Branch, or the New York Branch of the Issuer in place of the office, unit or branch through which the Issuer originally acted when the Notes were issued provided that certain conditions are met. See "*Terms and Conditions of the Notes—Meetings of Noteholders, Modification, Waiver and Substitution*". However, there is no assurance that the interests of the Noteholders may not be materially prejudiced as a result of the substitution. A substitution may in certain circumstances, among other things, have undesirable taxation consequences for the Noteholders.

Notes may not be a suitable investment for all investors.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

a. have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

b. have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

c. have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

d. understand thoroughly the terms of the relevant Notes and be familiar with the behavior of any relevant indices and financial markets; and

e. be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks Related to the Structure of a Particular Issue of Notes

A wide range of Notes may be issued under the Global Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index linked notes and dual currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "Relevant Factor"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

a. the market price of such Notes may be volatile;

b. they may receive no interest;

c. payment of principal or interest may occur at a different time or in a different currency than expected;

d. the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;

e. a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

f. if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

g. the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one installment. Failure to pay any subsequent installment could result in an investor losing all of its investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer’s ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the fixed/Floating Rate Notes may be less favorable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Reference rates and benchmarks may be subject to reform and changes

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate ("**LIBOR**"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks"**), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark.

Risks Related to INR denominated Notes

The INR denominated Notes are subject to selling restrictions and may be transferred only to a limited pool of investors.

The INR denominated Notes can only be issued to and held by investors resident in jurisdictions which are members of the Financial Action Task Force (the "FATF") or a member of a FATF-Style Regional Body and whose securities market regulator is a signatory to the International Organisation of Securities Commission's ("IOSCO's") Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to bilateral Memorandum of Understanding with the Securities and Exchange Board of India ("SEBI") for information sharing arrangements. Additionally, investors should not be resident of a country identified in the public statement of the FATF as: (i) a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which counter measures apply; or (ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies. Further, multilateral and regional financial institutions where India is a member country will also be considered as recognized investors. The eligible investor shall not be a 'related party' within the meaning as given in Ind AS 24.

The INR denominated Notes are subject to exchange rate risks and exchange controls.

The INR denominated Notes are denominated in rupees and payable in U.S. dollars. This entails risks which include the possibility of significant changes in the exchange rate between the rupee and U.S. dollars if such currency risk is unhedged by an investor or the possibility of imposition or modification of exchange controls by the Reserve Bank of India. Such risks are usually dependent on various economic and political events over which we do not have any control. Recently, exchange rates have been volatile and such volatility may continue. However, the recent fluctuations in exchange rates are not indicative in nature. If the rupee depreciates against the U.S. dollar, the effective yield on the INR denominated Notes may decrease and the amount payable on maturity may be less than the investment made by the investors. This could result in a total or substantial loss of the investment made by the investor in the INR denominated Notes. Rates of exchange between U.S. dollars and the rupee may significantly vary over time. However, historical trends do not necessarily indicate future fluctuations in rates, and should not be relied upon as indicative of future trends. Political, economic or stock exchange developments in India or globally could lead to significant and sudden changes in the exchange rate between the rupee and the U.S. dollar.

Redemption of the INR denominated Notes prior to maturity may be subject to compliance with applicable regulatory requirements, including the prior approval of the Reserve Bank of India or the authorized dealer bank, as the case may be.

Any early redemption of the INR denominated Notes (whether due to certain tax events or an Event of Default, each as described in the terms and conditions of the INR denominated Notes) may require the prior approval of the Reserve Bank of India or the authorized dealer bank. Compliance with any conditions specified in any such Reserve Bank of India or the authorized dealer bank approval will be required. The Reserve Bank of India and the authorized dealer bank may not provide such approval in a timely manner or at all. Furthermore, any modification or waiver of the terms and conditions of the INR denominated Notes which has the effect of modifying or waiving terms which are not permitted under the automatic route for issue of INR denominated Notes under the external commercial borrowing framework ("ECB") guidelines, will require prior approval from the Reserve Bank of India in accordance with the ECB guidelines, and such approval may not be forthcoming.

Remittance of funds outside India by us pursuant to the indemnification by us in relation to the INR denominated Notes requires prior Reserve Bank of India approval.

Remittance of funds outside India by us pursuant to the indemnity clauses under the Trust Deed or any other agreements in relation to the INR denominated Notes requires prior Reserve Bank of India approval. Any approval, if and when required, for the remittance of funds outside India is at the discretion of the Reserve Bank of India and we can give no assurance that we will be able to obtain such approval.

Rupees may not be freely convertible to other currencies and therefore could adversely affect the value of the INR denominated Notes.

The convertibility of rupees is dependent, *inter alia*, on international and domestic political and economic factors, and on measures taken by governments and central banks, including the Government of India and the Reserve Bank of India. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by revaluation of a currency, or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the availability of rupees and vice versa. The taking of any one or more of such measures could adversely affect the value of the INR denominated Notes as well as any amount which may be payable upon redemption of the INR denominated Notes.

Risks Related to the Notes Generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification and waivers

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorization of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or Notification Event shall not be treated as such.

Change of law

Except for Condition 2.2, the Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

Integral multiples of less than the minimum Specified Denomination

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination (for example, US$200,000) plus a higher integral multiple of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of the minimum Specified Denomination (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Third Parties

The Issuer may be a party to contracts with a number of other third parties that have agreed to perform services in relation to the Notes. For example, the paying agent has agreed to provide payment and calculation services in connection with the Notes. In the event that any relevant third party fails to perform its obligations under the respective agreements to which it is a party, the Noteholders may be adversely affected.

The Issuer's obligation to pay additional amounts in respect of any withholding taxes is subject to limitations; the Issuer will not be required to pay additional amounts with respect to U.S. or FATCA withholding taxes

The Issuer's obligations to pay additional amounts in respect of any withholding taxes is subject to certain limitations described in "*Terms and Conditions of the Notes—Taxation*".

In certain circumstances, payments on Notes issued by the New York Branch to non-U.S. persons may be subject to U.S. withholding tax (either under the general U.S. withholding rules or pursuant to FATCA). See "*Taxation—Tax Consequences to Non-U.S. Holders of Registered Notes Issued Through the Issuer's New York Branch*". In addition, as described in "*Taxation—Certain U.S. Federal Income Tax Considerations—Notes Issued Through the Issuer's Head Office, IFSC Banking Unit, Singapore Branch, Hong Kong Branch, or Dubai Branch*", it is not yet clear whether or to what extent payments on debt obligations such as the Notes issued by the Issuer's Head Office or non-U.S. branches might be subject to FATCA withholding in future taxable years. In either case, the Issuer will not be required to pay additional amounts with respect to any such U.S. or FATCA withholding taxes.

CAPITALIZATION

The following table sets forth our capitalization at June 30, 2018, derived from our audited unconsolidated financial statements prepared in accordance with Indian GAAP and applicable regulatory guidelines. For additional information, see our financial statements and accompanying schedules included elsewhere in this Offering Circular.

Particulars	**As at June 30, 2018**	
	(Rupees in billions, except for percentages)	**(US$ in millions)**
Borrowings:(1)		
Short-term debt(2)	Rs. 548.59	US$ 8,013
Long-term debt(3)	1,071.11	15,646
Total borrowings (A)	Rs. 1,619.70	US$ 23,659
Shareholders' funds:		
Equity share capital	Rs. 12.87	US$ 188
Reserves(4)	1,040.55	15,199
Total equity share capital, reserves and surplus (B)	Rs. 1,053.42	US$ 15,387
Total capitalization (A) + (B)	Rs. 2,673.12	US$ 39,046
Capital adequacy:(5)		
Tier I (%)	15.84	—
Tier II (%)	2.51	—
Total (%)	18.35	—

Notes:

(1) Borrowings do not include deposits.

(2) Short-term debt is debt maturing within the next one year from June 30, 2018, which includes bonds in the nature of subordinated debt of Rs. 16.76 billion.

(3) Includes Rs. 288.15 billion of unsecured redeemable debentures and bonds in the nature of subordinated debt eligible for inclusion in Tier I/Tier II capital.

(4) Includes employee stock options outstanding of Rs. 55.3 million at June 30, 2018.

(5) Computed as per the Basel III norms as prescribed by the Reserve Bank of India. *See also "Supervision and Regulation—Capital Adequacy Requirements".*

EXCHANGE RATES

Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar will affect the U.S. dollar equivalent of the Indian rupee price of equity shares on the Indian stock exchanges and, as a result, will affect the market price of the Notes.

During fiscal 2014, the rupee depreciated against the U.S. dollar by 10.1%, moving from Rs. 54.52 per US$1.00 as at March 31, 2013 to Rs. 60.00 per US$1.00 as at March 31, 2014 due to concern about India's current account deficit and possible implications of the anticipated withdrawal of quantitative easing by the U.S. Federal Reserve. During fiscal 2015, the rupee depreciated against the U.S. dollar by 3.9%, moving from Rs. 60.00 per US$1.00 as at March 31, 2014 to Rs. 62.31 per US$1.00 as at March 31, 2015. During fiscal 2016, the rupee depreciated against the U.S. dollar by 6.3%, moving from Rs. 62.31 per US$1.00 as at March 31, 2015 to Rs. 66.25 per US$1.00 as at March 31, 2016. During fiscal 2017, the rupee appreciated against the U.S. dollar by 2.1% to Rs. 64.85 per US$1.00 at March 31, 2017 from Rs. 66.25 per US$1.00 as at March 31, 2016. The rupee depreciated during the first nine months of fiscal 2017, but appreciated sharply during the three months ended March 31, 2017 supported by strong equity inflows from foreign portfolio investors. During fiscal 2018, the rupee depreciated by 0.4% against the U.S. dollar to Rs. 65.11 per US$1.00. During fiscal 2019, through September 28, 2018, the rupee depreciated by 11.4% against the U.S. dollar to Rs. 72.54 per US$1.00 mainly due to rise in global oil prices, volatilities in global financial markets and global uncertainties arising from trade related issues between key economies. See also "*Risk Factors—Risks Relating to India and Other Economic and Market Risks—Current account deficits, including trade deficits, and capital flow and exchange rate volatility could adversely affect our business and the price of the Notes*".

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Indian rupees and U.S. dollars. The exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Federal Reserve Board.

Fiscal Year	Period End(1)	Average(1),(2)
2014	60.00	60.76
2015	62.31	61.34
2016	66.25	65.58
2017	64.85	66.96
2018	65.11	64.48
2019 (through September 28, 2018)	72.54	72.28

Month	High	Low
March 2017	66.83	64.85
April 2017	65.10	64.08
May 2017	64.87	64.03
June 2017	64.66	64.23
July 2017	64.84	64.11
August 2017	64.16	63.64
September 2017	65.71	63.78
October 2017	65.48	64.70
November 2017	65.46	64.29
December 2017	64.57	63.83
January 2018	64.01	63.38
February 2018	65.20	63.93
March 2018	65.24	64.83
April 2018	66.92	64.92
May 2018	68.38	66.52
June 2018	68.81	66.87
July 2018	69.01	68.42
August 2018	71.00	68.37
September 2018 (through September 28, 2018)	72.98	71.58

Notes:

(1) The exchange rate at each period end and the average rate for each period differed from the exchange rates used in the preparation of our financial statements.

(2) Represents the average of the exchange rate on the last day of each month during the period indicated. Although certain rupee amounts in this Offering Circular have been translated into U.S. dollars for convenience, this does not mean that the rupee amounts referred to could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all. Except as otherwise stated in this Offering Circular, all translations from rupees to U.S. dollars are based on the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board at June 30, 2018. The Federal Reserve Bank of New York certifies this rate for customs purposes in a weekly version of the H.10 release. The exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board at June 30, 2018 was Rs. 68.46 per US$1.00.

SELECTED FINANCIAL AND OPERATING DATA

Our financial and other data as of and for the fiscal years ended March 31, 2016, March 31, 2017 and March 31, 2018 and as of and for the three months ended June 30, 2017 and June 30, 2018, included in this Offering Circular, have been derived from our unconsolidated financial statements prepared in accordance with Indian GAAP, guidelines issued by the Reserve Bank of India from time to time and practices generally prevailing in the banking industry in India. These financial statements do not include the results of operations of our subsidiaries and other consolidating entities. The principal subsidiaries whose results are not included are: ICICI Bank UK PLC, ICICI Bank Canada, ICICI Securities Limited, ICICI Securities Primary Dealership Limited, ICICI Venture Funds Management Company Limited, ICICI Home Finance Company Limited, ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited and ICICI Prudential Asset Management Company Limited.

Additionally, certain financial data as of and for the fiscal years ended March 31, 2016, March 31, 2017 and March 31, 2018 and as of and for the three months ended June 30, 2017 and June 30, 2018, included in this Offering Circular, have been derived from our consolidated financial statements which are prepared in accordance with Indian GAAP, and guidelines issued by the Reserve Bank of India, Insurance Regulatory and Development Authority of India and National Housing Bank from time to time and practices generally prevailing in India. In the case of our foreign subsidiaries, generally accepted accounting principles as applicable to the respective foreign subsidiary are followed.

The unconsolidated financial statements for the fiscal years ended March 31, 2016, March 31, 2017 and March 31, 2018 and as of and for the three months ended June 30, 2017 and June 30, 2018 were audited by BSR & Co. LLP, Chartered Accountants. You should read the following discussion and analysis of our selected financial and operating data with the more detailed information contained in our audited unconsolidated financial statements. See also "Independent Accountants".

Unless otherwise indicated, the financial information contained in this Offering Circular is unconsolidated and prepared in accordance with Indian GAAP, while the financial information in our annual reports in Form 20-F for fiscal 2016, fiscal 2017 and fiscal 2018 is based on consolidated financial statements and accompanying notes prepared in accordance with Indian GAAP, along with the reconciliation of net income and stockholders' equity between Indian GAAP and U.S. GAAP. For discussion of certain significant differences between Indian GAAP and U.S. GAAP, see "*Description of Certain Differences between Indian GAAP and U.S. GAAP*".

Operating Results Data

The operating results data for fiscal 2016, 2017, 2018 and the three months ended June 30, 2017 and 2018 are given below.

	Year ended March 31,			three months ended June 30,		
	2016	2017	2018	2017	2018	2018
	(Rupees in billions, except per share data)					(US$ in millions)
Interest income						
Interest on advances[1]	Rs. 389.43	Rs. 396.03	Rs. 408.66	Rs. 98.47	Rs. 109.82	US$ 1,604
Income on investments[2]	106.25	113.77	115.68	28.27	31.36	458
Interest on balances with the Reserve Bank of India and other inter-bank funds and others[3]	31.71	31.76	25.32	7.85	6.04	88
Total interest income	**Rs. 527.39**	**Rs. 541.56**	**Rs. 549.66**	**Rs. 134.59**	**Rs. 147.22**	**US$ 2,150**
Interest expense						
Interest on deposits	(215.49)	(228.72)	(234.29)	(58.19)	(62.77)	(917)
Interest on the Reserve Bank of India/ inter-bank borrowings	(11.09)	(9.97)	(9.49)	(1.79)	(3.71)	(54)
Others (including interest on borrowings of the erstwhile ICICI Limited)[4]	(88.57)	(85.50)	(75.62)	(18.71)	(19.72)	(288)
Total interest expense	**Rs. (315.15)**	**Rs. (324.19)**	**Rs. (319.40)**	**Rs. (78.69)**	**Rs. (86.20)**	**US$ (1,259)**
Net interest income	**Rs. 212.24**	**Rs. 217.37**	**Rs. 230.26**	**Rs. 55.90**	**Rs. 61.02**	**US$ 891**
Non-interest income						
Commission, exchange and brokerage[5]	74.62	80.35	87.89	20.18	23.40	342
Profit/(loss) on sale of investments (net)[6]	42.58	88.14	63.06	9.66	8.73	128
Profit/(loss) on foreign exchange transactions (net)	22.72	13.55	15.43	3.35	4.94	72
Profit/(loss) on revaluation of investments (net)	(4.63)	(1.91)	(5.16)	(0.89)	(1.88)	(27)
Lease income	0.41	0.27	0.35	0.08	0.10	1
Dividend from subsidiaries, joint ventures and other consolidating entities	15.35	14.19	12.14	1.34	3.17	46
Miscellaneous income[7]	2.18	0.46	0.49	0.16	0.06	1
Total non-interest income	**Rs. 153.23**	**Rs. 195.05**	**Rs. 174.20**	**Rs. 33.88**	**Rs. 38.52**	**US$ 563**
Total income	**Rs. 365.47**	**Rs. 412.41**	**Rs. 404.46**	**Rs. 89.78**	**Rs. 99.54**	**US$ 1,454**

	Year ended March 31,			three months ended June 30,		
	2016	2017	2018	2017	2018	2018
	(Rupees in billions, except per share data)					(US$ in millions)
Non-interest expense						
Depreciation on leased assets	(0.19)	—	—	—	—	—
Other operating expenses[(8)]	(126.64)	(147.55)	(157.04)	(37.94)	(41.45)	(605)
Total non-interest expense	**Rs. (126.83)**	**Rs. (147.55)**	**Rs. (157.04)**	**Rs. (37.94)**	**Rs. (41.45)**	**US$ (605)**
Operating profit before provisions	**Rs. 238.64**	**Rs. 264.87**	**Rs. 247.42**	**Rs. 51.83**	**Rs. 58.09**	**US$ 849**
Provisions and contingencies	(116.68)	(152.08)	(173.08)	(26.09)	(59.72)	(872)
Profit before tax	**Rs. 121.96**	**Rs. 112.79**	**Rs. 74.34**	**Rs. 25.74**	**Rs. (1.63)**	**US$ (24)**
Tax[(9)]	(24.70)	(14.78)	(6.57)	(5.25)	0.43	6
Profit after tax	**Rs. 97.26**	**Rs. 98.01**	**Rs. 67.77**	**Rs. 20.49**	**Rs. (1.20)**	**US$ (18)**
Dividend per share	5.00	2.50	1.50	—	—	—
Earnings per share (basic)[(10)]	15.23	15.31	10.56	3.20	(0.19)	(3)
Earnings per share (diluted)[(10)]	15.14	15.25	10.46	3.17	(0.18)	(3)

(1) Interest on advances represents interest on rupee and foreign currency loans and advances (including bills).

(2) Income on investments primarily represents interest earned on Government of India and other approved securities in India held for statutory liquidity ratio compliance, debentures, bonds and dividend income from equity and other investments in mutual funds/companies other than dividend from subsidiaries, joint ventures and other consolidated entities.

(3) Includes interest on income tax refund of Rs. 0.08 billion in the three months ended June 30, 2018 (fiscal 2018: Rs. 2.63 billion; fiscal 2017: Rs. 4.51 billion; fiscal 2016: Rs. 3.12 billion; and three months ended June 30, 2017: Rs. 1.77 billion).

(4) Interest expense – others primarily includes interest expense on refinancing from financial institutions, bonds and debentures, subordinated debt, bills rediscounted, commercial paper and borrowings from multilateral and bilateral credit agencies, institutions and consortiums.

(5) Commission, exchange and brokerage primarily includes income from commissions on guarantees, letters of credit, cash management services, loan processing fees, project advisory, structuring and syndication fees, commission for distribution of products and fees from credit and debit cards and demat accounts. It also includes commission on bills for collection and bills purchased/discounted. It does not include merchant foreign exchange income and margin on customer derivative transactions, which are included in profit/(loss) on foreign exchange transactions.

(6) Includes profit on sale of a part of equity investment in ICICI Prudential Life Insurance Company Limited, a subsidiary, through an offer for sale on stock exchange for the three months ended June 30, 2018 (year ended March 31, 2018: profit on sale of a part of equity investment in the subsidiaries, ICICI Lombard General Insurance Company Limited and ICICI Securities Limited, through initial public offer(IPO); year ended March 31, 2017: profit on sale of a part of

equity investments in subsidiary, ICICI Prudential Life Insurance Company Limited, through IPO and March 31, 2016: profit on sale of a part of equity investment in the subsidiaries, ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited).

(7) Miscellaneous income includes profit/(loss) on sale of properties.

(8) Other operating expenses primarily include employee expenses, establishment expenses, depreciation on fixed assets and other general office expenses.

(9) Tax includes income tax (after adjusting for deferred tax).

(10) Earnings per share is computed based on the weighted average number of shares. Pursuant to the issue of bonus shares by the Bank during the year ended March 31, 2018, earnings per share has been restated for the year ended March 31, 2016 and March 31, 2017.

For other notes to accounts, please refer to the unconsolidated financial statements for fiscal 2016, 2017 and 2018 included elsewhere in this Offering Circular.

Balance Sheet Data

The balance sheet data at March 31, 2016, 2017 and 2018 and at June 30, 2017 and 2018 are given below.

	As at March 31,			As at June 30,		
	2016	2017	2018	2017	2018	2018
	(Rupees in billions)					(US$ in millions)
Asset:						
Cash and cash equivalents	598.68	757.12	841.69	425.10	632.95	9,246
Investments (net of provisions) Government and other approved securities, in India	1,106.49	1,104.08	1,391.85	1,332.74	1,337.95	19,544
Debentures and bonds, in India	92.74	100.75	153.89	81.92	88.54	1,293
Others[(1)]	404.89	410.24	484.20	439.42	437.11	6,385
Total investments	**Rs. 1,604.12**	**Rs. 1,615.07**	**Rs. 2,029.940**	**Rs. 1,854.08**	**Rs. 1,863.60**	**US$ 27,222**
Advances (net of provision)[(2)]	4,352.64	4,642.32	5,123.95	4,640.75	5,162.89	75,415
Fixed assets (including leased assets)	75.77	78.05	79.04	80.23	78.17	1,142
Others assets[(3)]	575.74	625.34	717.27	608.99	713.67	10,425
Total assets	**Rs. 7,206.95**	**Rs. 7,717.91**	**Rs. 8,791.89**	**Rs. 7,609.15**	**Rs. 8,451.28**	**US$ 123,448**
Liabilities and capital:						
Saving deposits	1,342.30	1,718.38	2,009.67	1,699.50	1,996.04	29,156
Other demand deposits	588.70	749.83	889.58	680.74	766.89	11,202
Term deposits	2,283.26	2,432.18	2,710.50	2,482.30	2,705.85	39,525
Total deposits	**Rs. 4,214.26**	**Rs. 4,900.39**	**Rs. 5,609.75**	**Rs. 4,862.54**	**Rs. 5,468.78**	**US$ 79,883**
Borrowings[(4)]	1,363.66	1,129.66	1,510.25	1,129.13	1,314.80	19,205

	As at March 31,			As at June 30,		
	2016	2017	2018	2017	2018	2018
	(Rupees in billions)					(US$ in millions)
Subordinated unsecured redeemable debenture/bonds(5) . . .	380.91	342.40	314.84	281.97	304.91	4,454
Preference share capital(6)	3.50	3.50	3.50	3.50	—	—
Other liabilities and provisions(7)	347.26	342.45	301.96	325.77	309.37	4,519
Equity capital	11.63	11.65	12.86	12.83	12.87	188
Reserves and surplus(8)	**Rs. 885.73**	**Rs. 987.86**	**Rs. 1,038.73**	**Rs. 993.42**	**Rs. 1,040.55**	**US$ 15,199**
Total liabilities and capital	**Rs. 7,206.95**	**Rs. 7,717.91**	**Rs. 8,791.89**	**Rs. 7,609.16**	**Rs. 8,451.28**	**US$ 123,448**
Contingent liabilities:						
Claims against the bank not acknowledged as debts	35.36	46.43	62.66	46.52	63.56	928
Liability for partly paid investments	0.01	0.01	0.01	0.01	0.01	09
Liability on account of outstanding forward exchange contracts . .	3,567.73	4,272.34	4,326.69	4,307.42	3,856.07	56,326
Guarantees given on behalf of constituents	1,004.95	930.00	945.36	930.90	969.15	14,156
Acceptances, endorsements and other obligations	472.78	478.37	410.04	426.38	403.96	5,901
Currency swaps	460.01	410.83	416.99	411.83	415.06	6,063
Interest rate swaps and currency Options	3,414.40	4,131.19	6,592.93	4,149.78	8,693.46	126,986
Other items for which ICICI Bank is contingently liable . . .	52.75	40.77	137.76	67.49	83.75	1,223
Total	**Rs. 9,007.99**	**Rs. 10,309.94**	**Rs. 12,892.44**	**Rs. 10,340.33**	**Rs. 14,485.02**	**US$ 211,584**
Bills for collection	216.55	226.23	285.88	240.03	352.88	5,155

(1) Includes investment in government securities issued outside India.

(2) Advances primarily includes rupee/foreign currency loans, assistance by way of securitization and loans under retail finance operations.

(3) Other assets primarily include interest accrued but not due at period end, advances paid for capital assets, advance taxes paid, deposits for utilities, outstanding fee and other income, inter office adjustments (net debit), non-banking assets acquired in satisfaction of claims, mark-to-market on foreign exchange and derivatives trading transactions (including revaluation on outstanding funding swaps), interest accrual on hedge swaps and deferred tax assets.

(4) Borrowings include call borrowings and refinance from the Reserve Bank of India, banks and other financial institutions, bonds and debentures, commercial paper and borrowings from multilateral and bilateral credit agencies, banks, institutions and consortiums.

(5) Subordinated unsecured redeemable debenture/bonds include unsecured borrowings eligible for inclusion in capital for capital adequacy purposes, pursuant to grandfathering rule under the Reserve Bank of India Basel III framework, included in Borrowings.

(6) Represents 350 redeemable non-cumulative preference shares of Rs. 10.0 million each, issued to preference shareholders of erstwhile ICICI Limited on amalgamation, redeemed at par on April 20, 2018.

(7) Other liabilities and provisions include bills payable, interest accrued but not due, creditors for expenses, unclaimed refunds, brokerage and interest, proposed dividend, dividend tax thereon, inter office adjustments (net credit), general provision on standard assets, mark-to-market on foreign exchange and derivatives trading transactions (including revaluation on outstanding funding swaps), interest accrual on hedge swaps and security deposits from clients. However, according to the revised AS 4 - 'Contingencies and events occurring after the balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, we have not accounted for proposed dividend (including tax) as a liability at March 31, 2017 and March 31, 2018.

(8) Includes employee stock options outstanding of Rs. 55.3 million at June 30, 2018 (at March 31, 2016: Rs. 67.0 million, at March 31, 2017: Rs. 62.6 million, at March 31, 2018: Rs. 55.7 million and at June 30, 2017: Rs. 61.6 million).

Average Balance Sheet

The following table sets forth, for the periods indicated, the average balances of the assets and liabilities outstanding, along with the related interest income (including dividend income) and interest expense. The average balances are the sum of the daily average balances outstanding.

	Year ended March 31,								
	2016			**2017**			**2018**		
Particulars	**Average balance**	**Interest income/ expense**	**Average yield/ cost**	**Average balance**	**Interest income/ expense**	**Average yield/ cost**	**Average balance**	**Interest income/ expense**	**Average yield/ cost**
Advances	Rs. 4,110.47	Rs. 389.43	9.5%	Rs. 4,459.84	Rs. 396.03	8.9%	Rs. 4,736.93	Rs. 408.66	8.6%
Investments	1,397.00	106.25	7.6	1,573.06	113.77	7.2	1,695.33	115.68	6.8
Others[(4)]	577.36	31.71	5.5	664.12	31.76	4.8	697.20	25.32	3.6
Total average interest-earning assets	**6,084.83**	**527.39**	**8.7%**	**6,697.02**	**541.56**	**8.1%**	**7,129.45**	**549.66**	**7.7%**
Fixed assets	47.94	—	—	75.93	—	—	79.38	—	—
Other assets	453.75	—	—	506.20	—	—	546.95	—	—
Less: Adjustments[(1)]	(4.30)	—	—	(1.88)	—	—	(0.31)	—	—
Total average assets	**Rs. 6,582.22**	**Rs. 527.39**	**—**	**Rs. 7,277.27**	**Rs. 541.56**	**—**	**Rs. 7,755.48**	**Rs. 549.66**	**—**
Deposits	3,665.55	215.49	5.9%	4,242.69	228.72	5.4%	4,809.02	234.29	4.9%
Saving deposits	1,122.24	44.73	4.0	1,392.49	55.38	4.0	1,650.59	61.48	3.7
Other demand deposits	370.51	—	—	460.32	—	—	541.27	—	—
Term deposits	2,172.80	170.75	7.9	2,389.88	173.33	7.3	2,617.16	172.81	6.6
Borrowings[(2)]	1,726.02	99.67	5.8	1,700.45	95.47	5.6	1,573.33	85.11	5.4
Total average interest-bearing liabilities	**Rs. 5,391.57**	**Rs. 315.15**	**5.9%**	**Rs. 5,943.14**	**Rs. 324.19**	**5.5%**	**Rs. 6,382.35**	**Rs. 319.40**	**5.0%**

Particulars	2016 Average balance	2016 Interest income/ expense	2016 Average yield/ cost	2017 Average balance	2017 Interest income/ expense	2017 Average yield/ cost	2018 Average balance	2018 Interest income/ expense	2018 Average yield/ cost
	Year ended March 31,								
Capital and reserves[(2)]	871.53	—	—	957.58	—	—	1,039.29	—	—
Other liabilities . . .	323.42	—	—	378.43	—	—	334.15	—	—
Less: Adjustments[(1)]	(4.30)	—	—	(1.88)	—	—	(0.31)	—	—
Total average liabilities	**Rs. 6,582.22**	**Rs. 315.15**	**—**	**Rs. 7,277.27**	**Rs. 324.19**	**—**	**Rs. 7,755.48**	**Rs. 319.40**	**—**

Three months ended June 30,

Particulars	2017 Average balance	2017 Interest income/ expense	2017 Average yield/cost(1)	2018 Average balance	2018 Interest income/ expense	2018 Average yield/cost(1)
	(Rupees in billions, except percentages)					
Advances	4,542.90	98.47	8.7%	5,056.32	109.82	8.7%
Investments	1,638.00	28.27	6.9%	1,813.42	31.36	6.9%
Others	676.15	7.85	4.7%	806.94	6.05	3.0%
Total average interest-earning assets	**6,857.05**	**134.59**	**7.9%**	**7,676.68**	**147.22**	**7.7%**
Fixed assets	78.29	–	–	78.65	–	–
Other assets	537.36	–	–	562.47	–	–
Less: Adjustments[(2)] . . .	–	–	–	–	–	–
Total average assets . . .	**7,472.70**	**134.59**	**–**	**8,317.80**	**147.22**	**–**
Deposits	4,608.92	58.19	5.1%	5,231.45	62.77	4.8%
Saving deposits	1,571.73	15.59	4.0%	1,817.70	16.33	3.6%
Other demand deposits .	521.43	–	–	594.61	–	–
Term deposits	2,515.76	42.60	6.8%	2,819.14	46.44	6.6%
Borrowings	1,504.80(3)	20.50	5.5%	1,699.38	23.43	5.5%
Total average interest-bearing liabilities . . .	**6,113.72**	**78.69**	**5.2%**	**6,930.83**	**86.20**	**5.0%**
Capital and reserves . . .	1,025.77	–	–	1,070.52	–	–
Other liabilities	333.21	–	–	316.45	–	–
Less: Adjustments[(2)] . . .	–	–	–	–	–	–
Total average liabilities	**7,472.70**	**78.69**	**–**	**8,317.80**	**86.20**	**–**

Notes:

(1) Annualized.

(2) Average advances and borrowings are grossed up for average participation certificates and average bills rediscounted. Average other assets and other liabilities are adjusted to that extent.

(3) Excludes preference share capital.

Yields, Spreads and Margins

The following table sets forth, for the periods indicated, the yields, spreads and net interest margins on interest-earning assets.

Particulars	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018	Three months ended June 30, 2017	Three months ended June 30, 2018	Three months ended June 30, 2018
	(Rupees in billions, except percentages)					(US$ in millions)
Average interest-earning assets	Rs. 6,084.83	Rs. 6,697.02	Rs. 7,129.45	Rs. 6,857.05	Rs. 7,676.78	US$ 112,135
Average interest-bearing liabilities	5,391.57	5,943.14	6,382.35	6,113.72	6,930.83	101,239
Average total assets	Rs. 6,582.22	Rs. 7,277.27	Rs. 7,755.48	Rs. 7,472.70	Rs. 8,317.80	US$ 121,499
Average interest-earning assets as a percentage of average total assets (%)	92.4	92.0	91.9	91.8	92.3	—
Average interest-bearing liabilities as a percentage of average total assets (%)	81.9	81.7	82.3	81.8	83.3	—
Average interest-earning assets as a percentage of average interest-bearing liabilities (%)	112.9	112.7	111.7	112.2	110.8	—
Yield(1)(4) (%)	8.7	8.1	7.7	7.9	7.7	—
Cost of funds(1)(4) (%)	5.9	5.5	5.0	5.2	5.0	—
Spread(1)(2)(4) (%)	2.8	2.6	2.7	2.7	2.7	—
Net interest margin(2)(3)(4) (%)	3.5	3.3	3.2	3.3	3.2	—

Notes:

(1) Yield on average interest-earning assets is the ratio of interest income to average interest-earning assets. Cost of average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities. Spread is the difference between yield on average interest-earning assets and cost of average interest-bearing liabilities.

(2) Net interest margin is the ratio of net interest income to average interest-earning assets. The difference in net interest margin and spread arises due to the difference in amount of average interest-earning assets and average interest-bearing liabilities. If average interest-earning assets exceed average interest-bearing liabilities, net interest margin is greater than spread and if average interest-bearing liabilities exceed average interest-earning assets, net interest margin is less than spread.

(3) The average balances are the sum of the daily average balances outstanding.

(4) Average yield/cost and net interest margin for the three months ended June 30, 2017 and June 30, 2018 are annualized.

Financial Ratios

Particulars	Year ended March 31,			Three months ended June 30,	
	2016	2017	2018	2017	2018
			(Percentages)		
Return on average equity[(1),(8),(10)]	11.3	10.3	6.6	8.2	(0.5)
Return on average assets[(2),(8),(10)]	1.5	1.4	0.9	1.1	(0.1)
Dividend payout ratio[(3)]	29.9	14.9	14.2	—	—
Cost to average assets[(4),(8)]	1.9	2.0	2.0	2.0	2.0
Tier 1 capital adequacy ratio[(9)]	13.1	14.4	15.9	14.6	15.8
Tier 2 capital adequacy ratio	3.5	3.0	2.5	3.1	2.6
Total capital adequacy ratio[(9)]	16.6	17.4	18.4	17.7	18.4
Net non-performing customer assets ratio[(5)]	2.7	4.9	4.8	4.9	4.2
Allowance as a percentage of gross non-performing customer assets[(6)]	50.6	40.2	47.7	41.2	54.1
Average net worth to total average assets[(7),(10)]	13.1	13.0	13.2	13.4	12.7

Notes:

(1) Return on average equity is the ratio of the net profit after tax to the quarterly average of equity share capital, employee stock options outstanding and reserves and surplus.

(2) Return on average assets is the ratio of the net profit after tax to the average assets.

(3) Dividend payout ratio is the ratio of total dividend payouts (excluding dividend distribution tax) to profit after tax.

(4) Cost to average assets is the ratio of the non-interest expense excluding lease depreciation to the average assets.

(5) Net non-performing customer assets ratio is the ratio of net non-performing customer assets to the net customer assets.

(6) Allowance as a percentage of gross non-performing customer assets is the ratio of provisions made to the gross non-performing customer assets.

(7) Average net worth is quarterly average of equity share capital, employee stock options outstanding and reserves and surplus.

(8) Return on average equity, return on average assets and cost to average assets for the three months ended June 30, 2017 and June 30, 2018 are annualized.

(9) Does not include retained earnings for the three months ended June 30, 2017 and June 30, 2018.

(10) The average balances are the sum of the daily average balances outstanding.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations together with our unconsolidated financial statements included herein.

Executive Summary

Introduction

We are a diversified financial services group offering a wide range of banking and financial services to corporate and retail customers through a variety of delivery channels. Apart from banking products and services, we offer life and general insurance, asset management, securities broking and private equity products and services through our specialized subsidiaries.

Our primary business consists of commercial banking operations for Indian corporate and retail customers. We provide a range of commercial banking and project finance products and services, including loan products, fee and commission-based products and services, deposit products and foreign exchange and derivatives products to India's leading corporations, middle market companies and small and medium enterprises. Our commercial banking operations for retail customers consist of retail lending and deposit taking and distribution of third party insurance and investment products. We also offer agricultural and rural banking products. We deliver our products and services through a variety of channels, including bank branches, ATMs, call centers, the internet, social media and mobile phones. ICICI Bank had a network of 4,867 branches and 14,394 ATMs in India at June 30, 2018.

In our international banking operations, our primary focus is on offering products and services to persons of Indian origin, Indian businesses, select local businesses and multi-national corporations with a focus on trade finance and commercial banking products as well as offering deposit products to the larger community. Our overseas branches take deposits, raise borrowings and make loans to Indian companies for their overseas operations as well as for their foreign currency requirements in India, global multi-national corporations and local companies in their jurisdiction. They also engage in advisory and syndication activities for fund-raising by Indian companies and their overseas operations. At June 30, 2018, we had banking subsidiaries in the United Kingdom and Canada, branches in China, Singapore, Dubai International Finance Centre, Sri Lanka, Hong Kong, Qatar Finance Centre, the United States, South Africa and Bahrain and representative offices in the United Arab Emirates, Bangladesh, Malaysia and Indonesia. Our subsidiary in the United Kingdom has established a branch in each of Antwerp, Belgium and Frankfurt, Germany. Our branches in Bahrain, Dubai, Singapore and Hong Kong have the largest share of our international assets and liabilities.

Our treasury operations include the maintenance and management of regulatory reserves, proprietary trading in equity and fixed income and a range of foreign exchange and derivatives products and services for corporate customers, such as forward contracts and interest rate and currency swaps. We take advantage of movements in markets to earn treasury income. Our overseas branches and subsidiaries also have investments in bonds of non-India financial institutions and in asset-backed securities.

We are also engaged in insurance, asset management, securities business and private equity fund management through specialized subsidiaries. Our subsidiaries ICICI Prudential Life Insurance Company, ICICI Lombard General Insurance Company and ICICI Prudential Asset Management Company provide a wide range of life and general insurance and asset management products and services to retail and corporate customers. ICICI Prudential Life Insurance Company was among the leading private sector life insurance companies in India, with a market share of 11.3% in new business written (on retail weighted received premium basis) during the three months ended June 30, 2018 according to the Life Insurance Council. During fiscal 2017, ICICI Prudential Life Insurance Company was listed on the National Stock Exchange of India Limited and the BSE Limited, following the sale of 12.63% shareholding in the company by ICICI Bank through an offer for sale in an initial public offering by the company. ICICI Prudential Pension Funds Management Company Limited, a 100% subsidiary of ICICI Prudential Life Insurance Company, is one of the fund managers for the pension assets of Indian citizens (other than the mandated pension funds of government employees) under the National Pension System for the private sector. This pension scheme was launched by the Indian Government in 2004 for all citizens on a voluntary basis, and has allowed professional fund managers to invest the scheme's funds since 2008. ICICI Lombard General Insurance Company was the largest private sector general insurance company in India, with a market share of 10.1% on a gross direct premium income basis during the three months ended June 30, 2018 according to the General Insurance Council. In September 2017, ICICI Lombard General Insurance Company was listed on the National Stock Exchange of India Limited and BSE Limited, following the sale of shares (including sale of 7.0% shareholding in the company by ICICI Bank) through an initial public offering. ICICI Prudential Asset Management Company manages the ICICI Prudential Mutual Fund, which was the largest mutual fund in India in terms of average funds under management for the three months ended June 30, 2018 according to the Association of Mutual Funds in India. We cross-sell the products of our insurance and asset management subsidiaries and of other asset management companies to our retail and corporate customers. Our subsidiaries ICICI Securities Limited and ICICI Securities Primary Dealership Limited are engaged in equity underwriting and brokerage and primary dealership in government securities and fixed income market operations, respectively. ICICI Securities owns *icicidirect.com*, an online brokerage platform. ICICI Securities Limited has a subsidiary in the United States, ICICI Securities Holdings Inc. that in turn has an operating subsidiary in the United States, ICICI Securities Inc., which is engaged in brokerage services. In March 2018, we sold 20.78% shareholding in ICICI Securities Limited through an offer for sale in an initial public offering. ICICI Securities Limited was listed on the National Stock Exchange of India Limited and BSE Limited in April 2018. Our private equity fund management subsidiary ICICI Venture Funds Management Company, manages funds that make private equity investments. In fiscal 2013, ICICI Bank, in partnership with domestic and international banks and financial institutions, launched India's first infrastructure debt fund, India Infradebt Limited, structured as a non-banking finance company in which ICICI Bank and a wholly owned subsidiary together have a shareholding of 38.1%.

Business environment

Our loan portfolio, financial condition and results of operations have been and, in the future, are expected to be influenced by economic conditions in India, global economic developments affecting the business activities of our corporate customers, such as changes in commodity prices, conditions in global financial markets, economic conditions in the United States and in foreign countries where we have a significant presence or which impact the Indian economy and global markets, and evolving global and domestic regulations. For ease of understanding the following discussion of our results of operations, you should consider these macroeconomic factors and other key developments.

Trends in fiscal 2018

Global economic growth improved during calendar year 2017, with expansion in both advanced and developing economies. According to the International Monetary Fund, global output grew by 3.9% during calendar year 2017 compared to a growth of 3.2% in calendar year 2016. The advanced economies grew by 2.3% led by the United States and the emerging and developing economies expanded by 4.8% in calendar year 2017. Other economic developments during the year included a pickup in global trade flows and a rise in global commodity prices, particularly petroleum and metal prices. There were risks of a trade war between key large economies with focus on protectionist policies increasing during the year.

The economic environment in India was characterized by two distinct phases during fiscal 2018 owing to the transition to the goods and services tax system. While economic activities slowed down during the transition in the first half of fiscal 2018, there was an improvement in economic growth during the latter part of the year. India's gross domestic product grew by 6.7% during fiscal 2018 with growth during the six months ended March 31, 2018 higher at 7.4%. Growth in fiscal 2018 was however slower compared to a 7.1% increase in fiscal 2017. Based on industry-wise growth estimates on gross value added basis, the agriculture sector grew by 3.4%, the industrial sector by 5.5% and the services sector by 7.9% during fiscal 2018 compared to 6.3% growth in the agriculture sector, 6.8% in the industrial sector and 7.5% in the services sector during fiscal 2017.

Retail inflation, as measured by the Consumer Price Index, slowed down during the initial part of fiscal 2018 from 3.9% in March 2017 to 1.5% in June 2017, and then increased to 4.3% in March 2018. Core consumer price index inflation, excluding food and fuel products, increased from 4.9% in March 2017 to 5.4% in March 2018. Producers inflation, as measured by the Wholesale Price Index, decreased from 5.1% in March 2017 to a low of 0.9% in June 2017, and increased to 2.7% in March 2018. Average wholesale price index inflation during fiscal 2018 was 2.9% compared to 1.7% during fiscal 2017.

During fiscal 2018, the Reserve Bank of India reduced the repo rate once by 25 basis points from 6.25% to 6.00% in August 2017. Accordingly, the reverse repo rate was revised to 5.75% and the marginal standing facility rate was revised to 6.25%. The reduction in the repo rate took the cumulative decline in the repo rate since January 2015, when the policy rate reduction cycle began, to 200 basis points. The policy stance, which changed from accommodative to neutral in February 2017, remained neutral in fiscal 2018 due to concerns of inflation rising and a focus on maintaining inflation at close to 4.0% on a durable basis.

Trends in merchandise trade were mixed during fiscal 2018. Merchandise exports grew by 9.8% while merchandise imports grew at a faster pace by 19.6% during fiscal 2018. The growth in imports largely reflected the pickup in oil imports and imports excluding oil and gold. This led to an increase in the trade deficit to US$156.8 billion in fiscal 2018 compared to a trade deficit of US$108.5 billion in fiscal 2017. As a result, India's current account deficit increased from US$15.3 billion in fiscal 2017 to US$48.7 billion in fiscal 2018. As a proportion of India's gross domestic product, the current account deficit increased from 0.7% in fiscal 2017 to 1.9% in fiscal 2018. Foreign direct investment inflows into India slowed down to US$39.4 billion during fiscal 2018 compared to US$42.2 billion during fiscal 2017. There was a net inflow of US$22.2 billion from foreign portfolio investors during fiscal 2018, with a net inflow of US$1.62 billion in equity markets and US$20.55 billion in debt markets. The equity market benchmark, the S&P BSE Sensex increased by 11.3% during fiscal 2018 to close at 32,969 at end-March 2018. The Rupee remained in the Rs. 64 to 66 per US$levels through fiscal 2018, and depreciated marginally from Rs. 64.9 per US$at March 31, 2017 to Rs. 65.1 per US$at March 31, 2018. Yields on the benchmark 10-year Government of India securities remained stable in the range of 6.4% to 7.0% between April and August 2017. Yields increased sharply from September 2017 and reached peak levels of 7.8% on March 5, 2018, subsequently easing to 7.4% at end-March 2018. Yields on the benchmark Government of India securities increased sharply during the latter part of fiscal 2018 due to multiple factors including rise in global yields with a sharp increase in U.S. government treasury yields, and domestic factors including a decline in systemic liquidity and fiscal and inflation related uncertainties.

The first year retail premium underwritten in the life insurance sector (on weighted received premium basis) grew by 19.2% to Rs. 634.7 billion during fiscal 2018 compared to Rs. 532.2 billion during fiscal 2017. Gross premium of the non-life insurance sector (excluding specialized insurance institutions) grew by 18.0% to Rs. 1,415.1 billion during fiscal 2018 compared to Rs. 1,198.8 billion during fiscal 2017. The average assets under management of mutual funds increased by 26.0% from Rs. 18.3 trillion during the three months ended March 31, 2017 to Rs. 23.0 trillion for the three months ended March 31, 2018.

The growth trends in banking, deposit and credit in fiscal 2018 reflected the impact of the surge in deposits and the slowdown in credit during fiscal 2017, following the withdrawal of legal tender status of Specified Bank Notes in November 2016. During fiscal 2018, banking system deposit growth slowed down from 11.3% year-on-year at March 31, 2017 to 6.2% at March 30, 2018. There was a net increase of Rs. 6.7 trillion in total deposits in the banking system during fiscal 2018. Growth in demand deposits slowed down from 18.9% year-on-year at March 31, 2017 to 6.9% at March 30, 2018. Term deposit growth slowed down from 10.3% year-on-year at March 31, 2017 to 6.1% at March 30, 2018. Non-food credit growth picked up gradually during fiscal 2018 to 10.2% year-on-year at March 30, 2018 compared to a growth of 5.2% at March 31, 2017. Based on sector-wise credit deployment data, credit growth in the services sector was 13.8%, retail 17.8%, agriculture 3.8% and industry 0.7% year-on-year at March 30, 2018. The banking system continued to experience stress on corporate asset quality. According to the Reserve Bank of India's Financial Stability Report, the gross non-performing assets ratio for the banking system increased from 7.8% at March 31, 2016 to 9.6% at March 31, 2017 and further to 11.6% at March 31, 2018. Total stressed loans (defined as non-performing loans and standard restructured advances) for the banking system increased from 11.7% at March 31, 2016 to 12.5% at March 31, 2018. In October 2017, the Government of India announced a recapitalization package of Rs. 2.1 trillion for public sector banks. The recapitalization package included budgetary provisions of Rs. 181.4 billion, recapitalization bonds of Rs. 1.4 trillion and capital raising by banks. During fiscal 2018, the Government of India injected over Rs. 880 billion of capital in public sector banks.

During fiscal 2018, significant steps were taken towards the resolution of stressed assets and provisioning by banks towards these assets. To facilitate the timely resolution of stressed assets, the Banking Regulation (Amendment) Ordinance, 2017 was promulgated in May 2017. The Banking Regulation (Amendment) Ordinance amended section 35A of the Banking Regulation Act, 1949 and inserted two new sections 35AA and 35AB. The Reserve Bank of India was authorized to intervene and instruct banks to resolve specific stressed assets and initiate insolvency resolution process where required. The Reserve Bank of India was also empowered to issue other directions for resolution, and could appoint authorities or committees to advise banks on the resolution of stressed assets. Subsequently, to facilitate timely decision making under the Joint Lenders' Forum, the Reserve Bank of India issued guidelines directing banks to adhere to timelines and implement any resolution plan approved by 60.0% of the creditors by value and 50% of the creditors by number at the Joint Lenders' Forum. The guidelines were made binding on all members. The Overseeing Committee, that was set up to oversee resolution under the Scheme for Sustainable Structuring of Stressed Assets, was reconstituted and expanded and the scope of cases to be referred to the Overseeing Committee was also extended to cases other than under the Scheme for Sustainable Structuring of Stressed Assets and having aggregate banking system exposure greater than Rs. 5.0 billion.

In June 2017, the Reserve Bank of India issued directions to banks to file for resolution under the Insolvency and Bankruptcy Code with the National Company Law Tribunal in respect of 12 large stressed accounts. In August 2017, the Reserve Bank of India identified additional accounts and directed banks to initiate an insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code by December 31, 2017 if a resolution plan, where the residual debt was rated investment grade by two external credit rating agencies, was not implemented by December 13, 2017. The Reserve Bank of India directed banks to make a provision for the identified cases to the extent of 50.0% of the secured portion and 100.0% of the unsecured portion of the outstanding loans or the provisions required as per the existing guidelines of the Reserve Bank of India, whichever is higher, by March 31, 2018. The provision requirement was later revised from 50.0% on secured portion of debt to 40.0% by March 2018 and 50.0% by June 30, 2018.

In November 2017, an ordinance amending the Insolvency and Bankruptcy Code, 2016 was promulgated, to prevent wilful defaulters and promoters of entities classified as non-performing from bidding for the assets of a company under a resolution plan. The newly included Section 29A of the ordinance made certain persons, including wilful defaulters and those who had their accounts classified as non-performing assets for one year or more, ineligible to be a resolution applicant under a resolution plan. The amendments were later approved by Parliament and enacted in January 2018.

In February 2018, the Reserve Bank of India announced a revised framework for the resolution of stressed assets aimed at time-bound resolution of non-performing and stressed borrowers. The framework withdrew the earlier resolution schemes (including the related stand-still benefits in asset classification of borrower accounts) like the Strategic Debt Restructuring, Change in Ownership of Borrowing Entities Outside Strategic Debt Restructuring Scheme and the Scheme for Sustainable Structuring of Stressed Assets. The guideline also requires commencement of proceedings under the Insolvency and Bankruptcy Code in respect of borrowers where a resolution satisfying specified criteria could not be achieved within a prescribed timeframe. According to the guidelines, banks would have to implement a resolution plan within 180 days in respect of any overdue account where aggregate exposure of the lenders is Rs. 20.0 billion or more and is in default on or after March 1, 2018. For any default in a borrower account after March 1, 2018, the resolution plan would have to be implemented within 180 days from the first instance of default by the borrower. In the event the resolution plan is not implemented within the stipulated timeline, the borrower would have to be referred to the National Company Law Tribunal under the Insolvency and Bankruptcy Code. The resolution plan should necessarily have a minimum credit rating from one or two rating agencies depending on the size of exposure. The earlier schemes of regulatory forbearance including Strategic Debt Restructuring, Change in Ownership of Borrowing Entities Outside Strategic Debt Restructuring and the Scheme for Sustainable Structuring of Stressed Assets were withdrawn and the Joint Lenders' Forum was discontinued.

The Bank has, since April 2016, implemented enhanced internal controls, relating to review of loan accounts which satisfy certain threshold parameters, primarily relating to size, credit rating and days-past-due, for identification of non-performing assets.

Trends during the six months ended September 30, 2018

Global economic conditions continued to remain volatile, with a further intensification of the trade war between the United States and China, a sharp increase in global crude oil prices, volatility in exchange rates with the US dollar strengthening and tightening liquidity conditions.

As per latest data available, growth in India's gross domestic product improved to 8.2% during the three months ended June 30, 2018, compared to growth of 5.6% during the three months ended June 30, 2017. Based on industry-wise growth estimates on gross value added basis, the agriculture sector grew by 5.3%, the industrial sector by 10.3% and the services sector by 7.3% during the three months ended June 30, 2018 compared to 3.0% growth in the agriculture sector, 0.1% in the industrial sector and 9.5% in the services sector during the three months ended June 30, 2017.

The Consumer Price Index increased from 4.3% in March 2018 to 4.9% in June 2018 but slowed down subsequently to 3.7% in August 2018. Core consumer price index inflation, excluding food and fuel products, increased from 5.4% in March 2018 to 6.4% in June 2018 and but dropped to 5.9% in August 2018. While rising global crude oil prices added to inflationary pressures, subdued food prices supported to moderation in overall inflation in August 2018. Producers inflation, as measured by the Wholesale Price Index, increased from 2.7% in March 2018 to 5.7% in June 2018 and subsequently eased to 4.5% in August 2018.

Following concerns of upward inflationary pressures, the Reserve Bank of India increased the repo rate by 50 basis points in aggregate with a 25 basis points increase from 6.0% to 6.25% in June 2018 and another 25 basis points increase to 6.50% in August 2018. Accordingly, the reverse repo rate was revised to 6.25% and the marginal standing facility rate was revised to 6.75%. The policy stance continued to remain neutral, with a focus on maintaining inflation at close to 4.0% on a durable basis.

Merchandise exports grew by 16.1% while merchandise imports grew by 17.3% between April 2018 to August 2018. Oil imports were higher by 53.5% during April 2018 to August 2018 compared to the corresponding period in fiscal 2018, largely due to the sharp rise in global crude oil prices. The price of the benchmark Brent crude oil increased from US$70 per barrel at end-March 2018 to US$82 per barrel at end-September 2018. As a result, the trade deficit during April 2018 to August 2018 increased to US$80.35 billion compared to a trade deficit of US$67.27 billion during April to August 2017. India's current account deficit during the three months ended June 30, 2018, the latest period for which data was available, increased to US$15.8 billion which was 2.4% of India's gross domestic product. Foreign direct investment inflows into India improved to US$13.00 billion during the three months ended June 30, 2018 compared to US$10.15 billion during the three months ended June 30, 2017. There was a net outflow of US$9.11 billion from foreign portfolio investors during the three months ended June 30, 2018, with a net outflow of US$2.75 billion in equity markets and US$6.36 billion in debt markets.

In terms of trends in financial markets, the equity market benchmark, the S&P BSE Sensex, increased from 32,969 at end-March 2018 to a peak 38,897 on August 28, 2018 but subsequently declined by 6.9% to 36,227 at end-September 2018. Yields on the benchmark 10-year Government of India securities, that had begun to rise in September 2017, continued to increase from 7.4% at end-March 2018 to 8.0% at end-September 2018. Yields on the benchmark Government of India securities continued to be impacted by rise in global yields and domestic factors including a decline in systemic liquidity and continued fiscal and inflation related uncertainties. The rupee was highly volatile during the six months ended September 30, 2018 and depreciated by 11.4% from Rs. 65.1 per US dollar at end-March 2018 to Rs. 72.5 per US$ at September 28, 2018. Following the sharp depreciation in the rupee, the Government of India announced measures to support the currency and increase inflow of foreign capital in September 2018, which included restrictions on import of non-essential goods, removal of corporate bond exposure limit of 20.0% for foreign portfolio investors to a single corporate group, withdrawal of withholding tax on masala bonds and allowing manufacturing firms to raise external commercial borrowings up to US$50 million with a maturity of one year.

Banking system deposit growth improved from 6.2% year-on-year at March 30, 2018 to 8.9% at August 31, 2018. Growth in demand deposits increased from 6.9% at March 30, 2018 to 10.8% at August 31, 2018 and term deposit growth improved from 6.1% at March 30, 2018 to 8.7% at August 31, 2018. Non-food credit growth picked up further from 10.2% year-on-year at March 30, 2018 to 13.6% at August 31, 2018. Based on sector-wise credit deployment, data for which is available till July 2018, credit growth in the services sector was 23.0%, retail 16.7%, agriculture 6.6% and industry 0.3% year-on-year at July 20, 2018. As a step towards consolidation in the banking sector, the Government of India announced the merger of three public sector banks, including Bank of Baroda, Vijaya Bank and Dena Bank.

With regard to resolution of stressed assets, certain borrowers and industry associations representing affected firms filed petitions challenging the Reserve Bank of India's revised framework for resolution of stressed assets dated February 12, 2018 in various High Courts. Subsequently, the Reserve Bank of India petitioned the Supreme Court to transfer all such petitions filed before various High Courts to the Supreme Court. On September 11, 2018, the Supreme Court, while allowing the Reserve Bank of India's transfer petition, passed an order transferring all such petitions pending before various High Courts to itself and requiring status quo as on that date to be maintained. The next hearing date in the Supreme Court is November 14, 2018.

Other key regulatory developments during fiscal 2018 and the six months ended September 30, 2018 were as follows:

- The Reserve Bank of India deferred the implementation of Indian Accounting Standards (Ind AS), which largely converges the Indian accounting standards with International Financial Reporting Standards, for banks by one year from April 1, 2018 to April 1, 2019.

- In view of the sharp increase in Government of India bond yields during the second half of fiscal 2018, the Reserve Bank of India allowed banks to spread provisioning for mark-to-market losses on investments held in the available-for-sale and held-for-trading categories for the quarters ended December 31, 2017 and March 31, 2018 equally over up to four quarters, commencing with the quarter in which the loss is incurred.

- With the aim of building adequate reserves to protect against sudden increase in yields, the Reserve Bank of India advised banks to create an Investment Fluctuation Reserve from fiscal 2019. A minimum amount equal to either the net profit on sale of investments during the year or net profit for the year excluding mandatory appropriations, whichever is lower, would have to be transferred to the Investment Fluctuation Reserve. The amount in the Investment Fluctuation Reserve should cover at least 2.0% of the held-for-trading and available-for-sale portfolio, on a continuing basis. Where feasible, this requirement should be achieved within a period of three years. The Investment Fluctuation Reserve would be eligible for inclusion in tier 2 capital. In case the balance in the Investment Fluctuation Reserve is in excess of the minimum requirement of 2.0% of the held-for-trading and available-for-sale portfolio, banks can drawdown the excess amount at the end of the accounting year. If the balance is less than the minimum requirement, drawdown would be permitted only on meeting the minimum common equity tier 1/tier 1 capital requirements but cannot exceed the extent by which mark-to-market provisions surpass the net profit on sale of investments during the year.

- With regard to reserve requirements to be held by banks, the cash reserve ratio was maintained at 4.0% of net demand and time liabilities during fiscal 2018. The statutory liquidity ratio was reduced by 100 basis points with a 50 basis points reduction from 20.5% of net demand and time liabilities to 20.0% effective from the fortnight of June 24, 2017 and a further 50 basis points reduction to 19.5% of net demand and time liabilities from the fortnight starting October 14, 2017. The Reserve Bank of India also reduced the ceiling on statutory liquidity ratio holdings under the held-to-maturity category from 20.5% to 20.0% by December 2017 and further to 19.5% by March 31, 2018.

- An internal study group report of the Reserve Bank of India dated September 25, 2017 proposed that all floating rate loans extended from April 1, 2018 to be referenced to an external benchmark. The Group also suggested that the periodicity of resetting the interest rates be once a quarter and that banks should migrate all existing lending rates to the new benchmark without any additional charges for switchover within one year from the introduction of the external benchmark. The Reserve Bank of India has yet to issue the necessary instructions/guidelines in this regard. Further, in February 2018, the Reserve Bank of India proposed to harmonize the methodology of determining benchmark rates by linking the base rate to the marginal cost based lending rate. Final instructions/guidelines in this regard are awaited.

- The Reserve Bank of India rationalized the merchant discount rate for debit card transactions. Key changes include categorization of merchants on the basis of turnover, differentiated merchant discount rate for QR-code based transactions and ceiling on maximum permissible merchant discount rate. This is effective from January 1, 2018.

- The Reserve Bank of India permitted banks to reckon an additional 2.0% of net demand and time liabilities under the Facility to Avail Liquidity for Liquidity Coverage Ratio within the mandatory statutory liquidity ratio requirement as level one high quality liquid assets. This is applicable from October 1, 2018. As a result, a total of 15.0% of net demand and time liabilities comprising statutory liquidity ratio securities would be available for banks to recognize as level one high quality liquid assets.

Business overview

While assessing our performance, we monitor key financial variables such as movement in yield on assets, cost of funds and net interest margin, movement in fee income, cost ratios, loan loss provisions and return on assets and equity. We also monitor key business indicators such as deposit growth, funding mix, loan disbursements and loan delinquency trends. We also analyze changes in economic indicators such as interest rates, liquidity and exchange rates. In addition to these indicators, we monitor other non-financial indicators such as quality of customer service and the extent and nature of customer complaints and estimates of market share in key product lines.

From fiscal 2010, the Indian corporate sector undertook significant investments, including in the infrastructure and commodity sectors. This led to high loan growth in the banking sector, including for us. Subsequently, the Indian economy experienced challenges in terms of high inflation and consequently higher interest rates, currency depreciation and a sharp slowdown in economic growth. The corporate sector experienced a decline in sales and profit growth, an elongation of working capital cycles and a high level of receivables, including from the Government of India, and significant challenges in project completion and cash flow generation, due to policy changes, delays in approvals like clearances on environment and land, and judicial decisions like the deallocation of coal mines. Indian corporations, especially in the infrastructure and industrial sectors, had limited ability to access capital in view of the economic scenario and volatility in global and domestic financial markets. Corporate investment activity declined. From fiscal 2014 onwards, these developments led to an increase in non-performing and restructured corporate loans in the Indian banking sector, including us, and a substantial moderation in overall loan growth, driven primarily by lower growth in credit to the corporate sector. The corporate sector continued to be impacted due to lower than anticipated cash flow generation and high leverage. The significant decline in global commodity prices in fiscal 2015 and fiscal 2016, including metals, coal and crude oil, negatively impacted borrowers in commodity-linked sectors. Capital investments in the economy remained subdued impacting corporations in investment-linked sectors like construction. Due to the lower than projected cash flows, the progress in reducing leverage in the corporate sector was slow, and the additions to non-performing loans, including slippages from restructured loans, increased.

Additions to non-performing loans remained elevated during fiscal 2017 and fiscal 2018 as the slowdown in economic activity and challenging business environment continued due to limited private sector investment activity and the slow pace of resolution of stressed borrowers. The growth in India's gross domestic product slowed down from 8.1% in fiscal 2016 to 7.1% in fiscal 2017 and 6.7% in fiscal 2018, largely due to subdued industrial growth which slowed down from 9.8% in fiscal 2016 to 6.8% in fiscal 2017 and 5.5% during fiscal 2018. The slowdown in economic growth also reflected the alignment to structural reforms introduced by the Government of India, including the withdrawal of high denomination currency notes in November 2016 and the implementation of the goods and services tax system in July 2017, which temporarily disrupted economic activity. Growth in India's gross domestic product improved during the three months ended June 30, 2018 to 8.2%. During fiscal 2018, the Reserve Bank of India directed banks to commence proceedings under the Insolvency and Bankruptcy Code, enacted in 2016, in respect of certain corporate borrowers. Under this Code, a resolution plan for these borrowers would be required to be finalized within specified timeframes, failing which the borrowers would go into liquidation. The Reserve Bank of India also specified higher provisions in respect of loans to these borrowers. Further, the Reserve Bank of India introduced a new framework for the resolution of stressed assets and withdrew the existing schemes for resolution, resulting in accelerated classification of assets under the resolution schemes of the Reserve Bank of India as non-performing. The new framework also requires banks to implement a resolution plan within 180 days in respect of any overdue account where aggregate exposure of the lenders is Rs. 20.0 billion or more and is in default on or after March 1, 2018. For any default in a borrower account after March 1, 2018, the resolution plan would have to be implemented within 180 days from the first instance of default by the borrower. In the event the resolution plan is not implemented within the stipulated timeline, the borrower would have to be referred for resolution under the Insolvency and Bankruptcy Code. Further, the process of resolution of accounts referred under the Insolvency and Bankruptcy Code is still evolving with periodic amendments being incorporated in to the framework as well as litigation and judicial decisions impacting the framework.

Should one or more of these borrowers go into liquidation, the provisioning requirement and credit loss on these loans could result in further increase in provisions.

See also "—Executive Summary—Business environment—Trends in fiscal 2018" and Trends during the six months ended September 30, 2018.

There was a gradual improvement in credit growth and a moderation in deposit growth during fiscal 2018. This was due to the base effect of a decline in credit and surge in deposits during fiscal 2017 following the Government of India's decision to withdraw high denomination currency notes in November 2016. Growth in credit and deposits has consistently improved during the six months ended September 30, 2018. Through these varying trends, we have focused on sustaining the improvements in our deposit profile. In general, trends in systemic liquidity, interest rates and inflation influence deposit growth, especially with respect to low cost savings and current account deposits. Our ability to grow our low cost deposit base may be impacted by increasing competition for such deposits from existing banks and new entrants. The slowdown in fresh corporate investments and new infrastructure projects have continued to impact our related fee income revenue streams. We have continued our focus on driving momentum in retail lending while adopting a selective approach to corporate lending, in order to improve the portfolio mix and quality. We have also focused on maintaining and enhancing our customer franchise and achieving cost efficiency, including by leveraging technology.

A discussion of our financial performance in the three months ended June 30, 2018 is given below:

We incurred a loss after tax of Rs. 1.20 billion in the three months ended June 30, 2018 as compared to a profit after tax of Rs. 20.49 billion in the three months ended June 30, 2017 primarily due to an increase in provisions and contingencies (excluding provisions for tax) and non-interest expenses, offset, in part, by an increase in net interest income and commission, exchange and brokerage income.

Net interest income increased by 9.4% from Rs. 55.90 billion in the three months ended June 30, 2017 to Rs. 61.02 billion in the three months ended June 30, 2018, reflecting an increase in the average volume of interest-earning assets, offset, in part, by a decrease in net interest margin by eight basis points.

Income from treasury-related activities decreased from Rs. 12.13 billion in the three months ended June 30, 2017 to Rs. 11.78 billion in the three months ended June 30, 2018. In the three months ended June 30, 2018, we made a gain of Rs. 11.10 billion on sale of 2.0% shareholding in ICICI Prudential Life Insurance Company Limited through an offer for sale. Income from our government securities portfolio and other fixed income positions decreased from a gain of Rs. 8.93 billion in the three months ended June 30, 2017 to a loss of Rs. 4.32 billion in the three months ended June 30, 2018. Commission, exchange and brokerage income increased from Rs. 20.18 billion for the three months ended June 30, 2017 to Rs. 23.40 billion for the three months ended June 30, 2018.

Non-interest expense increased by 9.2% from Rs. 37.94 billion in the three months ended June 30, 2017 to Rs. 41.45 billion in the three months ended June 30, 2018.

Provisions and contingencies (excluding provisions for tax) was Rs. 59.71 billion in the three months ended June 30, 2018 as compared to Rs. 26.09 billion in the three months ended June 30, 2017. Provision for non-performing and other assets in the three months ended June 30, 2018 includes additional provision for borrower accounts where we have initiated insolvency proceedings under the Insolvency and Bankruptcy code, 2016 as per the Reserve Bank of India directions and additional provision on accounts classified as non-performing assets in earlier years. The net non-performing customer asset ratio decreased from 4.86% at June 30, 2017 to 4.19% at June 30, 2018.

Total assets increased by 11.1% from Rs. 7,609.16 billion at June 30, 2017 to Rs. 8,451.28 billion at June 30, 2018. Total advances increased by 11.3% from Rs. 4,640.75 billion at June 30, 2017 to Rs. 5,162.89 billion at June 30, 2018. Total deposits increased by 12.5% from Rs. 4,862.54 billion at June 30, 2017 to Rs. 5,468.78 billion at June 30, 2018. Savings account deposits increased by 17.4% from Rs. 1,699.50 billion at June 30, 2017 to Rs. 1,996.04 billion at June 30, 2018. The current and savings account deposits increased by 16.1% from Rs. 2,380.24 billion at June 30, 2017 to Rs. 2,762.93 billion at June 30, 2018. Term deposits increased by 9.0% from Rs. 2,482.30 billion at June 30, 2017 to Rs. 2,705.85 billion at June 30, 2018.

At June 30, 2018, we had 4,867 branches and extension counters and 14,394 ATMs as compared to 4,852 branches and extension counters and 13,780 ATMs at June 30, 2017.

In accordance with the Reserve Bank of India guidelines on Basel III, the total capital adequacy ratio on a standalone basis at June 30, 2018 was 18.35% with Tier-1 capital adequacy ratio of 15.84% (without including retained earnings for the three months ended June 30, 2018) as compared to 17.69% at June 30, 2017, with Tier-1 capital adequacy ratio of 14.59% (without including retained earnings for the three months ended June 30, 2017).

Business outlook

Growth in India's gross domestic product had declined from 8.1% in fiscal 2016 to 7.1% in fiscal 2017 and further to 6.7% in fiscal 2018 primarily due to a slowdown in growth in the industrial sector. However, there was an improvement in growth in the industrial sector during the latter part of fiscal 2018, reflecting in an improvement in overall growth. Growth in India's gross domestic product, which was 6.0% during the six months ended September 30, 2017, improved to 7.4% during the six months ended March 31, 2018. Other macroeconomic parameters remained stable for the most part of fiscal 2018, supported by moderate inflation and a relatively stable exchange rate. Growth in India's gross domestic product continued to improve in fiscal 2019, with a growth of 8.2% during the three months ended June 30, 2018. However, the increase in crude oil prices from the later part of fiscal 2018 has created uncertainties due to the increase in India's current account deficit and pressure on the exchange rate. Credit growth in the Indian banking system continued to improve and while deposit growth slowed down in fiscal 2018, there was a gradual improvement between April 2018 and August 2018. The increase in the level of non-performing loans continued in fiscal 2018 due to slow progress in the resolution of stress in loan accounts. Further, the Reserve Bank of India introduced a new framework for the resolution of stressed assets and withdrew the existing schemes for resolution, resulting in accelerated classification of assets under the resolution schemes of the Reserve Bank of India as non-performing. See also "*Risk Factors—Risks Relating to India and other Economic and Market Risks—A prolonged slowdown in economic growth or rise in interest rates in India could cause our business to suffer*".

The operating environment for the Indian corporate sector is gradually improving, with signs of pickup in economic growth. The increase in the prices of key commodities like metals has improved the outlook for commodity-linked sectors like steel. Capacity utilization in key manufacturing sectors has also improved. However, the sharp increase in global crude oil prices is creating challenges and a prolonged period of high crude oil prices could have an adverse impact on India's current account deficit, fiscal deficit, inflation and exchange rate for the rupee. During the six months ended September 30, 2018, the rupee depreciated by 10.8% against the U.S. dollar from Rs. 65.1 per US$ to Rs. 72.2 per US$ mainly due to global uncertainties arising from trade-related issues between key economies, a rise in global oil prices and volatilities in the global financial markets. Considering the risks to inflation due to the revised formula for minimum support price, the increase in house rent allowances by state governments and the volatility in crude oil prices, domestic interest rates are rising.

Lending opportunities for banks have remained limited with a focus on higher rated corporates and the retail segment for incremental credit. Competitive pressures in lending to these segments are impacting pricing and the net interest income of banks. Further, pricing of loans has been impacted by the introduction of the marginal cost of funds based lending rate, which has led to re-pricing of loans to a lower rate compared to the earlier base rate based lending rate. While there has been an improvement in the economic environment, corporate sector challenges continue particularly with regard to the resolution of stress in loan accounts. We expect the resolution of some large cases referred under the Insolvency and Bankruptcy Code to be concluded in fiscal 2019. While we believe the Insolvency and Bankruptcy Code provides significant long-term benefits, there is uncertainty in the near term regarding the impact of resolution of these borrowers and whether such resolution will be achieved which may result in higher provisions and credit losses for banks, including us.

Over the medium term, we see favorable prospects for the Indian economy. The Government of India and the Reserve Bank of India have announced measures to address the stress in the Indian banking system, including capital infusion in public sector banks. The Government of India has also announced several policy initiatives in the areas of foreign investments, promoting manufacturing, efficiency of government services, fiscal consolidation and long-term projects for improving infrastructure. Structural reforms like the implementation of the goods and services Tax have been introduced. Recognizing the reform measures taken by the Government of India towards stronger long-term growth, Moody's upgraded India's sovereign rating from Baa3 to Baa2 in November 2017. We expect India's strong domestic consumption and investment drivers to continue to support healthy rates of growth. Increasing household incomes and consumption are expected to lead to opportunities in retail savings, investment and loan products, significant industrial and infrastructure investment potential to lead to opportunities in project and corporate finance, and increasing global linkages to lead to opportunities in international banking for Indian corporations and non-resident Indians.

Considering the challenges in the operating environment, we have over the years re-balanced our deposit profile, improved cost efficiency, scaled up retail loan growth, calibrated corporate loan growth and maintained high capital adequacy ratios. Our strategic priorities going forward will be to focus on risk calibrated profitable growth. Our priority will be on growing the retail portfolio with a focus on enhancing the customer franchise. We intend to leverage all of our capabilities to be the trusted partner in serving our customers and becoming their banker of choice. We also plan to continue to invest in technology and preserve our digital leadership by offering best in class digital products to customers and automating internal processes to increase efficiency. We will focus on lending to higher rated, well-established corporates and would remain cautious in lending to projects under implementation. Our focus will be on growing our core operating profits. As a financial group with a presence across customer segments, products and geographies, we will leverage the synergy across our group companies.

The success of our strategy depends on several factors, including our ability to grow our low cost deposit base, growing our loan book profitably, containing non-performing loans, early resolution of stressed assets, maintaining regulatory compliance in an evolving regulatory environment, addressing regulators' assessments of and observations on our operations, and competing effectively in the Indian corporate and retail financial services market. Regulations governing the financial sector in India, including banking, insurance and asset management, continue to evolve, with a potential impact on the growth and profitability of financial services groups such as us. Our overseas branches are primarily funded from wholesale sources and global financial market conditions may impact our ability to grow the business of our overseas branches. See also "*Risk Factors—Risks Relating to Our Business—Our international operations increase the complexity of the risks that we face*". The success of our strategy is also subject to the overall regulatory and policy environment in which we operate including the direction of monetary policy. Our ability to execute our strategy will also depend on the liquidity and interest rate environment. See also "*Risk Factors—Risks Relating to Our Business-Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance*". With regard to our overseas banking subsidiaries, recent global developments, including commodity prices, trade-related disputes and continuing negotiations between the United Kingdom and European policymakers following its vote to withdraw from the European Union, are expected to impact economic growth in Canada and the United Kingdom, respectively, which in turn could impact the business of our banking subsidiaries in these countries.

For a detailed discussion of risks that we face in our business please refer to "Risk Factors".

Three months ended June 30, 2018 compared to three months ended June 30, 2017

Net Interest Income

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

Particulars	Three months ended June 30,			
	2017	2018	2018	2018/2017 % change
	(in millions, except for percentages)			
Interest income	Rs. 134,591.3	Rs. 147,223.6	US$ 2,151	9.4%
Interest expense	(78,692.9)	(86,204.6)	(1,259)	(9.5)
Net interest income	**Rs. 55,898.4**	**Rs. 61,019.0**	**US$ 891**	**9.2%**

Net interest income increased by 9.2% from Rs. 55.90 billion in the three months ended June 30, 2017 to Rs. 61.02 billion in the three months ended June 30, 2018 reflecting an increase in average volume of interest-earning assets, offset, in part, by a decrease in net interest margin by eight basis points.

Net interest margin

The yield on average interest-earning assets decreased by 18 basis points from 7.87% in the three months ended June 30, 2017 to 7.69% in the three months ended June 30, 2018. The cost of funds decreased by 17 basis points from 5.16% in the three months ended June 30, 2017 to 4.99% in the three months ended June 30, 2018. The interest spread decreased marginally by one basis point from 2.71% in the three months ended June 30, 2017 to 2.70% in the three months ended June 30, 2018. Net interest margin decreased by eight basis points from 3.27% in the three months ended June 30, 2017 to 3.19% in the three months ended June 30, 2018.

Net interest margin on domestic operations decreased by eight basis points from 3.62% in the three months ended June 30, 2017 to 3.54% in the three months ended June 30, 2018. The yield on interest-earning assets decreased by 27 basis points from 8.46% in the three months ended June 30, 2017 to 8.19% in the three months ended June 30, 2018 primarily due to a decrease in yield on advances and other interest-earning assets. The cost of domestic funds decreased by 31 basis points from 5.55% in the three months ended June 30, 2017 to 5.24% in the three months ended June 30, 2018 primarily due to a decrease in cost of deposits.

Net interest margin of overseas branches decreased by 43 basis points from 0.73% in the three months ended June 30, 2017 to 0.30% in the three months ended June 30, 2018 primarily due to an increase in cost of funds, offset, in part, by an increase in yield on interest-earning assets. The cost of overseas funds increased by 33 basis points from 2.95% in the three months ended June 30, 2017 to 3.28% in the three months ended June 30, 2018 primarily due to an increase in cost of borrowings on account of an increase in LIBOR during fiscal 2018. The yield on overseas interest-earning assets increased by four basis points from 3.63% in the three months ended June 30, 2017 to 3.67% in the three months ended June 30, 2018 primarily due to an increase in yield on advances, offset, in part, by a decrease in interest income on non-trading interest rate swaps of the Bank. The yield on overseas advances increased by 49 basis points from 3.71% in the three months ended June 30, 2017 to 4.20% in the three months ended June 30, 2018 primarily due to the increase in LIBOR during fiscal 2018 and higher interest collection on non-performing assets.

The yield on average interest-earning assets decreased by 18 basis points from 7.87% in the three months ended June 30, 2017 to 7.69% in the three months ended June 30, 2018 primarily due to the following factors:

- The yield on domestic advances decreased by 26 basis points from 9.65% in the three months ended June 30, 2017 to 9.39% in the three months ended June 30, 2018. Our one-year marginal cost of funds based lending rate decreased by 100 basis points during fiscal 2017, of which a reduction of 75 basis points occurred in January 2017 subsequent to the withdrawal of legal tender status of Specified Bank Notes. The yield on domestic advances decreased primarily due to re-pricing of floating rate loans of existing customers to a lower rate, non-accrual of interest income on additions to non-performing assets during fiscal 2018 and incremental loans made by the Bank at lower rates, offset, in part, by higher interest collection on non-performing assets during the three months ended June 30, 2018 as compared to the three months ended June 30, 2017.

  The yield on overseas advances increased by 49 basis points from 3.71% in the three months ended June 30, 2017 to 4.20% in the three months ended June 30, 2018 primarily due to an increase in LIBOR during fiscal 2018 and higher interest collection on non-performing assets during the three months ended June 30, 2018 as compared to the three months ended June 30, 2017, offset, in part, by non-accrual of interest income on non-performing assets and prepayment of high yielding loans.

  However, the yield on average advances increased by two basis points from 8.69% in the three months ended June 30, 2017 to 8.71% in the three months ended June 30, 2018 primarily due to an increase in the proportion of average domestic advances in average total advances.

- The yield on average interest-earning investments increased marginally by two basis points from 6.92% in the three months ended June 30, 2017 to 6.94% in the three months ended June 30, 2018. Yield on statutory liquidity ratio investments remained stable at 7.17% in the three months ended June 30, 2017 and the three months ended June 30, 2018. Yield on non-statutory liquidity ratio investments increased by 14 basis points from 6.18% in the three months ended June 30, 2017 to 6.32% in the three months ended June 30, 2018 primarily due to an increase in yield on commercial paper and certificates of deposit, offset, in part, by a decrease in yield on pass through certificates and bonds and debentures.

- The yield on other interest-earning assets decreased by 1.64% from 4.65% in the three months ended June 30, 2017 to 3.01% in the three months ended June 30, 2018 primarily due to a decrease in interest on income tax refund, interest income on non-trading interest rate swaps and yield on Rural Infrastructure and Development Fund and related deposits. Interest income on non-trading interest rate swaps of the Bank, which were undertaken to manage the market risk arising from the assets and liabilities, decreased from Rs. 0.84 billion in the three months ended June 30, 2017 to Nil in the three months ended June 30, 2018 primarily due to the increase in LIBOR during fiscal 2018.

- Interest on income tax refund decreased from Rs. 1.77 billion in the three months ended June 30, 2017 to Rs. 0.08 billion in the three months ended June 30, 2018. 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 17 basis points from 5.16% in the three months ended June 30, 2017 to 4.99% in the three months ended June 30, 2018 primarily due to the following factors:

- The cost of average deposits decreased by 25 basis points from 5.06% in the three months ended June 30, 2017 to 4.81% in the three months ended June 30, 2018 primarily due to a decrease in the cost of savings deposits and term deposits.

  Effective August 19, 2017, we reduced our interest rate on savings account deposits by 50 basis points on deposits below Rs. 5.0 million. This reduction positively impacted the cost of deposits by about 13 basis points during the three months ended June 30, 2018. The average current account and savings account deposits increased from 45.4% in the three months ended June 30, 2017 to 46.1% in the three months ended June 30, 2018.

  The cost of term deposits decreased by 18 basis points from 6.79% in the three months ended June 30, 2017 to 6.61% in the three months ended June 30, 2018 primarily due to a decrease in cost of domestic term deposits by 21 basis points from 6.86% in the three months ended June 30, 2017 to 6.65% in the three months ended June 30, 2018.

- The cost of average borrowings increased by six basis points from 5.47% in the three months ended June 30, 2017 to 5.53% in the three months ended June 30, 2018 primarily due to an increase in interest expense on funding swaps, cost of bond borrowings, foreign currency call money borrowings and term borrowings, offset, in part, by a decrease in cost of refinance borrowings.

Our yield on advances, interest income, net interest income and net interest margin are likely to continue to be impacted going forward, due to the tightening of systemic liquidity, changes in benchmark lending rates and deposit rates (including savings deposit rates in India), competitive market conditions, the increased proportion of secured retail advances in total advances, focus on lending to higher rated, well-established corporates, migration of ICICI Bank's base rate linked floating rate loans to marginal cost of funds based lending rate and non-accrual of income on non-performing assets.

An internal study group report of the Reserve Bank of India dated September 25, 2017 proposed that all floating rate loans extended from April 1, 2018 should be referenced to an external benchmark. The Group also suggested that the periodicity of resetting the interest rates be once a quarter and that banks should migrate all existing lending rates to the new benchmark without any additional charges for switchover within one year from the introduction of the external benchmark. The Reserve Bank of India has yet to issue the necessary instructions/guidelines in this regard. Further, in February 2018, the Reserve Bank of India proposed to harmonize the methodology of determining benchmark rates by linking the base rate to the marginal cost of funds based lending rate. Final instructions/guidelines in this regard have not yet been released. Any change in the methodology of determining benchmark rates may impact our interest income, yield on advances, net interest income and net interest margin.

Interest-earning assets

The average volume of interest-earning assets increased by 12.0% from Rs. 6,857.05 billion in the three months ended June 30, 2017 to Rs. 7,676.68 billion in the three months ended June 30, 2018. The increase in average interest-earning assets was primarily on account of an increase in average advances by Rs. 513.42 billion and average interest-earning investments by Rs. 175.42 billion.

Average advances increased by 11.3% from Rs. 4,542.90 billion in the three months ended June 30, 2017 to Rs. 5,056.32 billion in the three months ended June 30, 2018 primarily due to an increase in domestic advances, offset, in part, by a decrease in overseas advances.

Average interest-earning investments increased by 10.7% from Rs. 1,638.00 billion in the three months ended June 30, 2017 to Rs. 1,813.42 billion in the three months ended June 30, 2018 primarily due to an increase in statutory liquidity ratio investments by 6.8% from Rs. 1,226.09 billion in the three months ended June 30, 2017 to Rs. 1,308.96 billion in the three months ended June 30, 2018 and an increase in non-statutory liquidity ratio investments by 22.5% from Rs. 411.91 billion in the three months ended June 30, 2017 to Rs. 504.46 billion in the three months ended June 30, 2018. Average non-statutory liquidity ratio investments increased primarily due to an increase in average investment in certificates of deposit and bonds and debentures and mutual funds, offset, in part, by a decrease in average investments in pass through certificates.

Average other interest-earning assets increased by 19.3% from Rs. 676.15 billion in the three months ended June 30, 2017 to Rs. 806.94 billion in the three months ended June 30, 2018 primarily due to an increase in balances with banks outside India, the Rural Infrastructure and Development Fund and related deposits and balance with the Reserve Bank of India.

Interest-bearing liabilities

Average interest-bearing liabilities increased by 13.4% from Rs. 6,113.72 billion in the three months ended June 30, 2017 to Rs. 6,930.83 billion in the three months ended June 30, 2018 due to an increase in average deposits by Rs. 622.53 billion and average borrowings by Rs. 194.58 billion.

Average deposits increased by 13.5% from Rs. 4,608.92 billion in the three months ended June 30, 2017 to Rs. 5,231.45 billion in the three months ended June 30, 2018 due to an increase in average current account and savings account deposits by Rs. 319.15 billion and an increase in average term deposits by Rs. 303.38 billion.

Average borrowings increased by 12.9% from Rs. 1,504.80 billion in the three months ended June 30, 2017 to Rs. 1,699.38 billion in the three months ended June 30, 2018 primarily due to an increase in call money borrowings, refinance borrowings and bond borrowings.

Non-Interest Income

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

	Three months ended June 30,			
	2017	2018	2018	2018/2017 % change
	(in millions, except for percentages)			
Commission, exchange and brokerage	Rs. 20,175.3	Rs. 23,400.3	US$ 342	16.0%
Income from treasury-related activities (net)[1]	12,125.4	11,781.1	172	(2.8)
Profit/(loss) on sale of land, buildings and other assets (net)	5.6	14.3	0[2]	—
Dividend from subsidiaries, joint ventures and other consolidating entities	1,342.7	3,174.5	46	—
Miscellaneous	230.1	147.9	2	(35.7)
Total non-interest income	**Rs. 33,879.1**	**Rs. 38,518.1**	**US$ 562**	**13.7%**

Notes:

(1) Includes profit/(loss) on the sale/revaluation of investments and foreign exchange transactions.

(2) Insignificant amount.

Non-interest income primarily includes commission, exchange and brokerage income, income from treasury-related activities, dividend from subsidiaries and other miscellaneous income including lease income. Non-interest income increased by 13.7% from Rs. 33.88 billion in the three months ended June 30, 2017 to Rs. 38.52 billion in the three months ended June 30, 2018 primarily due to an increase in commission, exchange and brokerage income and dividend from subsidiaries.

Commission, exchange and brokerage income

Commission, exchange and brokerage income mainly includes fees from corporate clients such as loan processing fees, commercial banking fees and structuring fees, fees from retail customers such as loan processing fees, transaction banking fees (which includes credit card fees and service charges on retail deposit accounts) and third-party referral fees.

Commission, exchange and brokerage income increased from Rs. 20.18 billion for the three months ended June 30, 2017 to Rs. 23.40 billion for the three months ended June 30, 2018, primarily due to an increase in income from transaction banking fees and third-party referral fees.

Income from treasury-related activities (net)

Income from treasury-related activities includes income from sale of investments and revaluation of investments on account of changes in unrealized profit/(loss) in the fixed income, equity and preference share portfolio and units of venture funds and security receipts. Further, it includes income from foreign exchange transactions comprising various foreign exchange and derivative products, including options and swaps.

Income from treasury-related activities decreased from Rs. 12.13 billion in the three months ended June 30, 2017 to Rs. 11.78 billion in the three months ended June 30, 2018. In the three months ended June 30, 2018, we made a gain of Rs. 11.10 billion on sale of a 2.0% shareholding in ICICI Prudential Life Insurance Company Limited through an offer for sale.

Income from our government securities portfolio and other fixed income positions decreased from a gain of Rs. 8.93 billion in the three months ended June 30, 2017 to a loss of Rs. 4.32 billion in the three months ended June 30, 2018. While the yield on the benchmark 10-year government securities decreased from 6.69% at March 31, 2017 to 6.51% at June 30, 2017, the yield on the benchmark 10-year government securities increased from 7.40% at March 28, 2018 to 7.91% at June 29, 2018. On June 15, 2018, the Reserve Bank of India through its circular allowed banks to spread provisioning for mark-to-market losses on investments held in available-for-sale and held-for-trading portfolio in the three months ended June 30, 2018. The losses may be spread over four quarters, commencing from the three months ended June 30, 2018. We had not taken this option and accounted for the entire mark-to-market loss on domestic fixed income securities amounting to Rs. 2.19 billion in the three months ended June 30, 2018.

Income from foreign exchange transactions including transactions with clients and margins on derivatives transactions with clients and net exchange gain relating to overseas operations increased from Rs. 3.36 billion in the three months ended June 30, 2017 to Rs. 4.93 billion in the three months ended June 30, 2018.

Dividend from subsidiaries, joint ventures and other consolidating entities

Dividend from subsidiaries, joint ventures and other consolidating entities increased from Rs. 1.34 billion in the three months ended June 30, 2017 to Rs. 3.17 billion in the three months ended June 30, 2018. The following table sets forth, for the periods indicated, the details of dividend received from subsidiaries:

Name of the entity	Three months ended June 30, 2017	2018	2018
	(Rupees in millions)		(US$ in millions)
ICICI Prudential Life Insurance Company Limited	—	Rs. 2,505.1	US$ 37
ICICI Securities Limited	Rs. 480.2	—	—
ICICI Prudential Asset Management Company Limited	405.1	513.1	7
ICICI Securities Primary Dealership Limited	93.8	156.3	2
ICICI Lombard General Insurance Company Limited	214.2	—	—
ICICI Home Finance Company Limited	149.4	—	—
Total	**Rs. 1,342.7**	**Rs. 3,174.5**	**US$ 46**

Notes:

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

Non-Interest Expense

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

Particulars	Three months ended June 30, 2017	2018	2018	2018/2017 % change
	(in millions, except for percentages)			
Payments to and provisions for employees	Rs. 15,111.6	Rs. 15,138.8	US$ 221	0.2%
Depreciation on owned property	1,988.9	1,878.3	27	(5.6)
Other administrative expenses	20,843.9	24,436.2	357	17.2
Total non-interest expense	**Rs. 37,944.4**	**Rs. 41,453.3**	**US$ 605**	**9.2%**

Non-interest expenses primarily include employee expenses, depreciation on assets and other administrative expenses. Non-interest expense increased by 9.2% from Rs. 37.94 billion in the three months ended June 30, 2017 to Rs. 41.45 billion in the three months ended June 30, 2018.

Payments to and provisions for employees

Employee expenses increased marginally from Rs. 15.11 billion in the three months ended June 30, 2017 to Rs. 15.14 billion in the three months ended June 30, 2018. The increase was primarily due to annual increments and promotions, offset, in part, by a decrease in provision requirement for retirement benefit obligations due to movement in discount rate linked to government securities yield.

Depreciation

Depreciation on owned property decreased by 5.6% from Rs. 1.99 billion in the three months ended June 30, 2017 to Rs. 1.88 billion in the three months ended June 30, 2018.

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 17.2% from Rs. 20.84 billion in the three months ended June 30, 2017 to Rs. 24.44 billion in the three months ended June 30, 2018. The increase in other administrative expenses was primarily due to an increase in retail business volume and advertisement and sales promotion expenses.

We use marketing agents, called direct marketing agents or associates, for sourcing retail loan customers, in addition to our branch network and in-house sales teams. We include commissions paid to these marketing agents in non-interest expense. In line with the Reserve Bank of India guidelines, these commissions are expensed upfront and not amortized over the life of the loan. Direct marketing agency expenses increased from Rs. 2.87 billion in the three months ended June 30, 2017 to Rs. 3.49 billion in the three months ended June 30, 2018 primarily due to an increase in retail business volume.

Provisions and Contingencies (Excluding Provisions for Tax)

The following table sets forth, for the periods indicated, the composition of provisions and contingencies, excluding provisions for tax.

	Three months ended June 30,			
	2017	2018	2018	2018/2017 % change
	(in millions, except for percentages)			
Provision for investments (including credit substitutes) (net)	Rs. 1,735.2	Rs. 3,446.6	US$ 50	98.6%
Provision for non-performing and other assets	22,684.5	55,062.5	804	—
Provision for standard assets	1,480.0	486.4	7	(67.1)
Others	187.7	717.4	10	—
Total provisions and contingencies	**Rs. 26,087.4**	**Rs. 59,712.9**	**US$ 871**	**—**

We make provisions on standard, sub-standard and doubtful assets at rates prescribed by the Reserve Bank of India. Loss assets and the unsecured portion of doubtful assets are provided for/ written off as required by the Reserve Bank of India guidelines. For loans and advances of overseas branches, provisions are made as per the Reserve Bank of India 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 the Reserve Bank of India. We hold specific provisions against non-performing loans and advances and against certain performing loans and advances in accordance with the Reserve Bank of India directions, including the Reserve Bank of India direction for provision on accounts referred to the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016. The specific provisions on retail loans and advances held by us are higher than the minimum regulatory requirement. In respect of non-retail loans reported as fraud to the Reserve Bank of India and classified in doubtful category, 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 respect of non-retail loans where there has been delay in reporting the fraud to the Reserve Bank of India or which are classified as loss accounts, the entire amount is provided for immediately. In case of fraud in retail accounts, the entire amount is provided for immediately.

Provision on loans and advances restructured/rescheduled is made in accordance with the applicable Reserve Bank of India guidelines on restructuring of loans and advances by banks. In addition to the specific provision on non-performing assets, we maintain a general provision on standard loans and advances at rates prescribed by the Reserve Bank of India. For standard loans and advances in overseas branches, the general provision is made at the higher of host country regulatory requirements and the Reserve Bank of India requirements. We also make additional general provision on loans to specific borrowers in specific stressed sectors. We may create floating provision for the year, in excess of the specific and general provision, as per Board approved policy. The floating provision can only be utilized, with the approval of the Board of Directors and the Reserve Bank of India.

Provisions and contingencies (excluding provisions for tax) were Rs. 59.71 billion in the three months ended June 30, 2018 as compared to Rs. 26.09 billion in the three months ended June 30, 2017. Provision for non-performing and other assets was Rs. 55.06 billion in the three months ended June 30, 2018 as compared to Rs. 22.68 billion in the three months ended June 30, 2017. Provision for non-performing and other assets in the three months ended June 30, 2018 includes additional provision for borrower accounts where we have initiated insolvency proceedings under the Insolvency and Bankruptcy Code, 2016 as per the Reserve Bank of India directions and additional provision on accounts classified as non-performing assets in earlier years. Our provision coverage ratio at June 30, 2018 computed as per the extant Reserve Bank of India guidelines was 54.1%.

During the six months ended September 30, 2017, the Reserve Bank of India had advised banks to initiate an insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code, 2016 for certain specific accounts. Banks were required to make provision at 40% on the secured portion and 100% on the unsecured portion of the loan, or provision as per extant Reserve Bank of India guidelines on asset classification norms, whichever was higher at March 31, 2018. Banks were required to further increase the provision on the secured portion of the loan to 50.0% at June 30, 2018. Accordingly, we made an additional provision of Rs. 7.07 billion on these accounts during the three months ended June 30, 2018. We hold a provision of Rs. 92.08 billion in respect of outstanding loans amounting to Rs. 133.51 billion to these borrowers which amounts to provision coverage of 69.0% at June 30, 2018.

We had classified three borrower accounts in the gems and jewellery sector with fund-based outstanding of Rs. 7.95 billion as fraud and non-performing during the three months ended March 31, 2018 and made a provision of Rs. 2.89 billion through the profit and loss account and Rs. 5.05 billion by debiting reserves and surplus, as permitted by the Reserve Bank of India. Additionally, during the three months ended March 31, 2018, we had also made provision for certain other fraud and non-performing assets by debiting reserves and surplus amounting to Rs. 0.20 billion, as permitted by the Reserve Bank of India. The provision made by debiting reserves and surplus would be reversed and accounted through the profit and loss account over the year ending March 31, 2019. During the three months ended June 30, 2018, provision amounting to Rs. 2.48 billion was recognised through profit and loss account and equivalent debit was reversed in reserves and surplus.

Provision for standard assets decreased from Rs. 1.48 billion in the three months ended June 30, 2017 to Rs. 0.49 billion in the three months ended June 30, 2018. In the three months ended June 30, 2017, provision for standard assets were higher due to an additional general provision amounting to Rs. 1.60 billion on standard loans to borrowers rated below certain rating threshold in stressed sectors, other than loans where specific provision had been made in accordance with Reserve Bank of India guidelines. The cumulative general provision held at June 30, 2018 was Rs. 26.59 billion as compared to Rs. 24.59 billion at June 30, 2017.

Provision for investments increased from Rs. 1.74 billion in the three months ended June 30, 2017 to Rs. 3.45 billion in the three months ended June 30, 2018 primarily due to an increase in provision on equity shares.

Restructured Loans and Non-performing Assets

We classify our assets as performing and non-performing in accordance with the Reserve Bank of India guidelines. Under the Reserve Bank of India guidelines, an asset is generally classified as non-performing if any amount of interest or principal remains overdue for more than 90 days, in respect of term loans. In respect of overdraft or cash credit, an asset is classified as non-performing if the account remains out of order for a period of 90 days and in respect of bills, if the account remains overdue for more than 90 days. The Reserve Bank of India guidelines also require an asset to be classified as non-performing based on certain other criteria like restructuring of a loan, inability of a borrower to complete a project funded by the bank within stipulated timelines and certain other non-financial parameters. In respect of borrowers where loans and advances made by overseas branches are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the Reserve Bank of India guidelines, the amount outstanding in the host country is classified as non-performing.

The Reserve Bank of India 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.

The Reserve Bank of India also has separate guidelines for restructured loans. Up to March 31, 2015, a fully secured standard asset could be restructured by re-scheduling of principal repayments and/or the interest element, but had to be separately disclosed as a restructured asset. The diminution in the fair value of the restructured loan, if any, measured in present value terms, was either written off or a provision was made to the extent of the diminution involved. Similar guidelines applied for restructuring of sub-standard loans. Loans restructured after April 1, 2015 (excluding loans given for implementation of projects in the infrastructure sector and non-infrastructure sector and which are delayed up to a specified period) by re-scheduling 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.

On February 12, 2018, the Reserve Bank of India issued a revised framework for resolution of stressed assets, which superceded the existing guidelines on strategic debt restructuring, change in ownership outside strategic debt restructuring (except projects under implementation) and scheme for sustainable structuring of stressed assets with immediate effect. Under the revised framework, the stand-still benefits for accounts where any of these schemes had been invoked but not yet implemented were withdrawn and the accounts were classified as per the extant Reserve Bank of India norms on asset classification. The Reserve Bank of India also clarified the definition of restructuring to include any concession to the borrower where time for payment of settlement amount exceeds three months.

The following table sets forth, at the dates indicated, certain information regarding non-performing customer assets.

Particulars	At June 30, 2017	At March 31, 2018	At June 30, 2018		2018/2017 % change
	₹ in million, except for percentages				
Gross non-performing customer assets	Rs. 431,476.4	Rs. 540,625.1	Rs. 534,649.4	US$ 7,810	23.91%
Provisions for non-performing customer assets	(178,414.3)	(261,762.4)	(292,948.5)	(4,279)	64.20
Net non-performing customer assets	253,062.1	278,862.7	241,700.9	3,531	(4.49)%
Gross customer assets	Rs. 5,402,409.9	Rs. 6,116,329.5	Rs. 6,068,025.8	US$ 88,636	
Net customer assets	5,211,569.5	5,848,778.8	5,769,854.9	84,281	
Gross non-performing customer assets as a percentage of gross customer assets	7.99%	8.84%	8.81%		
Net non-performing customer assets as a percentage of net customer asset	4.86%	4.77%	4.19%		

The operating environment for Indian banks has remained challenging for the past few years particularly due to the stress in the Indian corporate sector. The Indian corporate sector has experienced a prolonged period of muted growth in sales and profits. Over the years, several challenges have impacted the sector including an elongation of working capital cycles and a high level of receivables, including from the Government of India, significant challenges in project completion and cash flow generation due to policy changes, delays in approvals like clearances on environment and land, judicial decisions like the deallocation of coal mines, significant decline in global commodity prices in fiscal 2015 and fiscal 2016 and adjustments to recent structural reforms such as withdrawal of legal tender status of specified Bank Notes and Goods & Services Tax. These challenges resulted in lower than projected cash flows and the progress in reducing leverage in the corporate sector remained slow. As a result, there has been a substantial increase in the level of additions to non-performing loans, including slippages from restructured loans, into non-performing status for the banking sector and the Bank.

Gross additions to non-performing customer assets decreased from Rs. 49.76 billion in the three months ended June 30, 2017 to Rs. 40.36 billion in the three months ended June 30, 2018. The gross additions in the three months ended June 30, 2018 included the impact of Rupee depreciation on non-performing loans of overseas branches. Gross non-performing customer assets amounting to Rs. 25.98 billion were written-off in three months ended June 30, 2018. Gross non-performing customer assets increased from Rs. 431.48 billion at June 30, 2017 to Rs. 534.65 billion at June 30, 2018. Net non-performing customer assets decreased from Rs. 253.06 billion at June 30, 2017 to Rs. 241.70 billion at June 30, 2018. The ratio of net non-performing customer assets to net customer assets decreased from 4.86% at June 30, 2017 to 4.19% at June 30, 2018. The total non-fund-based outstanding to borrowers classified as non-performing was Rs. 29.29 billion at June 30, 2018.

Gross non-performing loans in the retail portfolio were 1.78% of gross retail loans at June 30, 2018 compared to 1.65% at June 30, 2017 and net non-performing loans in the retail portfolio were 0.76% of net retail loans at June 30, 2018 compared to 0.63% at June 30, 2017.

The provision coverage ratio at June 30, 2018 including cumulative technical/prudential write-offs was 66.1% (June 30, 2017: 55.2%). Excluding cumulative technical/prudential write-offs, the provision coverage ratio was 54.1% (June 30, 2017: 41.2%).

We had disclosed our fund-based exposure and outstanding non-fund-based facilities internally rated below investment grade (excluding borrowers classified as non-performing or restructured) at March 31, 2016 to the iron and steel, mining, power, rigs and cement sectors and promoter entities internally rated below investment grade where the underlying was partly linked to these sectors, amounting to Rs. 440.65 billion. The aggregate fund-based exposure and outstanding non-fund-based facilities to companies that were internally rated below investment grade in the above sectors and promoter entities were Rs. 47.28 billion at March 31, 2018 which decreased to Rs. 44.01 billion at June 30, 2018 primarily due to slippages of loans amounting to Rs. 5.49 billion as non-performing assets and upgrade of ratings of loans of Rs. 0.24 billion, offset, in part, by downgrade of exposure to above sectors amounting to Rs. 2.43 billion to below investment grade.

At June 30, 2018, the fund-based and non-fund-based outstanding to standard borrowers in the corporate and small and medium-sized enterprises segment rated BB and below was Rs. 246.29 billion.

The gross outstanding loans to borrowers whose facilities have been restructured decreased from Rs. 25.66 billion at June 30, 2017 to Rs. 14.45 billion at June 30, 2018. The net outstanding loans to borrowers whose facilities have been restructured decreased from Rs. 23.70 billion at June 30, 2017 to Rs. 14.13 billion at June 30, 2018. The aggregate non-fund-based outstanding to borrowers whose loans were restructured was Rs. 3.58 billion at June 30, 2018.

At June 30, 2018, we had implemented the scheme for sustainable structuring of stressed assets in six standard borrower accounts with an aggregate balance outstanding of Rs. 7.64 billion, comprising Rs. 4.10 billion of sustainable debt and Rs. 3.55 billion of unsustainable debt. Out of the above, two accounts with an aggregate balance outstanding Rs. 1.48 billion had been classified as non-performing assets at June 30, 2018.

In fiscal 2016, the Reserve Bank of India had issued guidelines permitting banks to refinance long-term project loans to infrastructure and other core industries at periodic intervals (5/25 scheme) without such refinancing being considered as restructuring. The outstanding portfolio of such loans for which refinancing under the 5/25 scheme has been implemented was Rs. 46.72 billion at June 30, 2018 out of which Rs. 20.04 billion was classified as performing loans. Of the loans of Rs. 20.04 billion, Rs. 6.64 billion were loans to companies which were internally rated below investment grade in the key sectors mentioned above.

Tax Expense

The profit before tax decreased from a profit of Rs. 25.75 billion in the three months ended June 30, 2017 to a loss of Rs. 1.63 billion in the three months ended June 30, 2018. Tax expenses decreased from a charge of Rs. 5.26 billion in the three months ended June 30, 2017 to a tax credit of Rs. 0.43 billion in the three months ended June 30, 2018.

Financial Condition

Assets

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

Assets	June 30, 2017	March 31, 2018	June 30, 2018	June 30, 2018	% change June 2018/ June 2017
	(Rupees in billions, except percentages)			(US$ in millions)	
Cash and cash equivalents[1]	425.11	841.69	632.94	US$ 9,245	48.9%
Investments	1,854.08	2,029.94	1,863.60	27,222	0.5
– *Government and other approved securities, in India*[2]	*1,332.74*	*1,391.85*	*1,337.95*	*19,544*	*0.4*
– *Debentures and bonds*	*81.92*	*153.89*	*88.54*	*1,293*	*8.1*
– *Other investments*[3]	*439.42*	*484.20*	*437.11*	*6,385*	*0.5*
Advances	4,640.75	5,123.95	5,162.89	75,414	11.3
– *Domestic*	*3,927.11*	*4,479.65*	*4,518.40*	*66,000*	*15.1*
– *Overseas*	*713.64*	*644.30*	*644.49*	*9,414*	*(9.7)*
Fixed assets (including leased assets)	80.23	79.04	78.17	1,142	(2.6)
Other assets	608.99	717.27	713.68	10,425	17.2
Total Assets	**7,609.16**	**8,791.89**	**8,451.28**	**US$ 123,448**	**11.1%**

Notes:

(1) Cash and cash equivalents includes cash in hand, balances with the Reserve Bank of India, balances with banks and money at call and short notice.

(2) Banks in India are required to maintain a specified percentage of their net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities, which was 20.0% at June 30, 2017 and 19.5% at March 31, 2018 and June 30, 2018.

(3) Other investments includes investments in shares, investments in subsidiaries and joint ventures, commercial paper, mutual fund units, pass through certificates, security receipts and investments outside India.

Total assets of the Bank increased by 11.1% from Rs. 7,609.16 billion at June 30, 2017 to Rs. 8,451.28 billion at June 30, 2018, primarily due to 11.3% increase in advances and 0.5% increase in investments.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and balances with the Reserve Bank of India and other banks, including money at call and short notice. Cash and cash equivalents increased by 48.9% from Rs. 425.11 billion at June 30, 2017 to Rs. 632.94 billion at June 30, 2018 primarily due to an increase in money at call and short notice, balance with banks outside India and foreign currency term money lent.

Investments

Total investments increased by 0.5% from Rs. 1,854.08 billion at June 30, 2017 to Rs. 1,863.60 billion at June 30, 2018 primarily due to an increase in investment in certificates of deposit by Rs. 33.79 billion and government securities by Rs. 10.57 billion, offset, in part, by a decrease in investment in commercial paper by Rs. 14.75 billion, equity shares by Rs. 8.49 billion and pass through certificates by Rs. 6.78 billion.

The outstanding net investment in security receipts issued by asset reconstruction companies at June 30, 2018 was Rs. 34.38 billion compared to Rs. 34.05 billion at June 30, 2017 (March 31, 2018: Rs. 34.38 billion).

Advances

Net advances increased by 11.3% from Rs. 4,640.75 billion at June 30, 2017 to Rs. 5,162.89 billion at June 30, 2018 primarily due to an increase in domestic advances, offset, in part, by a decrease in overseas advances. Domestic advances increased by 15.1% from Rs. 3,927.11 billion at June 30, 2017 to Rs. 4,518.40 billion at June 30, 2018 primarily due to an increase in retail advances. Net retail advances increased by 20.0% from Rs. 2,475.40 billion at June 30, 2017 to Rs. 2,970.44 billion at June 30, 2018. Net advances of overseas branches decreased by 9.7% from Rs. 713.64 billion at June 30, 2017 to Rs. 644.49 billion at June 30, 2018.

Fixed and other assets

Fixed assets (net block) decreased by 2.6% from Rs. 80.23 billion at June 30, 2017 to Rs. 78.17 billion at June 30, 2018.

Other assets increased by 17.2% from Rs. 608.99 billion at June 30, 2017 to Rs. 713.68 billion at June 30, 2018 primarily due to an increase in trade receivables, Rural Infrastructure and Development Fund and related deposits and deferred tax asset. Trade receivables on account of pending settlement for purchase/sale of Government of India securities increased by 39.4% from Rs. 65.26 billion at June 30, 2017 to Rs. 91.00 billion at June 30, 2018. Rural Infrastructure and Development Fund and related deposits made in lieu of shortfall in directed lending requirements increased by 9.2% from Rs. 236.67 billion at June 30, 2017 to Rs. 258.40 billion at June 30, 2018.

Liabilities

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

Liabilities	June 30, 2017	March 31, 2018	June 30, 2018	June 30, 2018	% change June 2018/ June 2017
	(Rupees in billions, except percentages)			(US$ in millions)	
Equity share capital	Rs. 12.83	Rs. 12.86	Rs. 12.87	US$ 188	0.3%
Reserves	993.41	1,038.74	1,040.55	15,199	4.7
Deposits	4,862.54	5,609.75	5,468.78	79,883	12.5
– *Savings account deposits*	*1,699.50*	*2,009.67*	*1,996.04*	*29,156*	*17.4*
– *Current account deposits*	*680.73*	*889.58*	*766.89*	*11,202*	*12.7*
– *Term deposits*	*2,482.30*	*2,710.50*	*2,705.85*	*39,524*	*9.0*

Liabilities	June 30, 2017	March 31, 2018	June 30, 2018	June 30, 2018	% change June 2018/ June 2017
	(Rupees in billions, except percentages)			(US$ in millions)	
Borrowings (excluding sub-ordinated debt and preference share capital)	*1,129.13*	*1,510.25*	*1,314.80*	*19,205*	*16.4*
Subordinated debt[(1)]	*281.97*	*314.84*	*304.90*	*4,454*	*8.1*
Preference share capital[(1)]	*3.50*	*3.50*	—	—	—
Total borrowings	1,414.60	1,828.59	1,619.70	23,659	14.5
Other liabilities	325.78	301.96	309.38	4,519	(5.0)
Total liabilities (including capital and reserves)	**Rs. 7,609.16**	**Rs. 8,791.89**	**Rs. 8,451.28**	**US$ 123,448**	**11.1%**

Note:

(1) Included in Schedule 4—"Borrowings" of the balance sheet.

Total liabilities (including capital and reserves) increased by 11.1% from Rs. 7,609.16 billion at June 30, 2017 to Rs. 8,451.28 billion at June 30, 2018 primarily due to 12.5% increase in deposits and 14.5% increase in borrowings.

Deposits

Deposits increased by 12.5% from Rs. 4,862.54 billion at June 30, 2017 to Rs. 5,468.78 billion at June 30, 2018.

Savings account deposits increased by 17.4% from Rs. 1,699.50 billion at June 30, 2017 to Rs. 1,996.04 billion at June 30, 2018 and current account deposits increased by 12.7% from Rs. 680.73 billion at June 30, 2017 to Rs. 766.89 billion at June 30, 2018. Term deposits increased by 9.0% from Rs. 2,482.30 billion at June 30, 2017 to Rs. 2,705.85 billion at June 30, 2018. The current and savings account deposits increased by 16.1% from Rs. 2,380.24 billion at June 30, 2017 to Rs. 2,762.93 billion at June 30, 2018. CASA ratio increased from 49.0% at June 30, 2017 to 50.5% at June 30, 2018.

Deposits of overseas branches decreased by 19.2% from Rs. 64.44 billion at June 30, 2017 to Rs. 52.05 billion at June 30, 2018. Total deposits at June 30, 2018 formed 77.2% of the funding (i.e., total deposits and borrowings).

Borrowings

Borrowings increased by 14.5% from Rs. 1,414.60 billion at June 30, 2017 to Rs. 1,619.70 billion at June 30, 2018 primarily due to an increase in foreign currency call money borrowings, refinance borrowings and subordinated bond borrowings. We redeemed our preference shares amounting to Rs. 3.50 billion after approval from the Reserve Bank of India on April 20, 2018, as per the original terms of the issue. Borrowings of overseas branches increased by 7.5% from Rs. 757.90 billion at June 30, 2017 to Rs. 814.48 billion at June 30, 2018.

Other liabilities

Other liabilities decreased by 5.0% from Rs. 325.78 billion at June 30, 2017 to Rs. 309.38 billion at June 30, 2018 primarily due to a decrease in specific provision on certain performing loans, offset, in part, by an increase in security deposits.

Equity share capital and reserves

Equity share capital and reserves increased from Rs. 1,006.24 billion at June 30, 2017 to Rs. 1,053.42 billion at June 30, 2018 primarily due to accretion to reserves out of retained profit.

Segment Information

The Reserve Bank of India 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 the three months ended June 30, 2018 based on the segments identified and defined by the Reserve Bank of India, 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 the Reserve Bank of India 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 the Reserve Bank of India guidelines for the Bank.

- *Treasury* includes the entire investment portfolio of the Bank.

- *Other Banking* includes leasing operations and other items not attributable to any particular business segment of the Bank.

Framework for Transfer Pricing

All liabilities are transfer priced to a central treasury unit, which pools all funds and lends to the business units at appropriate rates based on the relevant maturity of assets being funded after adjusting for regulatory reserve requirement and directed lending requirements.

Retail Banking Segment

The profit before tax of the segment increased from Rs. 16.86 billion during the three months ended June 30, 2017 to Rs. 20.47 billion during the three months ended June 30, 2018, primarily due to an increase in net interest income and non-interest income.

Net interest income increased by 12.3% from Rs. 32.89 billion during the three months ended June 30, 2017 to Rs. 36.94 billion during the three months ended June 30, 2018, primarily due to growth in the average loan portfolio, offset in part, by a decrease in yield on advances. Yield on advances decreased primarily due to re-pricing of floating rate loans of existing customers to a lower rate and incremental loans made by the Bank at lower rates.

Non-interest income increased by 17.6% from Rs. 15.30 billion during the three months ended June 30, 2017 to Rs. 17.99 billion during the three months ended June 30, 2018, primarily due to an increase in lending linked fees, fees on credit and debit cards and third party product distribution fees.

Non-interest expenses increased by 10.2% from Rs. 29.47 billion during the three months ended June 30, 2017 to Rs. 32.47 billion during the three months ended June 30, 2018, reflecting an increase in retail business volume.

Provision (net of write-back) increased by 7.0% from Rs. 1.86 billion during the three months ended June 30, 2017 to Rs. 1.99 billion during the three months ended June 30, 2018, primarily due to an increase in provisions on retail products like auto loans, home loans, personal loans and credit cards.

Wholesale Banking Segment

The loss (before tax) of the segment increased from Rs. 6.66 billion in the three months ended June 30, 2017 to Rs. 36.75 billion in the three months ended June 30, 2018, primarily due to an increase in provisions.

Net interest income increased by 9.0% from Rs. 15.48 billion in the three months ended June 30, 2017 to Rs. 16.88 billion in the three months ended June 30, 2018.

Non-interest income increased by 7.0% from Rs. 8.15 billion in the three months ended June 30, 2017 to Rs. 8.72 billion in the three months ended June 30, 2018.

Non-interest expenses increased by 6.4% from Rs. 7.87 billion in the three months ended June 30, 2017 to Rs. 8.37 billion in the three months ended June 30, 2018.

Provisions increased from Rs. 22.42 billion during the three months ended June 30, 2017 to Rs. 53.98 billion during the three months ended June 30, 2018, primarily due to additional provision of Rs. 7.07 billion on accounts referred to National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 as per the Reserve Bank of India directions and additional provisions on accounts classified as non-performing assets in earlier periods.

Treasury Segment

The profit before tax of the treasury segment increased from Rs. 13.21 billion during the three months ended June 30, 2017 to Rs. 14.16 billion during the three months ended June 30, 2018, primarily due to an increase in net interest income and non-interest income.

Net interest income increased by 26.1% from Rs. 5.32 billion in the three months ended June 30, 2017 to Rs. 6.71 billion in the three months ended June 30, 2018.

Non-interest income increased by 14.3% from Rs. 10.18 billion during the three months ended June 30, 2017 to Rs. 11.64 billion during the three months ended June 30, 2018, primarily due to a gain of Rs. 11.10 billion on sale of shares of ICICI Prudential Life Insurance Company Limited during the three months ended June 30, 2018, partly offset by a realised loss of Rs. 1.63 billion on government securities during the three months ended June 30, 2018 as against realised gain of Rs. 7.95 billion on government securities during the three months ended June 30, 2017.

Provisions increased from Rs. 1.82 billion during the three months ended June 30, 2017 to Rs. 3.71 billion during the three months ended June 30, 2018 primarily due to higher provisions on equity shares.

Other Banking Segment

The profit before tax of the other banking segment decreased from Rs. 2.33 billion during the three months ended June 30, 2017 to Rs. 0.49 billion during the three months ended June 30, 2018, primarily due to a decrease in interest on income tax refund.

Consolidated Financials as per Indian GAAP

The consolidated profit after tax decreased by 99.8% from Rs. 26.05 billion for the three months ended June 30, 2017 to Rs. 0.05 billion for the three months ended June 30, 2018. Profit after tax decreased primarily due to losses incurred by ICICI Bank and ICICI Securities Primary Dealership for the three months ended June 30, 2018 as compared to profit for the three months ended June 30, 2017 and a decrease in profits of ICICI Prudential Life Insurance Company Limited and ICICI Home Finance Company Limited, offset, in part, by an increase in the profit of ICICI Lombard General Insurance Company Limited.

At June 30, 2018, without considering the retained earnings for the three months ended June 30, 2018, the consolidated Tier-1 capital adequacy ratio was 15.41% as against the current requirement of 9.025% and the consolidated total capital adequacy ratio was 17.80% as against the current requirement of 11.025%.

ICICI Prudential Life Insurance Company Limited achieved an overall market share of 11.3% for the three months ended June 30, 2018 based on new business written (on a retail weighted new business premium basis) according to the Life Insurance Council. Net premium earned increased from Rs. 48.20 billion for the three months ended June 30, 2017 to Rs. 54.38 billion for the three months ended June 30, 2018. The profit after tax decreased from Rs. 4.06 billion for the three months ended June 30, 2017 to Rs. 2.82 billion for the three months ended June 30, 2018 primarily due to an increase in provision for policy holder liabilities and operating expenses, offset, in part, by an increase in premium earned and investment income.

ICICI Lombard General Insurance Company Limited achieved an overall market share of 10.1% for the three months ended June 30, 2018 on the basis of gross direct premium according to the General Insurance Council of India. Net earned premium increased by 20.4% from Rs. 15.33 billion for the three months ended June 30, 2017 to Rs. 18.45 billion for the three months ended June 30, 2018 primarily due to an increase in the fire, marine, engineering and health & personal accident insurance segments. The profit after tax increased from Rs. 2.14 billion for the three months ended June 30, 2017 to Rs. 2.89 billion for the three months ended June 30, 2018 primarily due to an increase in net earned premium, investment income and a decrease in operating expenses.

The profit after tax of ICICI Prudential Asset Management Company Limited decreased from Rs. 1.41 billion for the three months ended June 30, 2017 to Rs. 0.80 billion for the three months ended June 30, 2018 primarily due to contingency provisions created for an ongoing regulatory matter, offset, in part, by an increase in management fees from mutual fund operations. The company's average mutual fund assets under management increased from Rs. 2,613.31 billion for the three months ended June 30, 2017 to Rs. 3,101.66 billion for the three months ended June 30, 2018. Average asset under management for equity schemes increased from Rs. 1,041.10 billion for the three months ended June 30, 2017 to Rs. 1,424.15 billion for the three months ended June 30, 2018.

The consolidated profit after tax (based on Ind AS) of ICICI Securities Limited and its subsidiaries increased from Rs. 1.18 billion for the three months ended June 30, 2017 to Rs. 1.34 billion for the three months ended June 30, 2018 primarily due to an increase in fee income, offset, in part, by an increase in staff cost.

The loss after tax of ICICI Securities Primary Dealership Limited was Rs. 0.36 billion for the three months ended June 30, 2018 compared to a profit after tax of Rs. 0.66 billion for the three months ended June 30, 2017 primarily due to trading loss, offset, in part, by an increase in net interest income.

The profit after tax of ICICI Home Finance Company Limited decreased from Rs. 0.19 billion for the three months ended June 30, 2017 to Rs. 0.14 billion for the three months ended June 30, 2018 primarily due to a decrease in net interest income and other income, offset, in part, by a decrease in provisions. Net non-performing assets decreased from Rs. 1.96 billion at June 30, 2017 to Rs. 1.84 billion at June 30, 2018.

ICICI Venture Funds Management Company Limited made a profit of Rs. 0.03 billion for the three months ended June 30, 2018 compared to a loss after tax of Rs. 0.01 billion for the three months ended June 30, 2017 primarily due to an increase in fee income.

The profit after tax of ICICI Bank Canada increased from CAD 11.9 million (Rs. 0.57 billion) for the three months ended June 30, 2017 to CAD 14.0 million (Rs. 0.73 billion) for the three months ended June 30, 2018 primarily due to an increase in net interest income, fee income and write-back of provisions, offset, in part, by trading loss. Net non-performing assets increased from CAD 8.8 million (Rs. 0.44 billion) at June 30, 2017 to CAD 10.8 million (Rs. 0.56 billion) at June 30, 2018.

The profit after tax of ICICI Bank UK PLC decreased from US$2.0 million (Rs. 0.13 billion) for the three months ended June 30, 2017 to US$1.8 million (Rs. 0.12 billion) for the three months ended June 30, 2018 primarily due to an increase in specific provisions, offset, in part, by an increase in net interest income. Net non-performing assets decreased from US$220.8 million (Rs. 14.26 billion) at June 30, 2017 to US$218.2 million (Rs. 14.94 billion) at June 30, 2018.

The consolidated assets of the Bank and its subsidiaries and other consolidating entities increased from Rs. 9,847.02 billion at June 30, 2017 to Rs. 10,987.90 billion at June 30, 2018. Consolidated advances increased from Rs. 5,156.94 billion at June 30, 2017 to Rs. 5,722.39 billion at June 30, 2018. The following table sets forth, for the periods indicated, the profit/(loss) of our principal subsidiaries.

	Three months ended June 30,		
Particulars	**2017**	**2018**	**2018**
	(Rupees in billions)		**(US$ in millions)**
ICICI Prudential Life Insurance Company Limited	4.06	2.82	41.2
ICICI Lombard General Insurance Company Limited	2.14	2.89	42.2
ICICI Securities Limited (consolidated)	1.15	1.34	19.6
ICICI Prudential Asset Management Company Limited	1.41	0.80	11.7
ICICI Securities Primary Dealership Limited	0.66	(0.36)	(5.3)
ICICI Home Finance Company Limited	0.19	0.14	2.0
ICICI Bank Canada	0.57	0.73	10.7
ICICI Bank UK PLC	0.13	0.12	1.8
ICICI Venture Funds Management Company Limited	(0.01)	0.03	0.4

Year Ended March 31, 2018 Compared to Year Ended March 31, 2017

Net Interest Income

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

Particulars	Year ended March 31, 2017	2018	2018	2018/2017% change
	(in millions, except for percentages)			
Interest income	Rs. 541,562.8	Rs. 549,658.9	US$ 8,029	1.5%
Interest expense	(324,189.6)	(319,400.5)	(4,666)	(1.5)
Net interest income	**Rs. 217,373.2**	**Rs. 230,258.5**	**US$ 3,363**	**5.9%**

Net interest income increased by 5.9% from Rs. 217.37 billion in fiscal 2017 to Rs. 230.26 billion in fiscal 2018 reflecting an increase of 6.5% in the average volume of interest-earning assets, offset, in part, by a decline in net interest margin by two basis points.

Net interest margin

The yield on average interest-earning assets decreased by 38 basis points from 8.09% in fiscal 2017 to 7.71% in fiscal 2018. The cost of funds decreased by 45 basis points from 5.45% in fiscal 2017 to 5.00% in fiscal 2018. The interest spread increased by seven basis points from 2.64% in fiscal 2017 to 2.71% in fiscal 2018. Net interest margin decreased by two basis points from 3.25% in fiscal 2017 to 3.23% in fiscal 2018.

Net interest margin for domestic operations increased marginally from 3.59% in fiscal 2017 to 3.60% in fiscal 2018. The cost of domestic funds decreased by 65 basis points from 5.96% in fiscal 2017 to 5.31% in fiscal 2018 primarily due to a decrease in cost of deposits. The yield on domestic interest-earning assets decreased by 49 basis points from 8.77% in fiscal 2017 to 8.28% in fiscal 2018 due to a decrease in yield on advances and investments.

Net interest margin of overseas branches decreased by 81 basis points from 1.30% in fiscal 2017 to 0.49% in fiscal 2018 primarily due to a decrease in yield on interest-earning assets. The yield on overseas interest-earning assets decreased primarily due to a decrease in yield on advances. Yield on advances decreased by 42 basis points from 4.11% in fiscal 2017 to 3.69% in fiscal 2018 primarily due to non-accrual of interest income on non-performing assets and prepayment of high yielding loans. The cost of funds of overseas branches increased by five basis points from 2.98% in fiscal 2017 to 3.03% in fiscal 2018.

The yield on average interest-earning assets decreased by 38 basis points from 8.09% in fiscal 2017 to 7.71% in fiscal 2018 primarily due to the following factors:

- The yield on domestic advances decreased by 56 basis points from 10.07% in fiscal 2017 to 9.51% in fiscal 2018 and the yield on overseas advances decreased by 42 basis points from 4.11% in fiscal 2017 to 3.69% in fiscal 2018. However, due to an increase in the proportion of domestic advances in total advances, the overall yield on average advances decreased by 25 basis points from 8.88% in fiscal 2017 to 8.63% in fiscal 2018. The decrease was primarily due to the following reasons:

    - There have been significant additions to non-performing assets in fiscal 2017 and fiscal 2018. We account for interest income on non-performing assets on a cash basis.

    - Our 1-year marginal cost of funds based lending rate decreased by 100 basis points during fiscal 2017, of which a reduction of 75 basis points occurred in January 2017 subsequent to the withdrawal of legal tender status of Specified Bank Notes. The incremental loans by us during fiscal 2018 were made at lower rates due to the reduction in our marginal cost of funds based lending rate during fiscal 2017. Further, many existing customers with floating rate loans have also re-priced their loans to a lower rate linked to marginal cost of funds based lending rate during fiscal 2018.

- The yield on average interest-earning investments decreased from 7.23% in fiscal 2017 to 6.82% in fiscal 2018. The yield on statutory liquidity ratio investments decreased by 38 basis points from 7.45% in fiscal 2017 to 7.07% in fiscal 2018 primarily due to realisation of gains in the statutory liquidity ratio investments portfolio and reset of the rate of interest on floating rate bonds at lower levels. The yield on non-statutory liquidity ratio investments decreased by 46 basis points from 6.57% in fiscal 2017 to 6.11% in fiscal 2018 primarily due to a decrease in the yield on corporate bonds and debentures, commercial paper and mutual funds.

- The yield on other interest-earning assets decreased from 4.78% in fiscal 2017 to 3.63% in fiscal 2018 primarily due to a decrease in interest income on non-trading interest rate swaps, interest on income tax refund and the yield on Rural Infrastructure and Development Fund and related deposits. Interest income on non-trading interest rate swaps, which are undertaken to manage the market risk arising from the assets and liabilities, decreased from Rs. 7.07 billion in fiscal 2017 to Rs. 2.29 billion in fiscal 2018 primarily due to an increase in LIBOR during fiscal 2018 as compared to fiscal 2017.

  Interest on income tax refund was Rs. 2.63 billion in fiscal 2018 (fiscal 2017: Rs. 4.51 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 45 basis points from 5.45% in fiscal 2017 to 5.00% in fiscal 2018 primarily due to the following factors:

- The cost of average deposits decreased by 52 basis points from 5.39% in fiscal 2017 to 4.87% in fiscal 2018 primarily due to a decrease in cost of term deposits and savings deposits and an increase in the proportion of current account and saving account deposits in total deposits.

  The cost of term deposits decreased by 65 basis points from 7.25% in fiscal 2017 to 6.60% in fiscal 2018 primarily due to a decrease in the cost of domestic term deposits by 74 basis points from 7.40% in fiscal 2017 to 6.66% in fiscal 2018. We reduced retail term deposit rates for select maturities in phases during fiscal 2017 and fiscal 2018. For example, the rate on retail term deposits with maturities between 390 days up to two years declined from 7.50% at April 1, 2016 to 7.00% at April 1, 2017. The rate was further reduced to 6.90% on May 17, 2017 and 6.75% on July 19, 2017.

  Effective August 19, 2017, we reduced our interest rate on savings account deposits by 50 basis points on deposits below Rs. 5.0 million from 4.00% to 3.50%.

  The average current account and savings account deposits increased from 43.7% of total average deposits in fiscal 2017 to 45.6% of total average deposits in fiscal 2018.

- The cost of borrowings decreased by 20 basis points from 5.61% in fiscal 2017 to 5.41% in fiscal 2018 primarily due to a decrease in interest expense on funding swaps and lower cost of refinance borrowings, offset, in part, by a decrease in term borrowings which are relatively lower cost.

Interest-earning assets

The average interest-earning assets increased by 6.5% from Rs. 6,697.02 billion in fiscal 2017 to Rs. 7,129.46 billion in fiscal 2018. The increase in average interest-earning assets was primarily on account of an increase in average advances by Rs. 277.09 billion and average interest-earning investments by Rs. 122.27 billion.

Average advances increased by 6.2% from Rs. 4,459.84 billion in fiscal 2017 to Rs. 4,736.93 billion in fiscal 2018 primarily due to an increase in domestic advances, offset, in part, by a decrease in overseas advances.

Average interest-earning investments increased by 7.8% from Rs. 1,573.06 billion in fiscal 2017 to Rs. 1,695.33 billion in fiscal 2018, primarily due to an increase in statutory liquidity ratio investments by 6.4% from Rs. 1,181.10 billion in fiscal 2017 to Rs. 1,256.31 billion in fiscal 2018 and an increase in interest-earning non-statutory liquidity ratio investments by 12.0% from Rs. 391.96 billion in fiscal 2017 to Rs. 439.02 billion in fiscal 2018. Average interest-earning non-statutory liquidity ratio investments increased primarily due to an increase in investments in pass through certificates, commercial paper, mutual funds and equity shares, offset, in part, by the maturity of investments in government bonds held by foreign branches.

Average other interest-earning assets increased by 5.0% from Rs. 664.12 billion in fiscal 2017 to Rs. 697.20 billion in fiscal 2018 primarily due to an increase in call and term money lent, offset, in part, by a decrease in Rural Infrastructure and Development Funds and other related deposits.

Interest-bearing liabilities

Average interest-bearing liabilities increased by 7.4% from Rs. 5,943.14 billion in fiscal 2017 to Rs. 6,382.35 billion in fiscal 2018 primarily due to an increase in average deposits by Rs. 566.33 billion, offset, in part, by a decrease in average borrowings by Rs. 127.12 billion.

Average deposits increased by 13.3% from Rs. 4,242.69 billion in fiscal 2017 to Rs. 4,809.02 billion in fiscal 2018 due to an increase in average current account and savings account deposits by Rs. 339.05 billion and an increase in average term deposits by Rs. 227.28 billion.

Average borrowings decreased by 7.5% from Rs. 1,700.45 billion in fiscal 2017 to Rs. 1,573.33 billion in fiscal 2018 primarily due to a decrease in foreign currency term borrowings, borrowings under liquidity adjustment facility with the Reserve Bank of India and refinance borrowings.

Non-Interest Income

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

Particulars	Year ended March 31, 2017	2018	2018	2018/2017% change
	(in millions, except for percentages)			
Commission, exchange and brokerage	Rs. 80,348.9	Rs. 87,894.1	US$ 1,284	9.4%
Income from treasury-related activities (net)[1]	99,784.4	73,328.1	1,071	(26.5)
Profit/(loss) on sale of land, buildings and other assets (net)	21.2	38.0	1	79.8
Dividend from subsidiaries, joint ventures and other consolidating entities	14,190.3	12,140.6	177	(14.4)
Miscellaneous	700.0	795.5	12	13.6
Total non-interest income	**Rs. 195,044.8**	**Rs. 174,196.3**	**US$ 2,544**	**(10.7%)**

(1) Includes profit/(loss) on the sale/revaluation of investments and foreign exchange transactions.

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 decreased by 10.7% from Rs. 195.05 billion in fiscal 2017 to Rs. 174.19 billion in fiscal 2018 primarily due to a decrease in income from treasury-related activities, offset, in part, by an increase in commission, exchange and brokerage income.

Commission, exchange and brokerage income

Commission, exchange and brokerage income mainly includes fees from corporate clients such as loan processing fees, commercial banking fees and structuring fees and fee income from retail customers includes loan processing fees, credit card fees and service charges on retail deposit accounts and third-party referral fees. Commission, exchange and brokerage income increased from Rs. 80.3 billion for fiscal 2017 to Rs. 87.9 billion for fiscal 2018. The increase in commission, exchange and brokerage income was primarily due to an increase in fee income from retail customers such as credit card fees, fees from retail deposit customers, third-party referral fees and lending linked fees on retail loans, offset, in part, by a decrease in commercial banking fees.

Income from treasury-related activities (net)

Income from treasury-related activities includes income from the sale of investments and the revaluation of investments on account of changes in unrealized profit/(loss) in the fixed income, equity and preference share portfolio and units of venture funds and security receipts issued by asset reconstruction companies. Further, it also includes income from foreign exchange transactions, consisting of various foreign exchange and derivative transactions with clients, including options and swaps.

Income from treasury-related activities decreased from Rs. 99.78 billion in fiscal 2017 to Rs. 73.33 billion in fiscal 2018 primarily due to a decrease in realised gain on government securities and other fixed income investments due to an increase in yield on fixed income securities in the latter part of fiscal 2018. In fiscal 2018, we made a net gain of Rs. 20.12 billion on sale of equity shares of ICICI Lombard General Insurance Company Limited and a net gain of Rs. 33.20 billion on sale of equity shares of ICICI Securities Limited through an offer for sale in their initial public offerings. In fiscal 2017, we made a net gain of Rs. 56.82 billion on sale of equity shares of ICICI Prudential Life Insurance Company Limited through offer for sale in their initial public offer.

Income from our government securities portfolio and other fixed income positions decreased from Rs. 27.84 billion in fiscal 2017 to Rs. 5.70 billion in fiscal 2018. During fiscal 2018, the yield on the benchmark 10-year government securities increased sharply from September 2017 and touched a peak level of 7.8% on March 5, 2018, subsequently easing to 7.4% at March 31, 2018. During fiscal 2017, the yield fell significantly following the withdrawal of legal tender status of Specified Bank Notes to around 6.2% in November 2016 resulting in increased market opportunities for profit-taking in fiscal 2017 as compared to fiscal 2018. Thereafter yields increased to 6.7% at March 31, 2017.

Income from foreign exchange transactions including transactions with clients and margins on derivatives transactions with clients increased from Rs. 13.55 billion in fiscal 2017 to Rs. 15.43 billion in fiscal 2018.

Dividend from subsidiaries, joint ventures and other consolidating entities

Dividend from subsidiaries, joint ventures and other consolidating entities decreased by 14.4% from Rs. 14.19 billion in fiscal 2017 to Rs. 12.14 billion in fiscal 2018. The following table sets forth, for the periods indicated, the details of dividend received from subsidiaries:

	Year ended March 31,		
Name of the entity	**2017**	**2018**	**2018**
	(Rupees in millions)		**(US$ in millions)**
ICICI Prudential Life Insurance Company Limited	5,449.1	5,435.9	79
ICICI Securities Primary Dealership Limited	2,782.9	672.3	10
ICICI Securities Limited	2,050.3	1,771.8	26
ICICI Prudential Asset Management Company Limited	1,629.5	2,268.6	33
ICICI Home Finance Company Limited	1,065.8	495.0	7
ICICI Lombard General Insurance Company Limited	999.6	404.6	6
ICICI Bank Canada	213.1	1,092.3	16
Total	**14,190.3**	**12,140.6**	**177**

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

Non-Interest Expense

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

	Year ended March 31,			
Particulars	**2017**	**2018**	**2018**	**2018/2017 % change**
		(in millions, except for percentages)		
Payments to and provisions for employees	Rs. 57,337.1	Rs. 59,139.5	US$ 864	3.1%
Depreciation on own property	7,576.5	7,807.4	114	3.0
Other administrative expenses	82,637.0	90,092.58	1,316	9.0
Total non-interest expenses	**Rs. 147,550.6**	**Rs. 157,039.4**	**US$ 2,294**	**6.4%**

Non-interest expenses primarily include employee expenses, depreciation on assets and other administrative expenses. Non-interest expenses increased by 6.4% from Rs. 147.55 billion in fiscal 2017 to Rs. 157.04 billion in fiscal 2018.

Payments to and provisions for employees

Employee expenses increased by 3.1% from Rs. 57.34 billion in fiscal 2017 to Rs. 59.14 billion in fiscal 2018 primarily on account of higher salary due to annual increments and promotions and an increase in average staff strength. The average staff strength increased from 79,671 for fiscal 2017 to 83,577 for fiscal 2018 (number of employees at March 31, 2017: 82,841 and at March 31, 2018: 82,724). The increase was primarily in retail and rural businesses. The employee base includes sales executives, employees on fixed term contracts and interns. This increase in cost was offset, in part, by a decrease in provision for retirement benefit obligations due to an increase in the discount rate which is linked to the yield on government securities. Any change in the Government of India securities yield in the future may impact our employee retirement benefits obligations and subsequently employee costs.

Depreciation

Depreciation on owned properties increased by 3.0% from Rs. 7.58 billion in fiscal 2017 to Rs. 7.81 billion in fiscal 2018.

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 9.0% from Rs. 82.63 billion in fiscal 2017 to Rs. 90.09 billion in fiscal 2018. The increase in other administrative expenses was primarily due to an increase in retail business volumes.

Provisions and Contingencies (Excluding Provisions for Tax)

The following table sets forth, for the periods indicated, the composition of provisions and contingencies, excluding provisions for tax.

Particulars	Year ended March 31, 2017	2018	2018	2018/2017 % change
	(in millions, except for percentages)			
Provision for investments (including credit substitutes) (net)	Rs. 6,088.2	Rs. 18,773.4	US$ 274	—
Provision for non-performing assets	146,859.5	142,445.2	2,081	(3.0)
Provision for standard assets	(3,392.4)	2,771.1	40	—
Others	2,526.1	9,080.2	133	—
Total provisions and contingencies	**Rs. 152,081.4**	**Rs. 173,069.8**	**US$ 2,528**	**13.8%**

We make provisions on standard, sub-standard and doubtful assets at rates prescribed by the Reserve Bank of India. Loss assets and the unsecured portion of doubtful assets are provided for/ written off as required by the Reserve Bank of India guidelines. For loans and advances of overseas branches, provisions are made as per the Reserve Bank of India 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 the Reserve Bank of India. We hold specific provisions against non-performing loans and advances and against certain performing loans and advances in accordance with the Reserve Bank of India directions, including the Reserve Bank of India direction for provision on accounts referred to the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016. The specific provisions on retail loans and advances held by us are higher than the minimum regulatory requirement. In respect of non-retail loans reported as fraud to the Reserve Bank of India and classified in the doubtful category, 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 respect of non-retail loans where there has been delay in reporting the fraud to the Reserve Bank of India or which are classified as loss accounts, the entire amount is provided immediately. In case of fraud in retail accounts, the entire amount is provided immediately.

Provision on loans and advances restructured/rescheduled is made in accordance with the applicable Reserve Bank of India guidelines on restructuring of loans and advances by banks. In addition to the specific provision on non-performing assets, we maintain a general provision on standard loans and advances at rates prescribed by the Reserve Bank of India. For standard loans and advances in overseas branches, the general provision is made at the higher of host country regulatory requirements and the Reserve Bank of India requirements. We also make additional general provision on loans to specific borrowers in specific stressed sectors. We may create floating provision for the year, in excess of the specific and general provision, as per Board approved policy. The floating provision can only be utilized, with the approval of Board and the Reserve Bank of India. See also *"Description of ICICI Bank—Classification of Loans"*.

Provisions and contingencies (excluding provisions for tax) increased from Rs. 152.08 billion in fiscal 2017 to Rs. 173.07 billion in fiscal 2018.

Provision for advances in fiscal 2018 remained elevated at Rs. 142.45 billion as compared to Rs. 146.86 billion in fiscal 2017 primarily due to high additions to non-performing assets in the corporate and small and medium-sized enterprises loan portfolio, provision on certain accounts referred to the National Company Law Tribunal under the provisions of the Insolvency and Bankruptcy Code, 2016 and provisions on loans classified as non-performing in earlier years. The additions to non-performing assets during fiscal 2018 included the impact of the revised framework for resolution of stressed assets issued by the Reserve Bank of India in February 2018, which superceded the earlier guidelines on strategic debt restructuring, the change in ownership outside strategic debt restructuring (except projects under implementation) and the scheme for sustainable structuring of stressed assets. Under the revised framework, the stand-still benefits for accounts where any of these schemes had been invoked but not yet implemented were withdrawn and the accounts were classified as per the extant Reserve Bank of India norms on asset classification.

In fiscal 2018, the Bank also made a provision for frauds amounting to Rs. 5.25 billion through reserves and surplus on certain non-retail accounts, which will be reversed and recognised through profit and loss account in fiscal 2019, as permitted by the Reserve Bank of India.

During the three months ended June 30, 2017 and September 30, 2017, the Reserve Bank of India advised banks to initiate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code, 2016 for certain specific accounts. The Reserve Bank of India also required the banks to make provision at 50% of the secured portion and 100% of unsecured portion, or provision as per extant Reserve Bank of India guideline on asset classification norms, whichever was higher by March 31, 2018. Subsequently, in April 2018, the Reserve Bank of India revised the provisioning requirements in respect of these specified borrower accounts from 50% of secured portion to 40% of secured portion at March 31, 2018 and to 50% of the secured portion at June 30, 2018.

Provision for investments increased from Rs. 6.09 billion in fiscal 2017 to Rs. 18.77 billion in fiscal 2018 primarily due to provision on equity shares, bonds and debentures and preference shares on loan conversion cases under strategic debt restructuring/scheme for sustainable structuring of stressed assets.

Provision for standard assets increased from a write-back of Rs. 3.39 billion in fiscal 2017 to provision of Rs. 2.77 billion in fiscal 2018 primarily due to provision made on certain identified stressed sectors as per the Reserve Bank of India guidelines and increase in the loan portfolio. In April 2017, the Reserve Bank of India through its circular advised the banks that the provisioning rates prescribed under the prudential norms circular are the regulatory minimum and banks are encouraged to make provisions at higher rates in respect of advances to stressed sectors of the economy and had specifically highlighted the telecom sector. Accordingly, during fiscal 2018, the Bank as per its Board approved policy made an additional general provision amounting to Rs. 1.91 billion on standard loans to borrowers. The cumulative general provision held at March 31, 2018 was Rs. 25.91 billion (March 31, 2017: Rs. 23.13 billion).

Other provisions and contingencies increased from Rs. 2.52 billion in fiscal 2017 to Rs. 9.08 billion in fiscal 2018 primarily due to provision on non-banking assets.

Restructured Loans and Non-performing Assets

We classify our assets as performing and non-performing in accordance with the Reserve Bank of India guidelines. Under the Reserve Bank of India guidelines, an asset is generally classified as non-performing if any amount of interest or principal remains overdue for more than 90 days, in respect of term loans. In respect of overdraft or cash credit, an asset is classified as non-performing if the account remains out of order for a period of 90 days and in respect of bills, if the account remains overdue for more than 90 days. The Reserve Bank of India guidelines also require an asset to be classified as non-performing based on certain other criteria like restructuring of a loan, inability of a borrower to complete a project funded by the bank within stipulated timelines and certain other non-financial parameters. In respect of borrowers where loans and advances made by overseas branches are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the Reserve Bank of India guidelines, the amount outstanding in the host country is classified as non-performing.

The Reserve Bank of India 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.

The Reserve Bank of India also has separate guidelines for restructured loans. Up to March 31, 2015, a fully secured standard asset could be restructured by re-scheduling of principal repayments and/or the interest element, but had to be separately disclosed as a restructured asset. The diminution in the fair value of the restructured loan, if any, measured in present value terms, was either written off or a provision was made to the extent of the diminution involved. Similar guidelines applied for restructuring of sub-standard loans. Loans restructured after April 1, 2015 (excluding loans given for implementation of projects in the infrastructure sector and non-infrastructure sector and which are delayed up to a specified period) by re-scheduling 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.

On February 12, 2018, the Reserve Bank of India issued a revised framework for resolution of stressed assets, which superceded the existing guidelines on strategic debt restructuring, change in ownership outside strategic debt restructuring (except projects under implementation) and scheme for sustainable structuring of stressed assets with immediate effect. Under the revised framework, the stand-still benefits for accounts where any of these schemes had been invoked but not yet implemented were withdrawn and the accounts were classified as per the extant Reserve Bank of India norms on asset classification. The Reserve Bank of India also clarified the definition of restructuring to include any concession to the borrower where time for payment of settlement amount exceeds three months.

The following table sets forth, at the dates indicated, certain information regarding non-performing customer assets.

Particulars	At March 31, 2017	2018	2018	2018/2017 % change
	(in millions, except for percentage)			
Gross non-performing customer assets	Rs. 425,515.4	Rs. 540,625.1	US$ 7,897	27.1%
Provisions for non-performing customer assets	(171,005.1)	(261,762.3)	(3,824)	53.1
Net non-performing customer assets	Rs. 254,510.3	Rs. 278,862.7	US$ 4,073	9.6%
Gross customer assets	5,394,634.8	6,116,329.5	89,342	
Net customer assets	5,209,522.6	5,848,778.8	85,434	
Gross non-performing customer assets as a percentage of gross customer assets	7.9%	8.8%		
Net non-performing customer assets as a percentage of net customer assets	4.9%	4.8%		

In fiscal 2018, the gross additions to non-performing customer assets amounted to Rs. 287.30 billion primarily due to additions to gross non-performing customer assets in the power sector of Rs. 53.66 billion, mining sector of Rs. 51.49 billion, services-non finance sector of Rs. 26.56 billion and food and beverages sector of Rs. 22.94 billion. The gross additions to non-performing loans includes the impact of the revised framework for resolution of stressed assets issued by the Reserve Bank of India in February 2018 which withdrew the schemes of strategic debt restructuring, change in ownership outside strategic debt restructuring and scheme for sustainable structuring of stressed assets resulting in classification of loans under these schemes, which were not implemented, as non-performing. In fiscal 2018, the Bank upgraded non-performing customer assets amounting to Rs. 81.07 billion and wrote-off non-performing customer assets amounting to Rs. 91.12 billion. As a result, gross non-performing customer assets (net of write-offs) of the Bank increased from Rs. 425.52 billion at March 31, 2017 to Rs. 540.63 billion at March 31, 2018.

At March 31, 2018, gross non-performing loans in the retail portfolio were 1.61% of gross retail loans compared to 1.51% at March 31, 2017 and net non-performing loans in the retail portfolio were 0.65% of net retail loans compared to 0.52% at March 31, 2017.

The provision coverage ratio at March 31, 2018 including cumulative technical/prudential write-offs was 60.5% (March 31, 2017: 53.6%). Excluding cumulative technical/prudential write-offs, the provision coverage ratio was 47.7% (March 31, 2017: 40.2%).

The gross outstanding loans to borrowers whose facilities have been restructured decreased from Rs. 45.48 billion at March 31, 2017 to Rs. 15.95 billion at March 31, 2018 primarily due to slippages of Rs. 22.84 billion from restructured loans to non-performing category. The net outstanding loans to borrowers whose facilities have been restructured decreased from Rs. 42.65 billion at March 31, 2017 to Rs. 15.53 billion at March 31, 2018. The aggregate non-fund-based outstanding to borrowers whose loans were restructured was Rs. 3.96 billion at March 31, 2018 (March 31, 2017: Rs. 16.87 billion).

We had disclosed our fund-based exposure and outstanding non-fund-based facilities internally rated below investment grade (excluding borrowers classified as non-performing or restructured) at March 31, 2016 to the iron and steel, mining, power, rigs and cement sectors and promoter entities internally rated below investment grade where the underlying was partly linked to these sectors, amounting to Rs. 440.65 billion. The aggregate fund-based exposure and outstanding non-fund-based facilities to companies that were internally rated below investment grade in the above sectors and promoter entities decreased from Rs. 440.65 billion at March 31, 2016 to Rs. 190.39 billion at March 31, 2017, which further decreased to Rs. 47.28 billion at March 31, 2018. The decrease during fiscal 2018 was on account of slippage of loans of Rs. 135.50 billion to non-performing category, a net reduction in exposure of Rs. 20.25 billion, exclusion of outstanding non-fund-based facilities for borrowers classified as non-performing assets amounting to Rs. 12.34 billion and upgrade of ratings of loans of Rs. 0.17 billion, offset, in part, by a downgrade of ratings of loans of Rs. 25.16 billion. The total non-fund-based outstanding to borrowers classified as non-performing was Rs. 29.80 billion at March 31, 2018. Net non-performing customer assets increased from Rs. 254.51 billion at March 31, 2017 to Rs. 278.86 billion at March 31, 2018. The ratio of net non-performing customer assets to net customer assets decreased from 4.89% at March 31, 2017 to 4.77% at March 31, 2018.

At March 31, 2018, we had implemented the scheme for sustainable structuring of stressed assets in five standard borrower accounts with an aggregate balance outstanding of Rs. 5.47 billion, comprising Rs. 2.87 billion of sustainable debt and Rs. 2.61 billion of unsustainable debt. Of these accounts, one account with an aggregate balance outstanding of Rs. 0.20 billion were classified as non-performing asset and two accounts with an aggregate balance outstanding of Rs. 0.94 billion were classified as standard restructured at March 31, 2018. The aggregate non-fund-based outstanding to these borrowers (excluding standard restructured accounts and accounts classified as non-performing assets) was Rs. 14.97 billion at March 31, 2018. Further, the Bank has implemented the scheme for sustainable structuring of stressed assets in one non-performing borrower account with an aggregate balance outstanding of Rs. 2.27 billion, comprising Rs. 1.33 billion of sustainable debt (upgraded to standard) and Rs. 0.94 billion of unsustainable debt. The outstanding loans where change of ownership scheme was invoked for projects under implementation were Rs. 2.35 billion at March 31, 2018 (March 31, 2017: Nil).

In fiscal 2016, the Reserve Bank of India had issued guidelines permitting banks to refinance long-term project loans to infrastructure and other core industries at periodic intervals (5/25 scheme) without such refinancing being considered as restructuring. The portfolio of such loans for which refinancing under the 5/25 scheme had been implemented was Rs. 60.59 billion at March 31, 2018 out of which Rs. 21.20 billion was classified as performing. Of the loans of Rs. 21.20 billion, about Rs. 7.52 billion were loans to companies which were internally rated below investment grade in the key sectors mentioned above.

Tax Expense

The income tax expense decreased by 55.5% from Rs. 14.78 billion in fiscal 2017 to Rs. 6.57 billion in fiscal 2018. The effective tax rate decreased from 13.1% in fiscal 2017 to 8.8% in fiscal 2018, primarily reflecting the composition of income.

Financial Condition

Assets

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

	At March 31,			
Particulars	**2017**	**2018**	**2018**	**2018/2017 % change**
	(Rupees in billions)		**(US$ in millions)**	
Cash and cash equivalents[1]	Rs. 757.13	Rs. 841.69	US$ 12,295	11.2%
Investments	1,615.07	2,029.94	29,651	25.7
– Government and other approved securities, in India[2]	1,104.08	1,391.85	20,331	26.1
– Debentures and bonds	100.75	153.89	2,248	52.7
– Other investments[3],[4]	410.23	484.20	7,073	28.4
Advances	4,642.32	5,123.95	74,846	10.4
– Domestic	3,892.39	4,479.65	65,435	15.1
– Overseas	749.93	644.30	9,411	(14.1)
Fixed assets (including leased assets)	78.05	79.04	1,155	1.3
Other assets[4]	625.34	717.27	10,477	14.7
Total Assets	**Rs. 7,717.91**	**Rs. 8,791.89**	**US$ 128,424**	**13.9%**

Notes:

1. Cash and cash equivalents includes cash in hand, balances with the Reserve Bank of India, balances with banks and money at call and short notice.

2. Banks in India are required to maintain a specified percentage of their net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities, which was 19.5% at March 31, 2018 and 20.5% at March 31, 2017.

3. Other investments, includes investments in shares, investments in subsidiaries and joint ventures, certificates of deposit, commercial paper, mutual fund units, pass through certificates, security receipts and investments outside India.

Total assets increased by 13.9% from Rs. 7,717.91 billion at March 31, 2017 to Rs. 8,791.89 billion at March 31, 2018, primarily due to a 10.4% increase in advances, 25.7% increase in investments and 14.7% increase in other assets.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and balances with the Reserve Bank of India and other banks, including money at call and short notice. Cash and cash equivalents increased from Rs. 757.13 billion at March 31, 2017 to Rs. 841.69 billion at March 31, 2018 primarily due to an increase in balances with banks outside India and foreign currency term money lent, offset, in part, by a decrease in money at call and short notice.

Investments

Total investments increased by 25.7% from Rs. 1,615.07 billion at March 31, 2017 to Rs. 2,029.94 billion at March 31, 2018 primarily due to an increase in investments in government securities by Rs. 287.77 billion, commercial paper by Rs. 57.35 billion, bonds and debentures by Rs. 53.14 billion and certificates of deposit by Rs. 39.19 billion. In fiscal 2018, ICICI Bank Canada repatriated equity share capital of CAD 100 million (fiscal 2017: CAD 65 million).

At March 31, 2018, we had an outstanding net investment of Rs. 34.38 billion in security receipts issued by asset reconstruction companies compared to Rs. 32.86 billion as at March 31, 2017.

Advances

Net advances increased by 10.4% from Rs. 4,642.32 billion as at March 31, 2017 to Rs. 5,123.95 billion at March 31, 2018, primarily due to an increase in domestic advances, offset, in part, by a decrease in overseas advances. Net domestic advances increased by 15.1% from Rs. 3,892.39 billion at March 31, 2017 to Rs. 4,479.65 billion as at March 31, 2018. Net retail advances increased by 20.6% from Rs. 2,403.14 billion at March 31, 2017 to Rs. 2,898.94 billion at March 31, 2018. Net advances of overseas branches decreased by 14.1% from Rs. 749.93 billion as at March 31, 2017 to Rs. 644.30 billion as at March 31, 2018.

Fixed and other assets

Net fixed assets increased by 1.3% from Rs. 78.05 billion at March 31, 2017 to Rs. 79.04 billion at March 31, 2018. Other assets increased from Rs. 625.34 billion at March 31, 2017 to Rs. 717.27 billion at March 31, 2018 primarily due to an increase in trade receivables, Rural Infrastructure and Development Fund and other related deposits and deferred tax assets. Rural Infrastructure and Development Fund and other related deposits made in lieu of shortfall in directed lending requirements increased from Rs. 241.13 billion at March 31, 2017 to Rs. 269.25 billion at March 31, 2018. Deferred tax assets increased from Rs. 54.72 billion at March 31, 2017 to Rs. 74.77 billion at March 31, 2018.

Liabilities

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

	At March 31,			
Liabilities	**2017**	**2018**	**2018**	**2018/2017 % change**
	(Rupees in billions)		**(US$ in millions)**	
Equity share capital	Rs. 11.65	Rs. 12.92	US$ 189	10.3%
Reserves	987.86	1,038.68	15,172	5.2
Deposits	4,900.39	5,609.75	81,942	14.5
– Savings account deposits	1,718.38	2,009.67	29,355	17.0
– Current account deposits	749.83	889.58	12,994	18.6
– Term deposits	2,432.17	2,710.50	39,592	11.4
Borrowings (excluding sub-ordinated debt and preference share capital)	1,129.66	1,510.25	22,060	33.7
Subordinated debt[(1)]	342.40	314.84	4,599	(8.0)
Preference share capital[(1)]	3.50	3.50	51	—
Total borrowings	1,475.56	1,828.59	26,710	23.9
Other liabilities	342.45	301.96	4,411	(11.8)
Total liabilities (including capital and reserves)	**Rs. 7,717.91**	**Rs. 8,791.89**	**US$ 128,424**	**13.9%**

Notes:

1. Included in Schedule 4 – "Borrowings" of the balance sheet.

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

Total liabilities (including capital and reserves) increased by 13.9% from Rs. 7,717.91 billion at March 31, 2017 to Rs. 8,791.89 billion at March 31, 2018 primarily due to a 14.5% increase in deposits and 23.9% increase in borrowings.

Deposits

Deposits increased by 14.5% from Rs. 4,900.39 billion at March 31, 2017 to Rs. 5,609.75 billion at March 31, 2018.

Term deposits increased by 11.4% from Rs. 2,432.17 billion at March 31, 2017 to Rs. 2,710.50 billion at March 31, 2018. Savings account deposits increased by 17.0% from Rs. 1,718.38 billion at March 31, 2017 to Rs. 2,009.67 billion at March 31, 2018 and current account deposits increased by 18.6% from Rs. 749.83 billion at March 31, 2017 to Rs. 889.58 billion as at March 31, 2018. The current and savings account deposits increased from Rs. 2,468.22 billion at March 31, 2017 to Rs. 2,899.25 billion at March 31, 2018. Total deposits at March 31, 2018 formed 75.5% of the funding (i.e., deposits and borrowings, other than preference share capital).

Borrowings

Borrowings increased by 23.9% from Rs. 1,475.56 billion at March 31, 2017 to Rs. 1,828.59 billion at March 31, 2018 primarily due to an increase in borrowings with the Reserve Bank of India under liquidity adjustment facility, refinance borrowings and foreign currency call money borrowings, offset, in part, by a decrease in foreign currency subordinated bond borrowings. Net borrowings of overseas branches increased by 1.3% from Rs. 803.47 billion at March 31, 2017 to Rs. 813.95 billion at March 31, 2018.

Other liabilities

Other liabilities decreased by 11.8% from Rs. 342.45 billion at March 31, 2017 to Rs. 301.96 billion at March 31, 2018 primarily due to a decrease in security deposits and bills payable.

Equity share capital and reserves

Equity share capital and reserves increased from Rs. 999.51 billion at March 31, 2017 to Rs. 1,051.59 billion at March 31, 2018 primarily due to accretion to reserves out of profit.

Segment Information

The Reserve Bank of India 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 2018, based on the segments identified and defined by the Reserve Bank of India, 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 the Reserve Bank of India 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 the Reserve Bank of India guidelines for the Bank.

- *Treasury* includes the entire investment portfolio of the Bank.

- *Other Banking* includes leasing operations and other items not attributable to any particular business segment of the Bank.

Framework for Transfer Pricing

All liabilities are transfer priced to a central treasury unit, which pools all funds and lends to the business units at appropriate rates based on the relevant maturity of assets being funded after adjusting for regulatory reserve requirement and directed lending requirements.

Retail Banking Segment

The profit before tax of the segment increased by 32.6% from Rs. 53.85 billion in fiscal 2017 to Rs. 71.41 billion in fiscal 2018, primarily due to an increase in net interest income and non-interest income.

Net interest income increased by 18.7% from Rs. 113.27 billion in fiscal 2017 to Rs. 134.48 billion in fiscal 2018, primarily due to growth in the average loan portfolio and an increase in average current account and savings account deposits.

Non-interest income increased by 14.2% from Rs. 57.53 billion in fiscal 2017 to Rs. 65.72 billion in fiscal 2018, primarily due to growth in credit cards, transaction banking fees, third party product distribution fees and lending linked fees.

Non-interest expenses increased by 8.1% from Rs. 112.26 billion in fiscal 2017 to Rs. 121.34 billion in fiscal 2018, primarily due to increase in employee cost and other administrative expenses reflecting an increase in business volume.

Provisions (net of write-back) increased by 58.8% from Rs. 4.69 billion in fiscal 2017 to Rs. 7.45 billion in fiscal 2018 reflecting an increase in the retail loan portfolio.

Wholesale Banking Segment

The wholesale banking segment incurred loss (before tax) of Rs. 82.81 billion in fiscal 2018 (loss in fiscal 2017: Rs. 74.34 billion), primarily due to reduction in net interest income and an increase in provisions.

Net interest income decreased by 7.2% from Rs. 65.71 billion in fiscal 2017 to Rs. 60.97 billion in fiscal 2018, primarily due to non-accrual of interest income on loans classified as non-performing.

Non-interest income increased by 1.7% from Rs. 35.30 billion in fiscal 2017 to Rs. 35.91 billion in fiscal 2018.

Provisions during fiscal 2018 remained elevated at Rs. 146.68 billion as compared to Rs. 142.94 billion in fiscal 2017, primarily due to higher additions to non-performing assets, higher provision on certain accounts referred to the National Company Law Tribunal under the provisions of the Insolvency and Bankruptcy Code, 2016 and further provisions on loans classified as non-performing in earlier years.

Treasury Segment

The profit before tax of the segment decreased from Rs. 126.71 billion in fiscal 2017 to Rs. 81.14 billion in fiscal 2018, primarily due to decrease in realised gain on government securities and increase in provisions during fiscal 2018 as compared to fiscal 2017.

Non-interest income of fiscal 2017 included gain on sale of equity shares of ICICI Prudential Life Insurance Company Limited of Rs. 56.82 billion (before tax and after initial public offer expenses) through an initial public offer (IPO). Non-interest income of fiscal 2018 included gain on sale of equity shares of ICICI Lombard General Insurance Company Limited of Rs. 20.12 billion (before tax and after IPO expenses) and ICICI Securities Limited of Rs. 33.20 billion (before tax and after IPO expenses) through IPO.

Provisions increased from Rs. 4.17 billion in fiscal 2017 to Rs. 18.87 billion in fiscal 2018, primarily due to higher provisions on equity shares, preference shares, bonds and debentures acquired on loan conversion accounts under strategic debt restructuring scheme or scheme for sustainable structuring of stressed assets.

Other Banking Segment

The profit before tax of other banking segment decreased from Rs. 6.57 billion in fiscal 2017 to Rs. 4.60 billion in fiscal 2018 primarily due to increase in net interest income.

Consolidated Financials as per Indian GAAP

The consolidated profit after tax decreased by 24.3% from Rs. 101.88 billion in fiscal 2017 to Rs. 77.12 billion in fiscal 2018 primarily due to a decrease in the profit of ICICI Bank, ICICI Securities Primary Dealership Limited, ICICI Home Finance Company Limited and ICICI Bank UK PLC, offset, in part, by an increase in profit of ICICI Bank Canada, ICICI Lombard General Insurance Company Limited, ICICI Securities Limited and ICICI Prudential Asset Management Company Limited.

At March 31, 2018, the consolidated Tier-1 capital adequacy ratio was 15.56% as against the current requirement of 8.975% and total consolidated capital adequacy ratio was 17.90% as against the current requirement of 10.975%.

ICICI Prudential Life Insurance Company Limited's market share was 11.8% in fiscal 2018 based on new business written (on a retail weighted new business premium basis) according to the Life Insurance Council. The profit after tax decreased from Rs. 16.82 billion in fiscal 2017 to Rs. 16.20 billion in fiscal 2018 primarily due to an increase in transfer to linked funds and provision for policyholder liabilities, offset, in part, by an increase in net earned premium.

ICICI Lombard General Insurance Company Limited achieved an overall market share of 8.2% during fiscal 2018 on the basis of gross direct premium according to the General Insurance Council of India. Net earned premium increased by 12.1% from Rs. 61.64 billion in fiscal 2017 to Rs. 69.12 billion in fiscal 2018 primarily due to an increase in the health and motor insurance business. The profit after tax increased from Rs. 7.02 billion in fiscal 2017 to Rs. 8.62 billion in fiscal 2018 primarily due to an increase in net earned premium, offset, in part, by a decrease in commission income and an increase in claims and benefits paid.

The profit after tax of ICICI Prudential Asset Management Company Limited increased from Rs. 4.80 billion in fiscal 2017 to Rs. 6.26 billion in fiscal 2018 primarily due to an increase in fee income, offset, in part, by an increase in administrative expenses and staff cost. Average asset under management (AUM) for mutual funds increased from Rs. 2,214.79 billion in fiscal 2017 to Rs. 2,963.42 billion in fiscal 2018. Average AUM for equity schemes increased from Rs. 777.15 billion in fiscal 2017 to Rs. 1,327.30 billion in fiscal 2018.

The consolidated profit after tax of ICICI Securities Limited and its subsidiaries increased from Rs. 3.39 billion in fiscal 2017 to Rs. 5.58 billion in fiscal 2018 primarily due to an increase in fee income, offset, in part, by an increase in staff cost and other administrative expenses.

The profit after tax of ICICI Securities Primary Dealership Limited decreased from Rs. 4.12 billion in fiscal 2017 to Rs. 1.12 billion in fiscal 2018 primarily due to a decrease in trading gains. Trading gains decreased primarily due to an increase in yield on government securities. During fiscal 2018, yield on 10-year government securities increased by 74 basis points as compared to a decrease of 80 basis points during fiscal 2017.

The profit after tax of ICICI Home Finance Company Limited decreased from Rs. 1.83 billion in fiscal 2017 to Rs. 0.64 billion in fiscal 2018 primarily due to an increase in provision on loans and investments and a decrease in fee income and net interest income. Net non-performing assets increased from Rs. 0.66 billion at March 31, 2017 to Rs. 2.04 billion at March 31, 2018.

The profit after tax of ICICI Venture Funds Management Company Limited increased from Rs. 0.09 billion in fiscal 2017 to Rs. 0.11 billion in fiscal 2018.

ICICI Bank Canada made a profit after tax of CAD 44.2 million (Rs. 2.22 billion) in fiscal 2018 compared to a loss of CAD 33.0 million (Rs. 1.69 billion) in fiscal 2017. Loss in fiscal 2017 was primarily due to higher provisions on loans. Net non-performing assets decreased from CAD 10.9 million (Rs. 0.53 billion) at March 31, 2017 to Nil at March 31, 2018.

Loss of ICICI Bank UK PLC increased from US$16.1 million (Rs. 1.08 billion) in fiscal 2017 to US$25.5 million (Rs. 1.65 billion) in fiscal 2018 primarily due to higher specific provisions on loans. Net non-performing assets decreased from US$225.6 million (Rs. 14.63 billion) at March 31, 2017 to US$194.0 million (Rs. 12.64 billion) at March 31, 2018.

The consolidated assets of the Bank and its subsidiaries and other consolidating entities increased from Rs. 9,857.25 billion at March 31, 2017 to Rs. 11,242.81 billion at March 31, 2018. Consolidated advances increased from Rs. 5,153.17 billion at March 31, 2017 to Rs. 5,668.54 billion at March 31, 2018. The following table sets forth, for the periods indicated, the profit/(loss) of our principal subsidiaries.

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

Particulars	Year ended March 31, 2017	2018	2018
	(Rupees in billions)		(US$ in millions)
ICICI Prudential Life Insurance Company Limited	Rs. 16.82	Rs. 16.20	US$ 237
ICICI Lombard General Insurance Company Limited	7.02	8.62	126
ICICI Securities Limited (consolidated)	3.39	5.58	82
ICICI Prudential Asset Management Company Limited	4.80	6.26	91
ICICI Securities Primary Dealership Limited	4.12	1.12	16
ICICI Home Finance Company Limited	1.83	0.64	9
ICICI Bank Canada	(1.69)	2.22	32
ICICI Bank UK PLC	(1.08)	(1.65)	(24)
ICICI Venture Funds Management Company Limited	Rs. 0.09	Rs. 0.11	US$ 2

Year Ended March 31, 2017 Compared to Year Ended March 31, 2016

Net Interest Income

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

Particulars	Year ended March 31, 2016	2017	2017	2017/2016 % change
	(in millions, except for percentages)			
Interest income	Rs. 527,394.3	Rs. 541,562.8	US$ 7,911	2.7%
Interest expense	(315,153.9)	(324,189.6)	(4,735)	2.9
Net interest income	**Rs. 212,240.4**	**Rs. 217,373.2**	**US$ 3,175**	**2.4%**

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

Net interest margin

The yield on average interest-earning assets decreased by 58 basis points from 8.67% in fiscal 2016 to 8.09% in fiscal 2017. The cost of funds decreased by 40 basis points from 5.85% in fiscal 2016 to 5.45% in fiscal 2017. The interest spread decreased by 18 basis points from 2.82% in fiscal 2016 to 2.64% in fiscal 2017. Net interest margin decreased by 24 basis points from 3.49% in fiscal 2016 to 3.25% in fiscal 2017. Net interest margin on domestic operations decreased by 24 basis points from 3.83% in fiscal 2016 to 3.59% in fiscal 2017 primarily due to a decrease in the yield on interest-earning assets, offset, in part, by a decrease in the cost of funds. The net interest margin was adversely impacted by non-accrual of interest income on incremental non-performing assets and loans under the strategic debt restructuring scheme, and acquisition of non-banking assets, which do not earn any interest income, in satisfaction of claims, under debt-assets swap transactions with certain borrowers during fiscal 2016 and fiscal 2017. Net interest margin was positively impacted by deployment of funds received from the sale of equity shares of ICICI Prudential Life Insurance Company Limited and the significant increase in current account and savings account deposits, particularly in the second half of the fiscal 2017.

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

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

- The yield on domestic advances decreased by 100 basis points from 11.07% in fiscal 2016 to 10.07% in fiscal 2017 and the yield on overseas advances decreased by 23 basis points from 4.34% in fiscal 2016 to 4.11% in fiscal 2017 primarily due to the following reasons:

  - There were higher additions to non-performing assets and loans under strategic debt restructuring scheme during fiscal 2016 and fiscal 2017. We account for interest income on a cash basis on non-performing assets and accounts where strategic debt restructuring has been invoked.

  - We reduced the base rate by 65 basis points in three phases in fiscal 2016, the full year impact of this change was reflected in fiscal 2017. Further, the incremental loans given by us were made at lower rates, in line with market trends.

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

  - The yield on average interest-earning investments decreased by 38 basis points from 7.61% in fiscal 2016 to 7.23% in fiscal 2017 primarily due to a decrease in yield on statutory liquidity ratio investments. The yield on statutory liquidity ratio investments decreased by 39 basis points from 7.84% in fiscal 2016 to 7.45% in fiscal 2017 due to softening of yields on government securities and reset yields on floating rate bonds at lower levels. Yield on other than statutory liquidity ratio investments decreased by 26 basis points from 6.83% in fiscal 2016 to 6.57% in fiscal 2017 primarily due to a decrease in yield on corporate bonds and debentures, mutual funds, commercial paper and certificates of deposit, reflecting softening of interest rates, offset, in part by, higher yield on pass through certificates.

- The yield on other interest-earning assets decreased by 71 basis points from 5.49% in fiscal 2016 to 4.78% in fiscal 2017 primarily due to lower interest income on non-trading interest rate swaps and a decrease in investment in Rural Infrastructure Development Fund and other related deposits which are relatively higher yielding amongst other interest-earning assets, offset, in part, by an increase in interest on income tax refund. Interest income on non-trading interest rate swaps, which were undertaken to manage the market risk arising from the assets and liabilities decreased from Rs. 9.82 billion in fiscal 2016 to Rs. 7.07 billion in fiscal 2017.

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

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

- The cost of average deposits decreased by 49 basis points from 5.88% in fiscal 2016 to 5.39% in fiscal 2017 primarily due to a decrease in cost of term deposits and an increase in proportion of current account and savings account deposits. The cost of term deposits decreased by 61 basis points from 7.86% in fiscal 2016 to 7.25% in fiscal 2017 primarily due to a decrease in cost of domestic term deposits by 70 basis points from 8.10% in fiscal 2016 to 7.40% in fiscal 2017, offset, in part, by a decrease in proportion of overseas term deposits in total term deposits. The proportion of average current account and savings account deposits increased from 40.7% in fiscal 2016 to 43.7% in fiscal 2017, which includes the impact of significantly higher current account and savings account deposits inflows in the second half of the financial year following the withdrawal of legal tender status of high-denomination currency notes by the Government of India.

- Cost of borrowings decreased by 16 basis points from 5.77% in fiscal 2016 to 5.61% in fiscal 2017.

During November 2016 to March 2017, there was a significant increase in savings and current account deposits following the Government of India's decision to withdraw high-denomination currency notes resulting in a sharp increase in liquidity in the banking system. While this resulted in a decline in the cost of funds for us, the decline in lending rates were higher as banks sought to deploy the excess liquidity in an environment with low credit demand. Further, existing customers with floating rate loans also repriced to the lower interest rates.

Interest-earning assets

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

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

Average interest-earning investments increased by 12.6% from Rs. 1,397.00 billion in fiscal 2016 to Rs. 1,573.06 billion in fiscal 2017, primarily due to an increase in statutory liquidity ratio investments by 9.7% from Rs. 1,076.45 billion in fiscal 2016 to Rs. 1,181.10 billion in fiscal 2017 and an increase in interest-earning non-statutory liquidity ratio investments by 22.3% from Rs. 320.55 billion in fiscal 2016 to Rs. 391.96 billion in fiscal 2017. Average interest-earning non-statutory liquidity ratio investments increased primarily due to an increase in investments in mutual funds, commercial paper and pass through certificates, offset, in part, by a decrease in investments in certificates of deposit.

There was an increase in average other interest-earning assets by 15.0% from Rs. 577.36 billion in fiscal 2016 to Rs. 664.12 billion in fiscal 2017 primarily due to an increase in call money lent and balance with the Reserve Bank of India, offset, in part, by a decrease in Rural Infrastructure and Development Funds and other related deposits.

Interest-bearing liabilities

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

Average deposits increased by 15.7% from Rs. 3,665.55 billion in fiscal 2016 to Rs. 4,242.69 billion in fiscal 2017 due to an increase in average current account and savings account deposits by Rs. 360.06 billion and an increase in average term deposits by Rs. 217.08 billion in fiscal 2017 compared to fiscal 2016. The increase in current account and savings account deposits also includes the impact of significantly higher current account and savings account deposits inflows in the second half of the fiscal 2017 following the withdrawal of legal tender status of high-denomination currency notes by the Government of India.

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

Non-Interest Income

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

	Year ended March 31,			
Particulars	**2016**	**2017**	**2017**	**2017/2016 % change**
	(in millions, except for percentages)			
Commission, exchange and brokerage	Rs. 74,616.6	Rs. 80,348.9	US$ 1,174	7.7%
Income from treasury-related activities (net)[1]	60,669.7	99,784.4	1,458	64.5
Profit/(loss) on sale of land, buildings and other assets (net)	280.7	21.2	0	(92.4)
Dividend from subsidiaries, joint ventures and other consolidating entities	15,352.1	14,190.3	207	(7.6)
Miscellaneous	2,311.4	700.0	10	(69.7)
Total non-interest income	**Rs. 153,230.5**	**Rs. 195,044.8**	**US$ 2,849**	**27.3%**

Note:

(1) Includes profit/(loss) on the sale/revaluation of investments and foreign exchange transactions.

Non-interest income primarily includes fee and commission income, income from treasury-related activities, dividend from subsidiaries and other income including lease income. The non-interest income increased by 27.3% from Rs. 153.23 billion in fiscal 2016 to Rs. 195.04 billion in fiscal 2017 primarily due to an increase in income from treasury-related activities.

Commission, exchange and brokerage income

Commission, exchange and brokerage income mainly includes fees from corporate clients such as loan processing fees, commercial banking fees and structuring fees and fee income from retail customers includes loan processing fees, credit card fees and service charges on retail deposit accounts and third-party referral fees. Commission, exchange and brokerage income increased from Rs. 74.6 billion for fiscal 2016 to Rs. 80.3 billion for fiscal 2017. The increase in commission, exchange and brokerage income was primarily due to an increase in fee income from retail customers such as credit card fees, fees from retail deposit customers, lending linked fees on retail loans and third-party referral fees, offset, in part, by a decrease in commercial banking fees and corporate lending linked fees.

Income from treasury-related activities (net)

Income from treasury-related activities includes income from the sale of investments and the revaluation of investments on account of changes in unrealized profit/(loss) in the fixed income, equity and preference share portfolio and units of venture funds and security receipts issued by asset reconstruction companies. Further, it also includes income from foreign exchange transactions, consisting of various foreign exchange and derivative transactions with clients, including options and swaps.

Income from treasury-related activities increased from Rs. 60.67 billion in fiscal 2016 to Rs. 99.78 billion in fiscal 2017 primarily due to higher gains on sale of equity shares of ICICI Prudential Life Insurance Company Limited and government securities and other fixed income positions. In fiscal 2016, we made a gain of Rs. 18.60 billion on sale of shares of ICICI Prudential Life Insurance Company Limited and Rs. 15.10 billion on sale of shares of ICICI Lombard General Insurance Company Limited. In fiscal 2017, we made a gain of Rs. 56.82 billion on sale of stake in ICICI Prudential Life Insurance Company Limited through an initial public offer.

Income from our government securities portfolio and other fixed income positions increased from Rs. 8.41 billion in fiscal 2016 to Rs. 27.84 billion in fiscal 2017. The Yields on the benchmark 10-year government securities remained in the range of 7.0% to 7.5% between April 2016 to October 2016. Yields fell significantly following the withdrawal of legal tender status of Specified Bank Notes to around 6.2% in November 2016 resulting in increased market opportunities for profit-taking in fiscal 2017 compared to fiscal 2016. Thereafter yields increased to 6.7% at March 31, 2017.

Income from foreign exchange transactions including transactions with clients and margins on derivatives transactions with clients decreased from Rs. 22.72 billion in fiscal 2016 to Rs. 13.55 billion in fiscal 2017. Till fiscal 2016, on the disposal/partial disposal of a non-integral foreign operation, the cumulative/proportionate amount of the exchange differences which had been accumulated in the foreign currency translation reserve and which related to that operation were recognized as income or expenses in the same period in which the gain or loss on disposal was recognized. Accordingly, fiscal 2016 included a net exchange gain from repatriation of retained earnings from overseas operations of Rs. 9.41 billion. From fiscal 2017, we do not recognize the cumulative/proportionate amount of such exchange differences as income or expenses, which relate to repatriation of accumulated retained earnings from overseas operations, based on guidelines issued by the Reserve Bank of India. Accordingly, we did not recognize exchange gain of Rs. 2.88 billion on repatriation of retained earnings from its overseas operation in fiscal 2017.

Dividend from subsidiaries, joint ventures and other consolidating entities

Dividend from subsidiaries, joint ventures and other consolidating entities decreased by 7.6% from Rs. 15.35 billion in fiscal 2016 to Rs. 14.19 billion in fiscal 2017. The following table sets forth, for the periods indicated, the details of dividend received from subsidiaries:

Name of the entity	Year ended March 31, 2016	2017	2017
	(Rupees in millions)		(US$ in millions)
ICICI Prudential Life Insurance Company Limited	8,744.0	5,449.1	80
ICICI Securities Primary Dealership Limited	1,219.5	2,782.9	41
ICICI Securities Limited	1,610.7	2,050.3	30
ICICI Prudential Asset Management Company Limited	540.2	1,629.5	24
ICICI Home Finance Company Limited	1,261.6	1,065.8	16
ICICI Lombard General Insurance Company Limited	977.7	999.6	15
ICICI Bank Canada	997.6	213.1	3
Total	**15,351.3**	**14,190.3**	**207**

Note:

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

Non-Interest Expense

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

Particulars	Year ended March 31, 2016	2017	2018	2017/2016 % change
	(in millions, except for percentages)			
Payments to and provisions for employees	Rs. 50,023.5	Rs. 57,337.1	US$ 838	14.6%
Depreciation on own property	6,792.9	7,576.5	111	11.5
Depreciation (net of lease equalization) on leased assets	192.2	0	0	(100.0)
Other administrative expenses	69,827.0	82,637.0	1,207	18.3
Total non-interest expenses	**Rs. 126,835.6**	**Rs. 147,550.6**	**US$ 2,155**	**16.3%**

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

Payments to and provisions for employees

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

Depreciation

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

Other administrative expenses

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

Provisions and Contingencies (Excluding Provisions for Tax)

The following table sets forth, for the periods indicated, the composition of provisions and contingencies, excluding provisions for tax.

	Year ended March 31,			
Particulars	**2016**	**2017**	**2017**	**2017/2016 % change**
		(in millions, except for percentages)		
Provision for investments (including credit substitutes) (net)	Rs. 1,706.9	Rs. 6,088.2	US$ 89	—
Provision for non-performing assets	72,156.7	146,859.5	2,145	—
Provision for standard assets	2,970.1	(3,392.4)	(50)	—
Others	3,844.4	2,526.1	37	(34.3)
Collective contingency and related reserve	36,000.0	—	—	(100.0)
Total provisions and contingencies	**Rs. 116,678.1**	**Rs. 152,081.4**	**US$ 2,221**	**30.3%**

Provisions are made by us on standard, sub-standard and doubtful assets at rates prescribed by the Reserve Bank of India. Loss assets and the unsecured portion of doubtful assets are provided for/ written off as required by the Reserve Bank of India guidelines. For loans and advances of overseas branches, provisions are made as per the Reserve Bank of India 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 the Reserve Bank of India. The specific provisions on retail loans and advances held by us are higher than the minimum regulatory requirement. Provisions on loans and advances restructured/rescheduled are made in accordance with the applicable Reserve Bank of India guidelines on restructuring of loans and advances by banks. In addition to the specific provision on non-performing assets, we maintain a general provision on standard loans and advances at rates prescribed by the Reserve Bank of India. For standard loans and advances in overseas branches, the general provision is made at the higher of host country regulatory requirements and the Reserve Bank of India requirements. The Bank may create floating provision for the year, in excess of the specific and general provision, as per Board approved policy. The floating provision can only be utilized, with the approval of Board and the Reserve Bank of India. We also hold provisions on loans under strategic debt restructuring, scheme for sustainable and stress assets and change in management outside strategic debt restructuring scheme of the Reserve Bank of India. See also *"Description of ICICI Bank—Classification of Loans"*.

Provisions and contingencies (excluding provisions for tax) increased by 30.3% from Rs. 116.68 billion in fiscal 2016 to Rs. 152.08 billion in fiscal 2017. This increase was primarily due to an increase in provisions on non-performing assets. Provision for non-performing and other assets increased from Rs. 72.16 billion in fiscal 2016 to Rs. 146.86 billion in fiscal 2017 primarily due to an increase in additions to non-performing assets in the corporate and small and medium enterprises loan portfolio including downgrades from the restructured loan portfolio, accounts where strategic debt restructuring has been invoked/implemented and specific provision on certain standard loans. The provision coverage ratio (specific provisions as a percentage of non-performing advances) at March 31, 2017, computed in accordance with the Reserve Bank of India guidelines, was 40.2%.

Our fund-based exposure and outstanding non-fund-based facilities to companies internally rated below investment grade (excluding borrowers classified as non-performing or restructured) as at March 31, 2016 were Rs. 119.6 billion (1.3% of the Bank's total exposure) to power (excluding exposure to a central public sector owned undertaking), Rs. 90.1 billion (1.0%) to mining, Rs. 77.8 billion (0.8%) to iron and steel, Rs. 66.4 billion (0.7%) to cement and Rs. 25.1 billion (0.3%) to rigs. Further, our fund-based exposure and outstanding non-fund based facilities to the iron and steel, mining, power, rigs and cement sectors and promoter entities internally rated below investment grade where the underlying was partly linked to these sectors were Rs. 61.6 billion (0.7%). In view of the uncertainties relating to these sectors and the time that it might take to resolve our exposure to these sectors, we had made a collective contingency and related reserve in fiscal 2016 amounting to Rs. 36.00 billion towards the exposures to the sectors. This reserve was over and above the provisions required for non-performing and restructured loans in accordance with the Reserve Bank of India guidelines. During fiscal 2017, we re-allocated the full amount of the collective contingency and related reserve towards the provisions for loans and fixed assets acquired in partial satisfaction of loans.

Provision for standard assets decreased from a provision of Rs. 2.97 billion in fiscal 2016 to write-back of Rs. 3.39 billion in fiscal 2017 primarily due to higher slippages to non-performing assets and invocation of strategic debt restructuring on certain accounts. Based on the Reserve Bank of India guidelines, specific provision is made on accounts where strategic debt restructuring is invoked. The cumulative general provision held at March 31, 2017 was Rs. 23.13 billion (compared to Rs. 26.58 billion as at March 31, 2016).

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

Restructured Loans and Non-Performing Assets

We classify our assets as performing and non-performing in accordance with the Reserve Bank of India guidelines. Under the Reserve Bank of India guidelines, an asset is generally classified as non-performing if any amount of interest or principal remains overdue for more than 90 days, in respect of term loans. In respect of overdraft or cash credit, an asset is classified as non-performing if the account remains out of order for a period of 90 days and in respect of bills, if the account remains overdue for more than 90 days. The Reserve Bank of India guidelines also require an asset to be classified as non-performing based on certain other criteria like restructuring of a loan, inability of a borrower to complete a project funded by the bank within stipulated timelines and certain other non-financial parameters. In respect of borrowers where loans and advances made by overseas branches are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the Reserve Bank of India guidelines, the amount outstanding in the host country is classified as non-performing.

The Reserve Bank of India 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.

The Reserve Bank of India also has separate guidelines for restructured loans. Up to March 31, 2015, a fully secured standard asset could be restructured by re-scheduling of principal repayments and/or the interest element, but had to be separately disclosed as a restructured asset. The diminution in the fair value of the restructured loan, if any, measured in present value terms, was either written off or a provision was made to the extent of the diminution involved. Similar guidelines applied for restructuring of sub-standard loans. Loans restructured after April 1, 2015 (excluding loans given for implementation of projects in the infrastructure sector and non-infrastructure sector and which are delayed up to a specified period) by re-scheduling 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, certain information regarding non-performing customer assets.

	As at March 31,			
Particulars	**2016**	**2017**	**2017**	**2017/2016 % change**
		(in millions, except for percentages)		
Gross non-performing customer assets	Rs. 267,209.3	Rs. 425,515.4	US$ 6,216	59.2%
Provisions for non-performing customer assets	(134,241.8)	(171,005.1)	(2,498)	27.4
Net non-performing customer assets	Rs. 132,967.5	Rs. 254,510.3	US$ 3,718	91.4%
Gross customer assets	5,123,877.8	5,394,634.8	78,800	
Net customer assets	4,972,290.5	5,209,522.6	76,096	
Gross non-performing customer assets as a percentage of gross customer assets	5.2%	7.9%		
Net non-performing customer assets as a percentage of net customer assets	2.7%	4.9%		

At year-end fiscal 2016, we had disclosed our fund-based exposure and outstanding non-fund-based facilities internally rated below investment grade (excluding borrowers classified as non-performing or restructured) to the iron and steel, mining, power, rigs and cement sectors and promoter entities internally rated below investment grade where the underlying was partly linked to these sectors, amounting to Rs.440.65 billion. Of the Rs. 440.65 billion, Rs. 200.53 billion was classified as non-performing category in fiscal 2017. In fiscal 2017, restructured loans amounting to Rs. 45.20 billion were classified as non-performing due to failure of the borrowers to comply with their restructured debt terms. Further, there was a devolvement of non-fund facilities amounting to Rs. 17.99 billion in fiscal 2017, related to accounts classified as non-performing in prior periods. As a result, gross additions to non-performing customer assets increased significantly from Rs. 171.13 billion in fiscal 2016 to Rs. 335.44 billion in fiscal 2017. Gross non-performing customer assets amounting to Rs. 151.75 billion were written off during fiscal 2017. Gross non-performing customer assets increased from Rs. 267.21 billion as at March 31, 2016 to Rs. 425.52 billion as at March 31, 2017.

The fund-based exposure and non-fund-based outstanding to below investment grade companies in the above sectors, amounting to Rs. 190.39 billion as at March 31, 2017 includes non-fund-based outstanding to companies where the fund-based outstanding was classified as a non-performing asset in fiscal 2017. Apart from this, the non-fund-based outstanding to borrowers as classified as a non-performing asset was Rs. 19.32 billion as at March 31, 2017.

Net non-performing customer assets increased from Rs. 132.97 billion as at March 31, 2016 to Rs. 254.51 billion as at March 31, 2017. The ratio of net non-performing customer assets to net customer assets increased from 2.67% as at March 31, 2016 to 4.89% as at March 31, 2017.

As at March 31, 2017, gross non-performing loans in our retail portfolio reported 1.51% of own gross retail loans compared to 1.86% as at March 31, 2016 and net non-performing loans in our retail portfolio were 0.52% of our net retail loans compared to 0.61% as at March 31, 2016.

The gross outstanding loans to borrowers whose facilities have been restructured decreased from Rs. 93.13 billion as at March 31, 2016 to Rs. 45.48 billion as at March 31, 2017 primarily due to slippages of Rs. 45.20 billion from restructured loans to non-performing category. The net outstanding loans to borrowers whose facilities have been restructured decreased from Rs. 85.73 billion as at March 31, 2016 to Rs. 42.65 billion as at March 31, 2017. The aggregate non-fund-based outstanding to borrowers whose loans were restructured was Rs. 16.87 billion as at March 31, 2017.

In fiscal 2016, the Reserve Bank of India issued guidelines on strategic debt restructuring under which conversion of debt into equity and acquisition of majority ownership of the borrower by banks is allowed. On conversion of debt into equity, banks are allowed to continue with the current asset classification for an 18-month period (stand still benefit). As at March 31, 2017, we had outstanding performing loans of Rs. 52.41 billion where strategic debt restructuring had been implemented, of which Rs. 42.94 billion was already classified as restructured or related to companies that were internally rated below investment grade in key sectors. In addition, strategic debt restructuring had been invoked and was pending implementation for standard loans of Rs. 12.08 billion at March 31, 2017, of which Rs. 6.60 billion was already classified as restructured.

Apart from the strategic debt restructuring scheme, the Reserve Bank of India has issued guidelines which permit banks to upgrade the credit facilities extended to borrowers, whose ownership is undergoing change outside strategic debt restructuring, to the 'standard' category subject to fulfilling certain conditions. The Reserve Bank of India guidelines also allow the stand-still benefit in-line with its strategic debt restructuring scheme. We had initiated the process of change of ownership outside strategic debt restructuring for a borrower with gross outstanding of Rs. 51.05 billion at March 31, 2017 which was related to companies that were internally rated below investment grade in key sectors.

In fiscal 2016, the Reserve Bank of India had issued guidelines permitting banks to refinance long-term project loans to infrastructure and other core industries at periodic intervals (5/25 scheme) without such refinancing being considered as a debt restructuring scheme. Accordingly, the outstanding portfolio of such loans for which refinancing under the 5/25 scheme has been implemented was Rs. 48.88 billion as at March 31, 2017 out of which Rs. 26.75 billion was classified as performing loans. Of the loans in the amount of Rs. 26.75 billion, Rs. 17.26 billion were loans to companies which were internally rated below investment grade in the key sectors mentioned above.

During fiscal 2017, the Reserve Bank of India introduced the scheme for sustainable structuring of stressed assets and issued guidelines which sought to strengthen the banks' ability to undertake resolution of large borrower accounts that are facing financial difficulties on account of delays in completing large projects. The scheme aims at enabling lenders to initiate significant financial restructuring, subject to fulfillment of certain conditions, for sustainable revival of projects. The scheme envisages bifurcation of the current dues of a borrower into sustainable debt and other than sustainable debt based upon an independent study of the viability of the borrower's operations. The scheme also envisages that the asset classification of the borrower as at a 'reference date' (date in which the lenders jointly decide to invoke the scheme) will continue for a period of 180 days (stand still period). During fiscal 2017, we implemented the scheme for sustainable structuring of stressed assets in two standard borrower accounts with an aggregate balance outstanding of Rs. 2.93 billion, comprising Rs. 1.56 billion of sustainable debt and Rs. 1.37 billion of unsustainable debt.

Tax Expense

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

Financial Condition

Assets

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

	As at March 31			
Assets	**2016**	**2017**	**2017**	**2017/2016 % change**
	(Rupees in billions)		**(US$ in millions)**	
Cash and cash equivalents[1]	Rs. 598.69	Rs. 757.13	US$ 11,059	26.5%
Investments	1,604.12	1,615.07	23,591	0.7
– *Government and other approved securities, in India[2]*	1,106.49	1,104.08	16,127	(0.2)
– *Debentures and bonds*	92.74	100.75	1,472	(8.6)
– *Other investments[3]*	404.89	410.24	5,992	(1.3)
Advances	4,352.64	4,642.32	67,811	6.7
– *Domestic*	3,414.52	3,892.39	56,856	14.0
– *Overseas*	938.12	749.93	10,954	(20.1)
Fixed assets (including leased assets)	75.77	78.05	1,140	3.0
Other assets	575.73	625.34	9,134	8.6
Total Assets	**Rs. 7,206.95**	**Rs. 7,717.91**	**US$ 112,736**	**7.1%**

Notes:

1. Cash and cash equivalents includes cash in hand, balances with the Reserve Bank of India, balances with banks and money at call and short notice.
2. Banks in India are required to maintain a specified percentage of their net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities, which was 20.5% at March 31, 2017 and 21.5% at March 31, 2016.
3. Other investments includes investments in shares, investments in subsidiaries and joint ventures, certificates of deposit, commercial paper, mutual fund units, pass through certificates, security receipts and investments outside India.

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand and balances with the Reserve Bank of India and other banks, including money at call and short notice. Cash and cash equivalents increased from Rs. 598.69 billion as at March 31, 2016 to Rs. 757.13 billion as at March 31, 2017 primarily due to an increase in money at call and short notice and balances with the Reserve Bank of India.

Investments

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

As at March 31, 2017, we had an outstanding net investment of Rs. 32.86 billion in security receipts issued by asset reconstruction companies compared to Rs. 7.91 billion as at March 31, 2016.

Advances

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

Fixed and other assets

Net fixed assets increased by 3.0% from Rs. 75.77 billion as at March 31, 2016 to Rs. 78.05 billion as at March 31, 2017. Other assets increased from Rs. 575.73 billion as at March 31, 2016 to Rs. 625.34 billion as at March 31, 2017 primarily due to an increase in trade receivables, deferred tax assets and non-banking assets acquired in satisfaction of claims, offset, in part, by a decrease in Rural Infrastructure and Development Fund and other related deposits. Rural Infrastructure and Development Fund and other related deposits made in lieu of shortfall in directed lending requirements decreased from Rs. 280.66 billion as at March 31, 2016 to Rs. 241.13 billion as at March 31, 2017. During fiscal 2017, we acquired fixed assets in satisfaction of claims including debt-assets swap transactions amounting to Rs. 16.25 billion in aggregate.

Liabilities

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

Particulars	As at March 31, 2016	2017	2017	2017/2016 % change
	(Rupees in billions)		(US$ in millions)	
Equity share capital	Rs. 11.63	Rs. 11.65	US$ 170	0.2%
Reserves	885.73	987.86	14,430	11.5
Deposits	4,214.26	4,900.39	71,580	16.3
– Savings account deposits	1,342.30	1,718.38	25,100	28.0
– Current account deposits	588.70	749.83	10,953	27.4
– Term deposits	2,283.26	2,432.18	35,527	6.5
Borrowings (excluding subordinated debt and preference share capital)	1,363.66	1,129.66	16,501	(17.2)
Subordinated debt[1]	380.91	342.40	5,001	(10.1)
Preference share capital[2]	3.50	3.50	51	—
Total borrowings	1,748.07	1,475.56	21,554	(15.6)
Other liabilities	347.26	342.45	5,002	(1.4)
Total liabilities (including capital and reserves)	**Rs. 7,206.95**	**Rs. 7,717.91**	**US$ 112,736**	**7.1%**

Notes:

1. Included in Schedule 4—"Borrowings" of the balance sheet.
2. All amounts have been rounded off to the nearest Rs. 10.0 million.

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

Deposits

Deposits increased by 16.3% from Rs. 4,214.26 billion at March 31, 2016 to Rs. 4,900.39 billion as at March 31, 2017 primarily due to significantly higher current account and savings account deposits inflows in the second half of the fiscal 2017 following the withdrawal of legal tender status of high-denomination currency notes by the Government of India, offset, in part, by redemption of about US$1.75 billion of FCNR-B deposits mobilized during fiscal 2014.

Savings account deposits increased by 28.0% from Rs. 1,342.30 billion as at March 31, 2016 to Rs. 1,718.38 billion as at March 31, 2017 and current account deposits increased by 27.4% from Rs. 588.70 billion as at March 31, 2016 to Rs. 749.83 billion as at March 31, 2017. Term deposits increased by 6.5% from Rs. 2,283.26 billion as at March 31, 2016 to Rs. 2,432.17 billion as at March 31, 2017. The current and savings account deposits increased from Rs. 1,931.00 billion as at March 31, 2016 to Rs. 2,468.21 billion as at March 31, 2017. Total deposits as at March 31, 2017 formed 76.9% of the funding (i.e., deposits and borrowings, other than preference share capital).

Borrowings

Borrowings decreased by 15.6% from Rs. 1,748.08 billion as at March 31, 2016 to Rs. 1,475.56 billion as at March 31, 2017 primarily due to a decrease in call and term money borrowings, refinance borrowings, borrowings with the Reserve Bank of India under liquidity adjustment facility and subordinated bond borrowings, offset, in part, by an increase in bond borrowings. Net borrowings of overseas branches decreased by 16.3% from Rs. 959.79 billion as at March 31, 2016 to Rs. 803.47 billion as at March 31, 2017.

Other liabilities

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

Equity share capital and reserves

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

Pursuant to the amendment in Accounting Standard, AS 4—"Contingencies and events occurring after balance sheet date", we have not accounted for the proposed dividend for fiscal 2017, which was paid in fiscal 2018, in the financial statements for fiscal 2017. Accordingly, the proposed dividend has not been reduced from the net worth as at March 31, 2017.

Segment Information

The Reserve Bank of India in its guidelines on "segmental reporting" has stipulated specified business segments and their definitions, for the purposes of public disclosures on business information for banks in India.

The standalone segmental report for fiscal 2017, based on the segments identified and defined by the Reserve Bank of India, 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 the Reserve Bank of India 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 the Reserve Bank of India 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 requirements and directed lending requirements.

Retail Banking Segment

The profit before tax of the segment increased from Rs. 38.98 billion in fiscal 2016 to Rs. 53.85 billion in fiscal 2017, primarily due to an increase in net interest income and non-interest income, offset, in part, by an increase in non-interest expenses and provisions.

Net interest income increased by 23.2% from Rs. 91.91 billion in fiscal 2016 to Rs. 113.27 billion in fiscal 2017, primarily due to growth in the loan portfolio and an increase in average current account and savings account deposits.

Non-interest income increased by 17.4% from Rs. 49.02 billion in fiscal 2016 to Rs. 57.53 billion in fiscal 2017, primarily due to an increase in loan processing fees, third-party product distribution fees, fees on credit cards and transaction banking fees.

Non-interest expenses increased by 14.6% from Rs. 97.97 billion in fiscal 2016 to Rs. 112.26 billion in fiscal 2017, primarily due to increase in employee cost, direct marketing expenses and full year impact of expenses incurred for or by new branches opened in fiscal 2016.

Provision (net of write-back) increased by 17.6% from Rs. 3.99 billion in fiscal 2016 to Rs. 4.69 billion in fiscal 2017 reflecting an increase in the retail loan portfolio.

Wholesale Banking Segment

The wholesale banking segment incurred loss (before tax) of Rs. 74.34 billion in fiscal 2017 (compared with a Rs. 12.45 billion loss in fiscal 2016), primarily due to a reduction in net interest income and an increase in provisions.

Net interest income decreased by 21.4% from Rs. 83.61 billion in fiscal 2016 to Rs. 65.71 billion in fiscal 2017, primarily due to higher additions to non-performing assets and loans under strategic debt restructuring schemes during fiscal 2016 and fiscal 2017. The Bank accounts for interest income on a cash basis on non-performing assets and accounts in which a strategic debt restructuring has been invoked. Provisions increased by 32.2% from Rs. 108.15 billion in fiscal 2016 to Rs. 142.94 billion in fiscal 2017, primarily due to higher additions to non-performing assets, accounts in which a strategic debt restructuring has been invoked/implemented and a specific provision on certain standard loans.

Treasury Segment

The profit before tax of the segment increased from Rs. 90.97 billion in fiscal 2016 to Rs. 126.71 billion in fiscal 2017, primarily due to gain on sale of shares of ICICI Prudential Life Insurance Company Limited and gain on government securities and other fixed income securities.

Other Banking Segment

The profit before tax of other banking segment increased from Rs. 4.46 billion in fiscal 2016 to Rs. 6.57 billion in fiscal 2017, primarily due to an increase in net interest income and a decrease in non-interest expenses and provisions.

Consolidated Financials as per Indian GAAP

The consolidated profit after tax including the results of operations of our subsidiaries and other consolidating entities increased marginally from Rs. 101.80 billion in fiscal 2016 to Rs. 101.88 billion in fiscal 2017, primarily due to an increase in the profit of ICICI Lombard General Insurance Company Limited, ICICI Securities Primary Dealership Limited, ICICI Prudential Asset Management Company Limited, ICICI Securities Limited and ICICI Bank, offset, in part, by losses of ICICI Bank UK PLC and ICICI Bank Canada.

As at March 31, 2017, the consolidated Tier-1 capital adequacy ratio was 14.39% as against the then current requirement of 8.30% and the consolidated total capital adequacy ratio was 17.26% as against the then current requirement of 10.30%.

The profit after tax of ICICI Prudential Life Insurance Company Limited increased from Rs. 16.50 billion in fiscal 2016 to Rs. 16.82 billion in fiscal 2017 due to an increase in net premium earned and investment income and a decrease in claims and benefits paid, offset, in part, by an increase in transfer to linked funds and provision for policyholder liabilities.

The profit after tax of ICICI Lombard General Insurance Company Limited increased from Rs. 5.07 billion in fiscal 2016 to Rs. 7.02 billion in fiscal 2017, primarily due to an increase in net earned premium and investment income, offset, in part, by an increase in claims and benefits paid.

ICICI Bank Canada had a loss of Rs. 1.69 billion (CAD 33 million) in fiscal 2017 compared to a profit of Rs. 1.12 billion (CAD 22 million) in fiscal 2016 primarily due to higher provisions on existing impaired loans, primarily India-linked loans.

ICICI Bank UK PLC had a loss of Rs. 1.08 billion (US$16 million) in fiscal 2017 compared to a profit of Rs. 0.04 billion (US$1 million) in fiscal 2016 primarily due to higher provisions on impaired loans.

The profit after tax of ICICI Securities Primary Dealership Limited increased from Rs. 1.95 billion in fiscal 2016 to Rs. 4.12 billion in fiscal 2017 due to an increase in trading gains and net interest income.

The consolidated profit after tax of ICICI Securities Limited and its subsidiaries increased from Rs. billion in fiscal 2016 to Rs. 3.39 billion in fiscal 2017, primarily due to an increase in fee income, offset, in part, by an increase in staff cost and other administrative expenses.

The profit after tax of ICICI Home Finance Company Limited increased from Rs. 1.80 billion in fiscal 2016 to Rs. 1.83 billion in fiscal 2017 primarily due to a decrease in provisions and staff cost, offset, in part, by a decrease in fee income.

The profit after tax of ICICI Prudential Asset Management Company Limited increased from Rs. 3.26 billion in fiscal 2016 to Rs. 4.80 billion in fiscal 2017 primarily due to an increase in income from operations, offset, in part, by an increase in administrative expenses and staff cost.

ICICI Venture Funds Management Company Limited had a profit after tax of Rs. 0.09 billion in fiscal 2017 compared to a loss of Rs. 0.21 billion in fiscal 2016 primarily due to an increase in management fees.

The consolidated assets of the Bank and its subsidiaries and other consolidating entities increased from Rs. 9,187.56 billion as at March 31, 2016 to Rs. 9,860.43 billion as at March 31, 2017 primarily due to an increase in assets of ICICI Bank, ICICI Prudential Life Insurance Company Limited and ICICI General Insurance Company Limited, offset, in part, by a decrease in total assets of ICICI Bank UK PLC, ICICI Bank Canada and ICICI Securities Primary Dealership Limited. Consolidated advances increased from Rs. 4,937.29 billion as at March 31, 2016 to Rs. 5,153.17 billion as at March 31, 2017.

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

Particulars	Year ended March 31, 2016	2017	2017
	(Rupees in billions)		(US$ in millions)
ICICI Prudential Life Insurance Company Limited	Rs. 16.50	Rs. 16.82	US$ 246
ICICI Lombard General Insurance Company Limited	5.07	7.02	103
ICICI Securities Limited (consolidated)	2.39	3.39	50
ICICI Prudential Asset Management Company Limited	3.26	4.80	70
ICICI Securities Primary Dealership Limited	1.95	4.12	60
ICICI Home Finance Company Limited	1.80	1.83	27
ICICI Bank Canada	1.12	(1.69)	(25)
ICICI Bank UK PLC	0.04	(1.08)	(16)
ICICI Venture Funds Management Company Limited	Rs. (0.21)	Rs. 0.09	US$ 1

Off Balance Sheet Items, Commitments and Contingencies

The table below sets forth, at the dates indicated the principal components of our contingent liabilities.

Particulars	As at March 31, 2016	2017	2018	As at June 30, 2017	2018	2018
	(Rupees in billions)					(US$ in millions)
Contingent liabilities:						
Claims against the Bank not acknowledged as debts	35.36	46.43	62.66	46.52	63.56	928
Liability for partly paid investments	0.01	0.01	0.01	0.01	0.01	0[2]
Liability on account outstanding forward exchange contracts[(1)]	3,567.73	4,272.34	4,326.69	4,307.42	3,856.07	56,326
Guarantees given on behalf of constituents	1,004.95	929.99	945.36	930.91	969.15	14,156
Acceptances, endorsements & other obligations	472.78	478.37	410.04	426.38	403.96	5,901
Currency swaps[(1)]	460.01	410.83	416.99	411.83	415.06	6,063
Interest rate swaps and currency options[(1)]	3,414.40	4,131.19	6,592.93	4,149.78	8,693.46	126,986
Other items for which the Bank is contingently liable	52.75	40.78	137.77	67.48	83.75	1,223
Total	**Rs. 9,007.99**	**Rs. 10,309.94**	**Rs. 12,892.44**	**Rs. 10,340.33**	**Rs. 14,485.02**	**US$ 211,584**

Notes:

(1) Represents notional principal amount.

(2) Insignificant amount.

Contingent liabilities increased from Rs. 10,340.33 billion at June 30, 2017 to Rs. 14,485.02 billion at June 30, 2018 primarily due to an increase in the notional amount of interest rate swaps and currency options. The notional amount of interest rate swaps and currency options increased from Rs. 4,149.78 billion at June 30, 2017 to Rs. 8,693.46 billion at June 30, 2018 primarily due to an increase in the outstanding position of overnight index swaps.

We enter into foreign exchange contracts in the 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 the customers, we generally enter 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.

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

Capital Commitments

We are 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 Rs. 4.13 billion at June 30, 2018 compared to Rs. 4.24 billion at June 30, 2017.

Guarantees

As a part of project financing and commercial banking activities, we have issued guarantees to support regular business activities of clients. These generally represent irrevocable assurances that we 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 realized under guarantees amounted to Rs. 136.69 billion at June 30, 2018 compared to Rs. 95.15 billion at June 30, 2017. Other property or security may also be available to the Bank to cover potential losses under guarantees.

Capital Resources

We actively manage our capital to meet regulatory norms and current and future business needs, considering the risks in its businesses, expectations of rating agencies, shareholders and investors, and the available options of raising capital. Its capital management framework 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

Reserve Bank of India issued final Basel III guidelines, applicable with effect from April 1, 2013 which is implemented in a phased manner through till March 31, 2019 as per the transitional arrangement provided by the Reserve Bank of India for Basel III implementation. The Basel III rules on capital consist of measures on 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 June 30, 2018, we were required to maintain a minimum Common Equity Tier-1 capital ratio of 7.53%, minimum Tier-1 capital ratio of 9.03% and minimum total capital ratio of 11.03%. The minimum total capital requirement includes a capital conservation buffer of 1.88% and capital surcharge of 0.15% on account of the Bank being designated as a Domestic Systemically Important Bank. Under Pillar 1 of the Reserve Bank of India guidelines on Basel III, the Bank follows the standardized approach for measurement of credit risk, the standardized duration method for measurement of market risk and the basic indicator approach for measurement of operational risk.

The following table sets forth, at the dates indicated, regulatory capital, risk-weighted assets and risk-based capital ratios computed in accordance with the Reserve Bank of India's Basel III guidelines and based on our unconsolidated financial statements prepared in accordance with Indian GAAPs.

	As per the Reserve Bank of India's Basel III guidelines		
	At June 30, 2017	**At June 30, 2018**	**At June 30, 2018**
	(in millions, except percentages)		
Common equity Tier 1 capital[1]	Rs. 859,646	Rs. 916,818	US$ 13,392
Tier 1 capital[1]	898,420	1,006,529	14,702
Tier 2 capital	190,956	160,067	2,338
Total capital[1]	**Rs. 1,089,376**	**Rs. 1,166,596**	**US$ 17,041**
Credit risk: risk-weighted assets	Rs. 5,110,351	Rs. 5,218,842	US$ 76,232
Market risk: risk-weighted assets	442,116	492,751	7,198
Operational risk: risk-weighted assets	605,165	644,340	9,412
Total risk-weighted assets	**Rs. 6,157,633**	**Rs. 6,355,933**	**US$ 92,842**
Common equity Tier 1 risk-based capital ratio	13.96%	14.42%	
Tier 1 risk-based capital ratio	14.59%	15.84%	
Tier 2 risk-based capital ratio	3.10%	2.51%	
Total risk-based capital ratio	**17.69%**	**18.35%**	

1. Excludes retained earnings for the period presented.

At June 30, 2018, capital funds (net of deductions) increased by Rs. 77.22 billion from Rs. 1,089.38 billion at June 30, 2017 to Rs. 1,166.60 billion at June 30, 2018 primarily due to inclusion of retained earnings for fiscal 2018, issuance of additional Tier-1 capital instruments of Rs. 55.55 billion, repatriation of capital from an overseas banking subsidiary and sale of shareholding in subsidiary, offset, in part, due to call of Innovative Perpetual Debt Instrument by Rs 5.00 billion and decrease in eligible amount of non-common equity capital due to application of Basel III grandfathering rules.

Risk-weighted assets relating to credit risk increased by Rs. 108.49 billion from Rs. 5,110.35 billion at June 30, 2017 to Rs. 5,218.84 billion at June 30, 2018 primarily due to increase of Rs. 120.40 billion in risk-weighted assets for on-balance sheet exposures, offset, in part, by decrease of Rs. 11.91 billion in risk-weighted assets for off-balance sheet assets.

Risk-weighted assets relating to market risk increased by Rs. 50.64 billion from Rs. 442.12 billion at June 30, 2017 to Rs. 492.75 billion at June 30, 2018 primarily due to an increase in the market value of equity investments.

Risk-weighted assets relating to operational risk increased by Rs. 39.17 billion from Rs. 605.17 billion at June 30, 2017 to Rs. 644.34 billion at June 30, 2018. The operational risk capital charge is computed based on 15% of the average of the previous three financial years' gross income. Risk-weighted assets are arrived at by multiplying the capital charge by 12.5.

Internal assessment of capital

Our capital management framework includes a comprehensive internal capital adequacy assessment process conducted annually which determines the adequate level of capitalization for us to meet regulatory standards and current and future business needs, including under stress scenarios. The internal capital adequacy assessment process is formulated at both the stand alone bank level and the consolidated group level. The 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 includes a comprehensive assessment of material risks. Stress testing, which is a key aspect of the capital assessment process and the risk management framework, provides an insight on the impact of extreme but plausible scenarios on the risk profile and capital position. Based on our Board-approved stress testing framework, we conduct stress tests on our various portfolios and assess the impact on our capital ratios and the adequacy of our capital buffers for current and future periods. We periodically assess and refine our stress tests 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. The business and capital plans and the stress testing results of the ICICI Bank entities are integrated into the internal capital adequacy assessment process.

Based on the internal capital adequacy assessment process, we determine 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 the Reserve Bank of India 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 the Reserve Bank of India from time to time.

We continue to monitor relevant developments and believe that our current robust capital adequacy position and demonstrated track record of access to domestic and overseas markets for capital raising will enable us to maintain the necessary levels of capital as required by regulations while continuing to grow our business.

Significant Changes in Accounting Policies

There has been no significant change in the accounting policies during the three months ended June 30, 2018 except those disclosed in the financial statements included elsewhere in this Offering Circular. We follow guidelines on accounting issued by the Reserve Bank of India and other notified accounting standards from time to time.

Liquidity Risk Management

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The goal of liquidity management is to ensure that we are always in a position to efficiently meet both expected and unexpected current and future cash flow and collateral needs without negatively affecting either our daily operation or financial condition.

Most of our incremental funding requirements are met through short-term funding sources, primarily in the form of deposits including inter-bank deposits. However, a large portion of our assets, primarily the corporate and project finance and home loan portfolio, have medium or long-term maturities, creating a potential for funding mismatches. We actively monitor our liquidity position and attempts to maintain adequate liquidity at all times to meet all the requirements of our depositors and bondholders, while also meeting the credit demand of its customers.

We seek to establish a continuous information flow and an active dialogue between the funding and borrowing divisions of the organization to enable optimal liquidity management. A separate group is responsible for liquidity management. We are required to submit a Rupee gap reports for domestic operations on a fortnightly basis to the Reserve Bank of India. Pursuant to the Reserve Bank of India guidelines, the liquidity gap (if negative) must not exceed 5.0%, 10.0%, 15.0% and 20.0% of cumulative outflows in the 1-day, up to 7-day, up to 14-day and up to 30-day time categories, respectively. We prepare a daily maturity gap analysis for the overseas operations and Rupee book for the domestic operations. Our static gap analysis is also supplemented by a short-term dynamic cash-flow analysis, in order to provide the liability raising units with a fair estimate of our funding requirements in the near-term. In addition, we monitor certain liquidity ratios on a fortnightly basis. We also monitor liquidity coverage ratio which has been applicable from January 1, 2015. We have a liquidity contingency plan in place, through which we monitor key indicators that could signal potential liquidity challenges, to enable us to take necessary measures to ensure sufficient liquidity.

We maintain diverse sources of liquidity to facilitate flexibility in meeting funding requirements. Incremental operations in India are principally funded by accepting deposits from retail and corporate depositors. The deposits are augmented by borrowings in the short-term inter-bank market, through refinance agencies and through the issuance of bonds. We also have recourse to the liquidity adjustment facility and marginal standing facility which are short-term funding arrangements provided by the Reserve Bank of India. We generally maintain a substantial portfolio of high quality liquid securities that may be sold on an immediate basis to meet our liquidity needs. We also have the option of managing liquidity by borrowing in the inter-bank market on a short-term basis. The overnight market, which is a significant part of the inter-bank market, is susceptible to volatile interest rates. These interest rates on certain occasion have touched highs of 100.0% and above. To curtail reliance on such volatile funding, our liquidity management policy has stipulated daily limits for borrowing and lending in this market. Our limit on daily borrowing is more conservative than the limit set by the Reserve Bank of India.

Our gross liquid assets consist of cash, nostro balances, overnight and other short-term money market placements, government bonds and treasury bills (including investments eligible for reserve requirements and net of borrowings on account of repurchase agreements, the liquidity adjustment facility and the marginal standing facility), corporate bonds (rated AA and above), other money market investments such as commercial paper and certificates of deposits and mutual fund investments. We deduct short-term money-market borrowings (borrowings with maturity up to 30 days) from the aggregate of these assets to determine net liquid assets.

We maintain a significant portion of our demand and time liabilities in forms required pursuant to regulatory reserve requirements imposed by the Reserve Bank of India. The Reserve Bank of India stipulates a cash reserve ratio applicable to Indian banks, which requires us to maintain an average percentage of our demand and time liabilities as a cash balance deposited with the Reserve Bank of India over 14-day period. At June 30, 2018, the cash reserve ratio requirement percentage was 4.00%. In addition, cash reserves may not fall below 90% (with effect from April 16, 2016) of the required cash reserve ratio on any day during any 14-day reporting period.

The Reserve Bank of India also stipulates a statutory liquidity ratio applicable to Indian banks, which requires us to maintain a certain percentage of net demand and time liabilities in certain prescribed investments. At June 30, 2018, the statutory liquidity ratio requirement percentage was 19.50%. We generally hold more statutory liquidity ratio eligible securities than the statutory liquidity ratio requirement. Statutory liquidity ratio eligible instruments include cash, gold or approved unencumbered securities. Additionally, as of June 30, 2018, out of the statutory liquidity ratio requirement of 19.5% of net demand and time liabilities in India, 13% (11% in the form of a facility to avail liquidity under liquidity coverage ratio and 2% under a marginal standing facility) is counted towards the high quality liquid assets under the liquidity coverage ratio.

At many of our overseas branches, certain reserves are maintained pursuant to local regulations. We have complied with these local reserve requirements during fiscal 2018 and the three months ended June 30, 2018, except for one incident of shortfall of maintenance in minimum reserve balance at our South Africa branch in fiscal 2018. The reserve balance has since been maintained at the South Africa branch as per regulatory requirements.

The Reserve Bank of India on June 9, 2014 issued final guidelines on the Basel III framework on liquidity standards including liquidity coverage ratio, liquidity risk monitoring tools and liquidity coverage ratio disclosure standards. The liquidity coverage ratio promotes short-term resilience of banks to potential liquidity disruptions by ensuring that banks have sufficient high quality liquid assets to survive an acute stress scenario lasting for 30 days. As per the guidelines, the liquidity coverage ratio requirement was effective January 1, 2015 with a minimum requirement of 60.0% starting from January 1, 2015 (currently the minimum requirement is 90.0%), and will be 100.0% from January 1, 2019. As per the Reserve Bank of India guidelines, effective January 1, 2016, liquidity coverage ratio has been made applicable to Indian banks on a consolidated basis. We have been computing our liquidity coverage ratio since January 2015 as per the Reserve Bank of India guidelines.

The Reserve Bank of India on May 17, 2018 issued final guidelines on the Basel III framework on liquidity standards—net stable funding ratio. These guidelines ensure reduction in funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. As per the guidelines, the net stable funding ratio should be equal to at least 100% on an ongoing basis and will be applicable for Indian banks at the standalone as well as consolidated level. The Reserve Bank of India will communicate the implementation date of these guidelines in due course.

We maintain liquid assets in addition to statutory liquidity ratio and cash reserve ratio requirements. For the three months ended June 30, 2018, we maintained adequate reserves as per the regulatory requirements mentioned above.

The following table indicates the details of the components of average and balance sheet date liquid assets of the Bank.

	At June 30, 2017	Fortnightly average for six months ended June 2018	At June 30, 2018
		(in billions)	
Statutory liquidity ratio eligible investments and other government securities, net of borrowings on account of repurchase agreement, liquidity adjustment facility and collateralized borrowings	Rs. 1,354.27	Rs. 1,320.73	Rs. 1,356.47
Balance with central banks and current accounts with other banks	256.13	333.08	324.94
Other liquid assets[1]	326.10	395.33	409.20
Gross liquid assets	**1,936.50**	**2,049.14**	**2,090.61**
(Less) Short-term borrowings	0.00	5.75	25.00
Net liquid assets	**Rs. 1,936.50**	**Rs. 2,043.39**	**Rs. 2,065.61**

1. Other liquid assets primarily includes mutual fund, call/notice/term lending upto 30 days, fixed income non-SLR securities like corporates bonds and debentures, commercial paper, certificate of deposit etc.

We held net liquid assets totaling Rs. 2,065.61 billion at June 30, 2018 compared to Rs. 1,936.50 billion at June 30, 2017. During the three months ended June 30, 2018, we held fortnightly average net liquid assets of Rs. 2,043.39 billion. In addition to the amounts included in net liquid assets above, at June 30, 2018, we also held other fixed income non-government securities totaling Rs. 29.94 billion compared to Rs. 29.77 billion at year-end fiscal 2018.

In compliance with local regulations, some of our overseas branches are required to maintain a 'net due to' position with other group entities which means that they can only be a net borrower up to a specified amount. Accordingly, only the liquidity maintained in excess of such 'net due to' requirements can be utilized at other group entities. At our overseas branches, we were holding net liquid assets of Rs. 77.01 billion (equivalent) at June 30, 2018, which are included in our overall net liquid assets of Rs. 2,065.61 billion.

We also have access to other reliable sources of liquidity. The Reserve Bank of India conducts repurchase and reverse repurchase transactions with banks through its liquidity adjustment facility and marginal standing facility to carry out monetary policy and manage liquidity for the Indian banking system. The Reserve Bank of India stipulates an interest rate applicable to fixed rate repurchase, fixed rate reverse repurchase agreements and marginal standing facility, known as the repo rate, reverse repo rate and marginal standing facility rate respectively. In addition, Reserve Bank of India also conducts variable rate repurchase, reverse repurchase auction, rates for which are arrived through competitive bidding. On June 30, 2018, the Reserve Bank of India repo rate, reverse repo rate and marginal standing facility rate were 6.25%, 6.00% and 6.75% respectively. The liquidity adjustment facility and marginal standing facility are available throughout the year. Under the marginal standing facility, in addition to the eligible securities a bank holds in excess of the statutory requirement, banks can borrow overnight up to 2.0% of their respective net demand and time liabilities outstanding at the end of the second preceding 14-day period. Further, there is a liquid market for repurchase transactions with other market counterparties. Banks may enter into repurchase transactions with the Reserve Bank of India or other market counterparties against the statutory liquidity ratio eligible securities that hold in excess of the statutory requirement.

At June 30, 2018, we had government securities amounting to Rs. 357.47 billion eligible for borrowings through the liquidity adjustment facility and marginal standing facility from the Reserve Bank of India.

The Reserve Bank of India uses the liquidity adjustment facility and the marginal standing facility to implement monetary policy. The Reserve Bank of India has the right to suspend the liquidity adjustment facility or reduce the amounts that Indian banks can access through the liquidity adjustment facility on any day on a proportionate basis for all banks. Such policy changes could affect the operations of these facilities and could restrict Indian banks, including us, from accessing these facilities. The Reserve Bank of India has restricted liquidity provision through the overnight liquidity adjustment facility to a specified ratio of net demand and time liabilities and increasingly provides liquidity through term repurchase agreements of various maturities. At June 30, 2018, the liquidity provision through the overnight liquidity adjustment facility was capped at 0.25% of net demand and time liabilities of banks.

We have a well-defined borrowing program for the overseas operations. In order to maximize borrowings at a reasonable cost through our branches, liquidity in different markets and currencies is targeted. The wholesale borrowings are in the form of bond issuances, syndicated loans from banks, money market borrowings and inter-bank bilateral loans. We also raise refinance from other banks against eligible trade assets. Those loans that meet the Export Credit Agencies' criteria are refinanced as per the agreements entered into with these agencies. We also mobilize deposit liabilities, in accordance with the regulatory framework in the host country.

ICICI Bank has the ability to use its rupee liquidity in India to meet refinancing needs at its overseas branches, although this may be at a relatively high cost based on swap and exchange rates prevailing at the time of such refinancing. The Bank raised the equivalent of US$500 million through issuances of US$ denominated bonds in December 2017 (original maturity of ten years). The terms of the Bank's bond issuances and loans from other financial institutions and export credit agencies contain cross-default clauses, restrictions on its ability to merge or amalgamate with another entity and restrictions on the Bank's ability to prematurely redeem or repay such bonds or loans. The terms of the Bank's subordinated debt issuances eligible for inclusion in Tier 1 or Tier 2 capital include the suspension of interest payments in the event of losses or capital deficiencies, and a prohibition on redemption, even at maturity or on specified call option dates, without the prior approval of the Reserve Bank of India. The Bank is currently not, and does not expect to be, in breach of any material covenants of the Bank's borrowings that would be construed as events of default under the terms of such borrowings.

The successful management of credit, market and operational risk is an important consideration in managing the liquidity because it affects the evaluation of our credit ratings by rating agencies. Rating agencies may reduce or indicate their intention to reduce the ratings at any time.

Rating agencies can also decide to withdraw their ratings of the Bank, which may have the same effect as a reduction in our ratings. Any reduction in our ratings (or withdrawal of ratings) may increase our borrowing costs, limit our access to capital markets and adversely affect our ability to sell or market our products, engage in business transactions (particularly longer-term transactions) and derivatives transactions, or retain our customers.

In respect of our domestic operations, we may enter into collateralized borrowings in the form of repurchase transactions with the Reserve Bank of India or through Clearing Corporation of India Limited, a centralized clearing counterparty or with the market counterparties, against the statutory liquidity ratio eligible securities to meet expected and unexpected borrowings requirements. In general, the market value of collateral given for any such loan is higher than the value of the loan, the difference is referred to as a haircut. The Reserve Bank of India has stipulated the haircut for all such securities for borrowings from them. In case of borrowings through products settled through Clearing Corporation of India Limited, the value of the collateral under repo/collateralized borrowing and lending obligations is computed after applying a haircut as stipulated by the Clearing Corporation of India Limited. Further, members of Clearing Corporation of India Limited's collateralized borrowing and lending obligations segment are also required to maintain margin contributions in relation to their borrowing/lending obligation at any point of time which act as cushion against any fall in the value of the underlying collateral. We hold sufficient securities in our account to meet additional collateral requirements if required and systems and processes are in place to maintain sufficient balance in our Principal—Securities General Ledger account, Repo Constituent—Securities General Ledger account, Clearing Corporation of India Limited Securities Guarantee Fund/collateralized lending and borrowing obligations margin account resulting in smooth settlement of transactions.

Further, in case of any emergency requirement, additional securities may be transferred to our Securities Guarantee Fund/collateralized borrowing and lending obligations margin account on a T+0 basis. In case of corporate bond repo, the value of the securities is computed after applying the minimum haircut as stipulated by the clearing house or bilaterally agreed upon by counterparties depending upon the credit rating of the underlying security. The Bank also deals with central counterparties for settlement of government securities outright and repo transactions, forex transactions, interest rate and currency derivatives for which it needs to contribute towards margin obligations. We will be required to post additional collateral in case of downgrade in the external credit rating of the Bank under letter of credit, stand by letter of credit, bank guarantee and unfunded risk participation agreements.

In respect of overseas branch operations, generally, the collateral requirements are applicable to banks which have outstanding borrowings that are subject to margin-reset and consequent collateral deposits are governed by global master repurchase agreement. We have an Asset Liability Management Committee approved framework for accepting covenants, linked to credit rating downgrade of the Bank and a breach in thresholds of certain financial covenants as a part of borrowing agreements and a stress scenario has been formulated linked to potential outflows due to a breach of rating downgrade covenants.

In view of the margin rules for non-centrally cleared derivative transactions issued by the Basel Committee on Banking Supervision and Reserve Bank of India, currently in a draft stage, derivative transactions would be subject to margin-reset and consequent collateral exchange would be as governed by Credit Support Annex (CSA). The margin rules are applicable for both, the domestic and overseas operations of the Bank. The Bank has entered into Credit Support Annexes which would require maintenance of collateral.

We have certain borrowings that would be affected by a credit rating downgrade of the Bank. Such borrowings amount to around 1% of our total borrowings at June 30, 2018. If an international credit rating agency downgrades the Bank's credit rating by one or more notches, we would be required to pay an increased interest rate on these borrowings. The liquidity impact is monitored on a fortnightly basis and is reported to relevant committees on a semi-annual basis. Volatility in the international debt markets may constrain our international borrowings.

Capital Expenditure

The following tables set forth, for the periods indicated, certain information related to capital expenditure by category of fixed assets.

Particulars	Cost at April 1, 2018	Additions	Deletions	Accumulated Depreciation	Net assets at June 30, 2018	
	(Rupees in billions)					(US$ in millions)
Premises	Rs. 73.92	Rs. 0.15	Rs. (0.06)	Rs. (14.18)	Rs. 59.82	US$ 874
Other fixed assets	59.59	0.93	(0.45)	(44.14)	15.93	233
Assets on lease	16.71	—	—	(14.30)	2.41	35
Total	**Rs. 150.22**	**Rs. 1.08**	**Rs. (0.51)**	**Rs. (72.62)**	**Rs. 78.17**	**US$ 1,142**

Particulars	Cost at April 1, 2017	Additions	Deletions	Accumulated Depreciation	Net assets at March 31, 2018	
	(Rupees in billions)					(US$ in millions)
Premises	Rs. 72.70	Rs. 1.50	Rs. (0.28)	Rs. (13.80)	Rs. 60.13	US$ 878
Other fixed assets	53.52	7.49	(1.43)	(43.09)	16.49	241
Assets on lease	16.90	—	(0.19)	(14.30)	2.41	35
Total	**Rs. 143.12**	**Rs. 8.99**	**Rs. (1.90)**	**Rs. (71.19)**	**Rs. 79.04**	**US$ 1,155**

Particulars	Cost at April 1, 2016	Additions	Deletions	Accumulated Depreciation	Net assets at March 31, 2017	
	(Rupees in billions)					(US$ in millions)
Premises	Rs. 69.34	Rs. 3.79	Rs. (0.43)	Rs. (12.19)	Rs. 60.51	US$ 884
Other fixed assets	50.13	6.17	(2.78)	(38.40)	15.12	221
Assets on lease	17.30	—	(0.39)	(14.49)	2.42	35
Total	**Rs. 136.77**	**Rs. 9.96**	**Rs. (3.60)**	**Rs. (65.08)**	**Rs. 78.05**	**US$ 1,140**

Our capital expenditure on premises and other assets was Rs. 1.08 billion in the three months ended June 30, 2018 as compared to Rs. 4.22 billion in the three months ended June 30, 2017.

Critical Accounting Policies

In order to understand our financial condition and the results of operations, it is important to understand our significant accounting policies and the extent to which we use judgments and estimates in applying those policies. Our accounting and reporting policies are in accordance with Indian GAAP and conform to standard accounting practices relevant to our products and services and the businesses in which we operate. Indian GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expenses during the reported period. Accordingly, we use a significant amount of judgment and estimates based on assumptions for which the actual results are uncertain when we make the estimation. See also *"Consolidated Financial Statements—Schedule 17—Significant Accounting Policies"* included herein.

ICICI Bank Limited

Accounting for Investments

ICICI Bank accounts for its investments in accordance with the guidelines on investment classification and valuation issued by the Reserve Bank of India. Investments are classified into the following categories: (a) held-to-maturity, (b) available-for-sale and (c) held-for-trading. Under each classification, we further categorize investments into (a) government securities, (b) other approved securities, (c) shares, (d) bonds and debentures, (e) subsidiaries and joint ventures and (f) others (commercial paper, certificates of deposit, mutual funds, pass through certificates, venture units, security receipts, etc.).

Held-to-maturity securities are carried at their acquisition cost or at the amortized cost, if acquired at a premium over the face value. Any premium over the face value of the fixed rate and floating rate securities acquired is amortized over the remaining period to maturity on a constant effective yield basis and straight line basis respectively. Equity investments in joint ventures/associates are categorized as held-to-maturity in accordance with the Reserve Bank of India guidelines. These instruments are assessed for any permanent diminution in value and appropriate provisions are made.

Available-for-sale and held-for-trading securities of the Bank are valued in accordance with the guidelines issued by the Reserve Bank of India. The Bank amortizes the premium, if any, over the face value of its fixed and floating rate investments in government securities classified as available-for-sale over the remaining period to maturity on a constant effective yield basis and straight line basis respectively. The market value of quoted investments is based on the closing quotes on recognized stock exchanges or prices declared by the Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association (FIMMDA)/Financial Benchmark India Private Limited (FBIL), periodically.

The Bank computes the market value of its unquoted government securities which are in the nature of statutory liquidity ratio securities included in the available-for-sale and held-for-trading categories in accordance with rates published by the Fixed Income Money Market and Derivatives Association.

The Bank computes the market value of unquoted non-government fixed income securities under the available-for-sale and held-for-trading category, wherever linked to the yield-to-maturity rates, with a mark-up, reflecting associated credit risk, over the yield to maturity rates for government securities published by the Fixed Income Money Market and Derivatives Association. The sovereign foreign securities and non-INR India linked bonds are valued on the basis of prices published by the sovereign regulator or counterparty quotes.

The Bank computes the market value of its unquoted equity shares at the break-up value, if the latest balance sheet is available. If such a balance sheet is not available, the unquoted equity shares are valued at Re. 1 in accordance with the Reserve Bank of India guidelines.

The Bank values the securities receipts at the net asset value provided by asset reconstruction companies.

The Bank computes the market value of its securities, under the available-for-sale and held for trading categories, scrip-wise (that is, by individual securities) and the depreciation/appreciation on securities, other than those acquired by way of loans is aggregated for each category. Net appreciation in each category under each investment classification, if any, is ignored, as it is unrealized while net depreciation is provided for. Non-performing investments are identified based on the Reserve Bank of India guidelines. Depreciation on securities acquired by way of conversion of outstanding loan is fully provided for. Depreciation on equity shares acquired where the Bank had invoked/implemented strategic debt restructuring scheme, scheme for sustainable structuring of stressed assets and prudential norms on change in ownership of borrowing entities (change in management outside strategic debt restructuring) schemes was provided over a period of four calendar quarters from the date of conversion of debt into equity in accordance with the Reserve Bank of India guidelines. With effect from February 12, 2018, the depreciation is provided over a period of four quarters for the schemes which have been implemented prior to that date as per the extant Reserve Bank of India guidelines.

The Bank accounts for repurchase, reverse repurchase and transactions with Reserve Bank of India under Liquidity Adjustment Facility as borrowing and lending transactions in accordance with the current guidelines of the Reserve Bank of India. As per the Reserve Bank of India guidelines, the Bank follows the trade date method of accounting for the purchase and sale of investments, except for Government of India and state government securities, for which the settlement date method of accounting is followed.

Provisions/Write-offs on Loans and Other Credit Facilities

Provisions are generally made by the Bank on standard, substandard and doubtful assets at rates prescribed by the Reserve Bank of India. The Bank holds specific provisions against non-performing loans and a general provision against standard loans. The Bank also makes specific provision on certain performing loans as per the direction of the Reserve Bank of India. Loss assets and unsecured portions of doubtful assets are provided/written off to the extent required by the Reserve Bank of India guidelines. Loans 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 Reserve Bank of India guidelines, are classified as non-performing loans to the extent of the amount outstanding in the host country. For loans booked in overseas branches, which are standard as per the extant Reserve Bank of India guidelines but are classified as non-performing loans based on host country guidelines, provisions are made as per the host country regulations. The Bank also holds specific provisions against non-performing loans and advances and against certain performing loans and advances in accordance with the Reserve Bank of India directions, including the Reserve Bank of India direction for provision on accounts referred to the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016. In respect of borrowers classified as non-cooperative borrowers or willful defaulters, the Bank makes accelerated provisions as per extant the Reserve Bank of India guidelines. The Bank held specific provisions for retail loans that are higher than the minimum regulatory requirements.

In respect of non-retail loans reported as fraudulent to the Reserve Bank of India and classified in doubtful category, 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 respect of non-retail loans where there has been a delay in reporting the fraud to the Reserve Bank of India or which are classified as loss accounts, the entire amount is provided immediately. In the case of fraud in retail accounts, the entire amount is provided immediately.

The diminution in the fair value of a restructured loan, if any, measured in present value terms, is either written off or a provision is made to the extent of the diminution involved. A restructured loan, which is classified as a standard restructured loan, is subject to higher standard asset provisioning and higher risk weight for capital adequacy purposes than non-restructured standard loans up to the period specified in the guidelines. The specified period is a period of one year from the commencement of the first payment of interest or principal whichever is later on the credit facility with the longest moratorium as per the restructuring package during which payment performance is monitored. The loan continues to be classified as restructured until it reverts to the normal level of standard asset provisions/risk weights for capital adequacy purposes, which is a period of one year after the end of the specified period. Loans restructured after April 1, 2015 (excluding loans given for implementation of projects and which are delayed up to a specified period) by re-scheduling principal repayments and/or the interest have been classified as non-performing and in addition to the provision for the diminution in fair value of the restructured loans, loan loss provision as applicable to non-performing loans for all loans availed by these borrowers should be made. With effect from

February 12, 2018, non-performing and restructured loans are upgraded to standard loans only after satisfaction of certain payment and rating threshold criteria specified under the Reserve Bank of India guidelines on Resolution of Stressed Assets—Revised Framework. Banks are required to disclose the aggregate fund-based credit facilities of borrowers whose loans were restructured.

The Bank also creates general provisions on its standard loans based on the guidelines issued by the Reserve Bank of India including provisions on loans to borrowers having unhedged foreign currency exposure, provisions on loans to specific borrowers in specific stressed sectors and provision on exposure to step-down subsidiaries of Indian companies. For performing loans in overseas branches, the general provision is made at higher of host country regulations requirement and the Reserve Bank of India requirement.

Additionally, the Bank creates provisions on individual country exposures including indirect country risk (other than for home country exposures). The countries are categorized into seven risk categories: insignificant, low, moderately low, moderate, moderately high, high and very high and provisioning is made for those exposures exceeding 180 days on a graded scale ranging from 0.25% to 25%. For exposures with a 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 for such country exposure.

The Bank may create floating provision for the year as per Board approved policy, which is in addition to the specific and general provisions made by the Bank. The floating provision can only be utilized, with the approval of Board and the Reserve Bank of India.

Transfer and Servicing of Assets

ICICI Bank transfers commercial and consumer loans through securitization transactions. The transferred loans are de-recognized, and gains/losses are accounted for only if the Bank surrenders the rights to benefits specified in the underlying securitized loan contract. Recourse and servicing obligations are accounted for net of provisions.

Under Indian GAAP, with effect from February 1, 2006, net income arising from securitization of loan assets is accounted for over the life of the securities issued or to be issued by the special purpose vehicle/special purpose entity to which the assets are sold. With effect from May 7, 2012, the profit/premium arising from securitization is amortized over the life of the transaction based on the method prescribed by the Reserve Bank of India. Net loss arising on account of the sell-down, securitization and direct assignment of loan assets is recognized at the time of sale.

In accordance with Reserve Bank of India guidelines, in case of non-performing/special mention account-2 loans sold to a securitization company or a reconstruction company, the Bank reverses the excess provision in profit and loss account in the year in which amounts are received. Any shortfall of sale value over the net book value on sale of such assets is recognized by the Bank in the year in which the loan is sold.

Convergence of Indian accounting standards with International Financial Reporting Standards

The financial statements and other financial information included or incorporated by reference in this offering circular are based on our unconsolidated and consolidated financial statements under Indian GAAP. The Institute of Chartered Accountants of India has issued Ind AS (a revised set of accounting standards) which largely converges the Indian accounting standards with International Financial Reporting Standards. The Ministry of Corporate Affairs, which is the law making authority for adoption of accounting standards in India, has notified these Ind AS for adoption. Further, the ministry has also issued a roadmap for transition to Ind AS by Indian companies in a phased manner starting from April 1, 2016. For banking companies and non-banking finance companies, the implementation of Ind AS was to begin from April 1, 2018. In fiscal 2018, the Reserve Bank of India deferred the implementation of Ind AS for banks by one year. Accordingly, the banks in India will implement Ind AS from April 1, 2019. For insurance companies, the implementation of Ind AS will begin from April 1, 2020. Accordingly, while our major group companies other than insurance companies, would report their financial statements as per Ind AS from April 1, 2018 onwards, ICICI Bank will report its financial statements as per Ind AS from April 1, 2019. Our insurance subsidiaries would report their financial statements as per Ind AS from April 1, 2020. Financial statements prepared under standards different from existing GAAP may diverge significantly from the financial statements and other financial information included or incorporated by reference in this offering circular. The major areas of differences include classification and mark-to-market accounting of financial assets, impairment of financial assets and allowance for expected credit losses, accounting of loan processing fees and costs, amortization of premium/discount on purchase of financial assets, consolidation accounting, employee stock options and deferred taxes.

Ind AS 109—Financial Instruments (Standard equivalent to International Financial Reporting Standard 9) would have a significant impact on the way financial assets and liabilities are classified and measured, resulting in volatility in profit or loss and equity.

Under current Indian GAAP, loans are measured at cost, net of provision. Investments are accounted for in accordance with the extant Reserve Bank of India guidelines on investment classification and valuation which require all investments to be classified as 'held-to-maturity', 'available-for-sale' and 'held-for-trading'. According to the current guidelines, net loss in the available-for-sale and held for trading classifications is computed category-wise and recognized in the profit and loss account while net gains are ignored. As per Ind AS 109, all financial assets will have to be classified at 'amortized cost', 'fair value through other comprehensive income' or 'fair value through profit and loss'. The above classification would be based on the business model test and the contractual cash flow test. All unrealized gains or losses for financial assets classified at fair value through other comprehensive income would be accounted for in the other comprehensive income and on assets at fair value through the profit and loss in the profit and loss account. For the Bank, based on the assessment so far, the loans are likely to primarily qualify for amortized cost accounting, except for certain loans which are originated by the Bank with an intention to sell. A significant portion of the government bonds held by the Bank as 'held-to-maturity' under current Indian GAAP may need to be classified in 'fair value through other comprehensive income' category under Ind AS because of their business model of both – hold to collect contractual cash flows, as well as selling these bonds to meet liquidity and other risk management requirements. Accordingly, the unrealized gains or losses on these investments would be accounted for in the other comprehensive income under Ind AS.

We classify our assets, including those in our overseas branches, as performing and non-performing in accordance with the Reserve Bank of India's guidelines. The Bank holds specific provisions against non-performing loans and general provision against performing loans. Non-performing loans are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the Reserve Bank of India and provisions are made for sub-standard and doubtful assets at rates prescribed by the Reserve Bank of India. Loss assets and the unsecured portion of doubtful assets are provided/written-off as per the extant Reserve Bank of India guidelines. See also *"Business—Classification of Loans"*. Ind AS 109 requires entities to recognize and measure a credit loss allowance or provision based on an expected credit loss model. The expected credit loss impairment model would apply to loans and debt securities measured at amortized cost or at fair value through other comprehensive income. The model is also intended to apply to outstanding non-fund facilities, undrawn fund/non-fund commitments and lease receivables. The impairment and expected credit loss requirements under Ind AS represent the most significant area of difference with the current Indian GAAP and introduces substantial requirements of management judgment, estimates and assumptions in many areas, like significant increase in credit risk, expected life of financial instruments, computation of one-year and lifetime expected credit losses (ECL) and incorporation of forward looking estimates in the expected credit losses model. While Ind AS 109 does not prescribe a specific method for estimating expected credit loss, the Bank proposes to apply two broad approaches for estimating expected credit loss. For a majority of the Bank's portfolios (corporate and retail loans) expected credit loss estimation will be done based on risk estimates such as Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), building on the internal ratings-based approach as introduced under the Basel framework. For certain smaller portfolios, roll-rate based approaches will be employed which involve the assessment of flow of exposure across various days past due (DPD) based buckets. The Bank is currently finalizing these assumptions and methodologies and developing models, as well as discussing with industry participants and the Indian regulator about the possible approaches to computation of expected credit losses.

Under current Indian GAAP, origination fees and costs for financial instruments, including commissions paid to direct marketing agents, are accounted for upfront. Also, under current Indian GAAP, the premium on purchase of certain investment securities is amortized, while the discount is recognized on maturity/sale of the instrument. Under Ind AS 109, origination fees (net of certain costs) and all other premiums/discounts will be amortized over the period of the financial instrument as an adjustment to the yield.

Under current Indian GAAP, consolidation is required only if there is ownership of more than one-half of the voting power of an enterprise or control of the composition of the Board of Directors in the case of a company or of the composition of the governing body in case of any other enterprise. Ind AS 110—Consolidated Financial Statements establishes control as the basis for consolidation and defines the principle of control. Under Ind AS 110, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The implementation of this standard will require the Bank to exercise significant judgment to determine the entities which it controls as per the definition under Ind AS. Further, under Ind AS, proportionate consolidation can be used only in limited cases of joint control, while joint ventures would have to be consolidated using the equity method. The Bank does not expect a material impact on its financial statements in this area.

Under current Indian GAAP, gain or loss on sale of equity stake in a subsidiary company is recognized in the income statement. Under Ind AS, in consolidated financial statements, change in the parent's ownership in the subsidiary company is accounted as an equity transaction, if the parent retains a controlling financial interest in the subsidiary and accordingly gain or loss is not recognized in the income statement.

Under current Indian GAAP, the Bank follows the intrinsic value method to account for its stock-based employees' compensation plans. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date. Ind AS 102—Share-based Payment, requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values.

Under current Indian GAAP, deferred tax assets and liabilities are recognized by considering the impact of timing differences (income approach) between the taxable income and accounting income for current year and carry forward losses as compared to Ind AS where, deferred tax assets and liabilities are recognized in respect of the temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and amount used for taxation purposes.

The Bank is in the process of migrating to Ind AS based financial statements. For implementation of Ind AS, the Bank has formed a Steering Committee which has members from various functions. The Committee meets regularly to supervise the progress of the project. An update on the implementation status is also submitted to the Audit Committee at quarterly intervals. The Bank's Ind AS implementation project also focuses on technical evaluation of GAAP differences, selection of accounting policies and choices, evaluation of system changes and data requirements, business impact analysis and skill development in the Bank through regular trainings and workshops. The implementation of Ind AS will require significant system developments primarily related to amortization of loan origination fees and costs, expected credit loss accounting, preparation of financial statements and generation of management information. It also poses challenge for collection and validation of historical data.

Related Party Transactions

For detailed discussion on related party transactions see—"*Audited Interim Financial Statements of ICICI Bank Limited (Unconsolidated) as of and for three months ended June 30, 2018—Schedules to the interim financial statements—Schedule 18—Notes Forming Part of the Accounts—26. Related Party Transaction*".

DESCRIPTION OF ICICI BANK

Overview

We are a diversified financial services group offering a wide range of banking and financial services to corporate and retail customers through a variety of delivery channels. Apart from banking products and services, we offer life and general insurance, asset management, securities broking and private equity products and services through our specialized subsidiaries.

Our primary business consists of commercial banking operations for Indian corporate and retail customers. We provide a range of commercial banking and project finance products and services, including loan products, fee and commission-based products and services, deposit products and foreign exchange and derivatives products to India's leading corporations, middle market companies and small and medium-sized enterprises. Our commercial banking operations for retail customers consist of retail lending and deposit taking and distribution of third party insurance and investment products. We also offer agricultural and rural banking products. We deliver our products and services through a variety of channels, including bank branches, ATMs, call centers, the internet, social media and mobile phones. ICICI Bank had a network of 4,867 branches and 14,394 ATMs in India at June 30, 2018.

In our international banking operations, our primary focus is on offering products and services to persons of Indian origin, Indian businesses, select local businesses and multi-national corporations with a focus on trade finance and commercial banking products, as well as offering deposit products to the larger community. Our overseas branches take deposits, raise borrowings and make loans to Indian companies for their overseas operations as well as for their foreign currency requirements in India, global multi-national corporations and local companies in their jurisdiction. They also engage in advisory and syndication activities for fund-raising by Indian companies and their overseas operations. At June 30, 2018, we had banking subsidiaries in the United Kingdom and Canada, branches in China, Singapore, Dubai International Finance Centre, Sri Lanka, Hong Kong, Qatar Finance Centre, the United States, South Africa and Bahrain and representative offices in the United Arab Emirates, Bangladesh, Malaysia and Indonesia. Our subsidiary in the United Kingdom has established a branch in each of Antwerp, Belgium and Frankfurt, Germany. Our subsidiaries in the United Kingdom and Canada and our branches in Bahrain, Dubai, Singapore and Hong Kong have the largest share of our international assets and liabilities. See also "*Risk factors—Risks Relating to Our Business—Our international operations increase the complexity of the risks that we face*".

Our treasury operations include the maintenance and management of regulatory reserves, proprietary trading in equity and fixed income and a range of foreign exchange and derivatives products and services for corporate customers, such as forward contracts and interest rate and currency swaps. We take advantage of movements in markets to earn treasury income. Our overseas branches and subsidiaries also have investments in bonds of non-India financial institutions and in asset-backed securities.

We are also engaged in insurance, asset management, securities business and private equity fund management through specialized subsidiaries. Our subsidiaries ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company and ICICI Prudential Asset Management Company provide a wide range of life and general insurance and asset management products and services to retail and corporate customers. ICICI Prudential Life Insurance Company Limited was among the leading private sector life insurance companies in India, with a market share of 11.3% in new business written (on retail weighted received premium basis) during the three months ended June 30, 2018 according to the Life Insurance Council. During fiscal 2017, ICICI Prudential Life Insurance Company Limited was listed on the National Stock Exchange of India Limited and the BSE Limited, following the sale of 12.63% shareholding in the company by ICICI Bank through an offer for sale in an initial public offering by the company. ICICI Prudential Pension Funds Management Company Limited, a 100% subsidiary of ICICI Prudential Life Insurance Company Limited, is one of the fund managers for the pension assets of Indian citizens (other than the mandated pension funds of government employees) under the National Pension System for the private sector. This pension scheme was launched by the Government of India in 2004 for all citizens on a voluntary basis, and has allowed professional fund managers to invest the scheme's funds since 2008. ICICI Lombard General Insurance Company was the largest private sector general insurance company in India, with a market share of 10.1% on a gross direct premium income basis during the three months ended June 30, 2018 according to the General Insurance Council. In September 2017, ICICI Lombard General Insurance Company was listed on the National Stock Exchange of India Limited and BSE Limited, following the sale of shares (including sale of 7.0% shareholding in the company by ICICI Bank) through an initial public offering. ICICI Prudential Asset Management Company manages the ICICI Prudential Mutual Fund, which was the largest mutual fund in India in terms of average funds under management for the three months ended June 30, 2018 according to the Association of Mutual Funds in India. We cross-sell the products of our insurance and asset management subsidiaries and of other asset management companies to our retail and corporate customers. Our subsidiaries ICICI Securities Limited and ICICI Securities Primary Dealership Limited are engaged in equity underwriting and brokerage and primary dealership in government securities and fixed income market operations, respectively. ICICI Securities owns *icicidirect.com*, an online brokerage platform. ICICI Securities Limited has a subsidiary in the United States, ICICI Securities Holdings Inc. that in turn has an operating subsidiary in the United States, ICICI Securities Inc., which is engaged in brokerage services. In March 2018, we sold a 20.78% shareholding in ICICI Securities Limited through an offer for sale in an initial public offering. ICICI Securities Limited was listed on the National Stock Exchange of India Limited and BSE Limited in April 2018. Our private equity fund management subsidiary ICICI Venture Funds Management Company manages funds that make private equity investments. In fiscal 2013, ICICI Bank, in partnership with domestic and international banks and financial institutions, launched India's first infrastructure debt fund, India Infradebt Limited, structured as a non-banking finance company in which ICICI Bank and a wholly owned subsidiary together have a shareholding of 38.1%.

Our legal name is ICICI Bank Limited but we are known commercially as ICICI Bank. We were incorporated on January 5, 1994 under the laws of India as a limited liability corporation. The duration of ICICI Bank is unlimited. Our principal corporate office is located at ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051, India, our telephone number is +91 22 3366 7777 and our website address is www.icicibank.com. None of the contents of our and our subsidiaries' websites are incorporated in this Offering Circular. Our agent for service of process in the United States is Mr. Akashdeep Sarpal, Joint General Manager, ICICI Bank Limited, New York Branch, 500 Fifth Avenue, Suite 2830, New York, New York 10110.

History

ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and Indian industry representatives. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses. Until the late 1980s, ICICI primarily focused its activities on project finance, providing long-term funds to a variety of industrial projects. With the liberalization of the financial sector in India in the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services provider that, along with its subsidiaries and other group companies, offered a wide variety of products and services. As India's economy became more market-oriented and integrated with the world economy, ICICI capitalized on the new opportunities to provide a wider range of financial products and services to a broader spectrum of clients. ICICI Bank was incorporated in 1994 as a part of the ICICI group.

The issue of universal banking, which in the Indian context meant conversion of long-term lending institutions such as ICICI into commercial banks, had been discussed at length in the late 1990s. Conversion into a bank offered ICICI the ability to accept low-cost demand deposits and offer a wider range of products and services, and greater opportunities for earning non-fund-based income in the form of banking fees and commissions. ICICI Bank also considered various strategic alternatives in the context of the emerging competitive scenario in the Indian banking industry. ICICI Bank identified a large capital base and size and scale of operations as key success factors in the Indian banking industry. In view of the benefits of transformation into a bank and the Reserve Bank of India's pronouncements on universal banking, ICICI and ICICI Bank merged in 2002.

Shareholding Structure and Relationship with the Government of India

The following table sets forth, at September 14, 2018, certain information regarding the ownership of our equity shares.

	Percentage of Total Equity Shares Outstanding	Number of Equity Shares Held
Government Controlled Shareholders:		
Life Insurance Corporation of India	9.4%	603,252,345
General Insurance Corporation of India and government-owned general insurance companies	1.5	100,420,561
UTI and UTI Mutual Fund	1.2	74,586,584
Other government-controlled institutions, mutual funds, corporations and banks	0.2	12,630,182
Total government-controlled shareholders	**12.3**	**790,889,672**
Other Indian investors:		
Individual domestic investors[(1),(2)]	6.4	411,701,652
HDFC Trustee Co. Ltd. (Various mutual fund accounts)/ HDFC Large Cap Funds	4.2	269,015,215
SBI Mutual Fund/SBI Dual Advantage Fund and other various fund accounts	2.3	147,579,272
ICICI Prudential Mutual Fund (Various mutual fund accounts)	2.2	141,096,273
Reliance Capital Trustee Co. Ltd/Reliance ETF/Reliance Emergent India Fund	1.8	118,629,768
Aditya Birla Sun Life Trustee Private Limited	1.7	107,586,079
Kotak Mutual Fund (Various mutual fund accounts)	1.1	69,814,368
Other mutual funds and banks (other than government-controlled mutual funds and banks)[(2)]	4.0	256,656,729
Indian corporates and others	4.2	274,717,659
Investor education protection fund	0.1	6,049,972
Total other Indian investors	28.0	1,802,846,987
Total Indian investors	**40.3**	**2,593,736,659**
Foreign investors:		
Deutsche Bank Trust Company Americas, as depositary for ADS holders	24.9	1,600,459,545
Dodge and Cox International Stock Fund	6.1	393,781,416
Government of Singapore	1.5	97,186,670
Other foreign institutional investors, foreign banks, overseas corporate bodies, foreign companies, foreign nationals, foreign institutional investors and non-resident Indians[(2)]	27.2	1,749,006,843
Total foreign investors	**59.7**	**3,840,434,474**
Total	**100.0%**	**6,434,171,133**

Notes:

(1) Executive officers and directors (including non-executive directors) as a group held 0.07% of the equity shares at September 14, 2018.

(2) No single shareholder in this group owned 5.0% or more of ICICI Bank's equity shares as of this date.

(3) The Bank issued one bonus share for every 10 equity shares in June 2017. Number of shares have been adjusted accordingly.

The holding of government-controlled shareholders was 12.3% at September 14, 2018 against 12.7% at September 15, 2017 and 13.4% at September 16, 2016. The holding of Life Insurance Corporation of India was 9.4% at September 14, 2018 against 9.6% at September 15, 2017 and 10.6% at September 16, 2016.

We operate as an autonomous and commercial enterprise and the Indian government has never directly held any of our shares. We are not aware of or a party to any shareholders' agreement or voting trust relating to the ownership of the shares held by the government-controlled shareholders. We do not have any agreement with our government-controlled shareholders regarding management control, voting rights, anti-dilution or any other matter. Our Articles of Association provide that the Government of India is entitled, pursuant to the provisions of guarantee agreements between the Government of India and ICICI Bank, to appoint a representative to our Board. The Government of India has appointed one representative to our Board. We have traditionally invited a representative of each of the government-controlled insurance companies that are among our principal institutional shareholders, Life Insurance Corporation of India and General Insurance Corporation of India to join our board. There is currently a representative of Life Insurance Corporation of India but no representative of General Insurance Corporation of India on our Board. See *"Management—Directors and Executive Officers"* for a discussion of the composition of our Board of Directors.

The holding of other Indian investors was 28.0% at September 14, 2018 against 27.1% at September 15, 2017 and 22.3% at September 16, 2016. The total holding of Indian investors was 40.3% at September 14, 2018 against 39.8% at September 15, 2017 and 35.6% at September 16, 2016. The holding of foreign investors was 59.7% at September 14, 2018 against 60.2% at September 15, 2017 and 64.4% at September 16, 2016. See also *"Supervision and Regulation—Reserve Bank of India Regulations—Ownership Restrictions"*. Deutsche Bank Trust Company Americas holds the equity shares represented by 800 million American Depositary Receipts outstanding as depositary on behalf of the holders of the American Depositary Shares. The American Depositary Shares are listed on the New York Stock Exchange. The Reserve Bank of India, exercising its powers under the Banking Regulation Act has notified a ceiling of 15.0% on the voting rights of a single shareholder in a banking company. Therefore, Deutsche Bank Trust Company Americas (as depositary), which held approximately 24.9% of our equity shares at September 14, 2018 can only vote 15.0% of our equity shares. In addition, under the terms of our deposit agreement, Deutsche Bank Trust Company Americas must vote these shares as directed by our Board of Directors. Our ADS holders themselves have no voting rights unlike holders of our equity shares who have voting rights. Except as stated above, no shareholder has differential voting rights. See also *"Overview of the Indian Financial Sector—Structural Reforms—Amendments to the Banking Regulation Act"*.

Strategy

In fiscal 2018, we continued to focus on our strategic priorities of improving our portfolio quality and enhancing our franchise. We maintained our focus on enhancing our retail franchise, including growing our retail loan portfolio and sustaining the proportion of current and savings accounts and retail term deposits in our domestic deposit base. We continued to build our rural and inclusive banking franchise, and focused on strengthening our insurance, asset management and securities businesses. We continued to leverage technology to improve the customer experience as well as our operating efficiency. We adopted a selective approach to lending in the corporate sector with a focus on lending to higher rated corporates. We refined and strengthened the framework for managing concentration risks in lending to the corporate sector through thresholds and limits with respect to single borrower and group exposure, with a focus on reducing concentration risks. We focused on asset resolution in identified areas though the progress was slower than expected. We maintained a strong focus on capital efficiency and unlocking value from our investments in subsidiaries. We continued to maintain a strong capital position with capital adequacy ratios significantly above the regulatory requirements.

The success of our strategy depends on several factors, including our ability to grow our low cost deposit base, grow our loan book profitably, contain non-performing loans, resolve stressed assets promptly, manage our treasury business, maintain regulatory compliance in an evolving regulatory environment, address regulators' assessments of and observations on our operations, and compete effectively in the Indian corporate and retail financial services market. Regulations governing the financial sector in India, including banking, insurance and asset management, continue to evolve, with a potential impact on the growth and profitability of financial services groups such as us. Our overseas branches are primarily funded from wholesale sources and global financial market conditions may impact our ability to raise funds and grow the business of our overseas branches.

Our strategy is to focus on risk-calibrated profitable growth. Our priority will be growing the retail portfolio with a focus on enhancing the customer franchise. We intend to leverage all of our capabilities to be the trusted partner in serving our customers and become their banker of choice. We also plan to continue to invest in technology and preserve our digital leadership by offering best-in-class digital products to customers and automating internal processes to increase efficiency. We will focus on lending to higher rated, well-established corporations and would be cautious in lending to projects under implementation. Our focus will be on growing our core operating profits. As a financial group with a presence across customer segments, products and geographies, we will leverage the synergy across our group companies.

Overview of Our Products and Services

We offer products and services in the commercial banking area to corporate and retail customers, both domestic and international. We also undertake treasury operations and offer treasury-related products and services to our customers. We are also engaged in insurance, asset management, securities business, venture capital and private equity fund management through specialized subsidiaries.

Commercial Banking for Retail Customers

Our commercial banking operations for retail customers consist of retail lending and deposits, credit, debit and prepaid cards, depositary share accounts, distribution of third party investment and insurance products, other fee-based products and services, and the issuance of unsecured redeemable bonds.

Retail Lending Activities

Our retail lending activities include home loans, automobile loans, commercial business loans, business banking loans (including dealer funding and small ticket loans to small businesses), personal loans, credit cards, loans against time deposits, loans against securities, loans against jewelry and retail lending in rural markets. We also fund dealers who sell automobiles and commercial vehicles. Our retail portfolio increased from Rs. 2,440.38 billion constituting 50.6% of gross loans as at March 31, 2017 to Rs. 2,939.95 billion constituting 54.7% of gross loans as at March 31, 2018 and to Rs. 3,015.38 billion, constituting 55.3% of gross loans at June 30, 2018. This was driven primarily by growth in secured retail lending categories like mortgages and automobile loans, business banking loans and loans to rural segments. We also selectively offer unsecured products such as personal loans and credit cards to our customers. We believe that retail credit has a robust long-term growth potential due to India's favorable demographics and under-penetration of retail products in the Indian market.

Our retail asset products are generally fixed rate products repayable in equated monthly installments other than our floating rate home loan portfolio, where any change in the benchmark rate to which the rate of interest on the loan is referenced is passed on to the borrower on the interest reset date at periodic intervals. Any decrease in the rate of interest payable on floating rate home loans is generally implemented by an acceleration of the repayment schedule, keeping the monthly installment amount unchanged. Any increase in the rate of interest payable on floating rate home loans is generally effected in the first instance by an extension of the repayment schedule, keeping the monthly installment amount unchanged. See also *"Risk Factors—Risks Relating to Our Business—Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance"*.

Commercial Banking for Rural and Agricultural Customers

Our rural banking operation caters to the financial requirements of customers in rural and semi-urban locations, primarily engaged in agriculture and allied activities. We offer a comprehensive product suite covering the entire agricultural value chain including farmers, commodity traders, seed and farm input dealers and processors. Our products include working capital loans for growing crops and financing post-harvest activities, including farm equipment loans and financing against warehouse receipts and gold jewelry. We also provide consumption loans for low-income customers. We provide financing to farmers for agriculture and allied activities in the form of working capital loans through the Kisan Credit Card. Our Kisan Credit Card portfolio at June 30, 2018 was Rs. 159.24 billion. In fiscal 2018, some state governments announced agriculture loan waiver schemes for farmers which resulted in non-repayment of loans by some farmers residing in those states. While the cost of such schemes is borne by the state governments, such schemes or borrowers' expectations of such schemes has resulted in higher delinquencies and has led to an increase in non-repayment in the Kisan Credit Card portfolio for banks, including us. See also "*—Loan Portfolio—Directed Lending*".

We offer financial solutions to micro-finance institutions, self-help groups, co-operatives constituted by farmers, corporations and medium-sized enterprises engaged in agriculture-linked businesses. Rural banking services are offered through multiple channels including branches, micro ATMs, point of sale terminals and mobile branches. We are working with telecom companies to offer mobile based banking services. Our rural customers can also avail themselves of basic banking facilities at retail outlets like grocery shops and customer service points through business correspondents. As per the requirement of the Reserve Bank of India, we have formulated a Board-approved financial inclusion plan to provide financial services to customers residing in rural and unbanked areas. From fiscal 2015, we have supported the Government of India's financial inclusion initiative to provide a bank account to every household in unbanked areas of the country. We have enabled remittances and account based transfers, based on Aadhaar, India's unique identification number, for our customers who are beneficiaries of direct benefit transfers under the social security schemes of the Government of India. During fiscal 2016, we began offering insurance and pension products to our customers. The Bank has also tied up with National Commodity and Derivatives Exchange Limited to offer loans against electronic warehouse receipts. In fiscal 2017, the Bank launched a unique mobile application, Mera iMobile, which allows users, including non-ICICI Bank customers, in rural areas to access banking services as well as information on agricultural services. This application provides around 145 services and is available in English and several Indian regional languages. New features like gold loan renewals and railway ticket bookings have been added. Rural banking presents significant challenges in terms of geographical coverage and high unit transaction costs. We continuously explore various models for operating through cost effective structures in rural locations, including technology-based channels and have opened 575 branches at August 31, 2018 in villages that were previously unbanked. We have also pursued initiatives in empowering villages and in creating a digital ecosystem in line with the Government of India's focus to shift towards a less-cash economy. The village promotion programme encompasses digitization of transactions and commercial activities and provides credit facilities and a market linkage to help villagers earn a sustainable livelihood. During fiscal 2017, we converted 100 villages into digital villages and we continued these efforts in fiscal 2018 converting an additional 500 villages into digital villages. In aggregate at March 31, 2018, over 600 villages have been converted into digital villages. See also "*Risk Factors—Risks Relating to Our Business—Entry into new businesses or rapid growth in existing loan portfolios may expose us to increased risks that may adversely affect our business*".

The following table sets forth, at the dates indicated, the break-down of our gross retail finance portfolio.

	As at March 31,		As at June 30,	
	2017	**2018**	**2018**	
		(Rs. in billions)		**(US$ in millions)**
Home loans	Rs. 1,281.90	Rs. 1,505.43	Rs. 1,549.81	US$ 22,638
Commercial business	150.26	173.18	176.35	2,576
Automobile loans	256.09	294.91	299.79	4,379
Business banking(1)	77.42	113.48	111.89	1,634
Others(2),(3)	377.25	454.22	449.55	6,567
Total secured retail finance portfolio	**2,142.92**	**2,541.22**	**2,587.39**	**37,794**
Personal loans	143.65	211.82	226.89	3,314
Business banking(1)	49.46	61.76	65.94	963
Credit card receivables	75.44	96.39	105.96	1,548
Others(2)	28.91	28.76	29.20	427
Total unsecured retail finance portfolio	**297.46**	**398.73**	**427.99**	**6,252**
Total retail finance portfolio	**Rs. 2,440.38**	**Rs. 2,939.95**	**Rs. 3,015.38**	**US$ 44,046**

Notes:

(1) Includes dealer financing and small ticket loans to small businesses.

(2) Primarily includes rural loans and loan against securities.

(3) Includes loans against foreign currency non-resident (bank) deposits of Rs. 16.38 billion at June 30, 2018.

Our unsecured retail portfolio primarily includes personal loans and loans against credit card receivables. In fiscal 2008, following the global financial crisis leading to an increase in interest rates, tightening liquidity and a challenging macro-economic environment and changes in regulations pertaining to the use of recovery agents by banks, we witnessed higher than anticipated losses in the unsecured retail portfolio. We reduced incremental lending in personal loans and credit card issuances, resulting in a decline in the overall unsecured retail lending portfolio. Since fiscal 2013, we have been growing our personal loans and credit card lending portfolio, primarily by offering these products to our existing customers. ICICI Bank's personal loans typically range from Rs. 50,000 to Rs. 4,000,000 in size with tenors of one to five years and yields ranging from 11-22%. At June 30, 2018, our personal loans portfolio was Rs. 226.89 billion compared to Rs. 211.82 billion at March 31, 2018 and Rs. 143.65 billion at March 31, 2017. The credit card receivables portfolio was Rs. 105.96 billion at June 30, 2018, compared to Rs. 96.39 billion at March 31, 2018 and Rs. 75.44 billion at March 31, 2017. The proportion of unsecured retail loans in the total retail portfolio was 12.2% at March 31, 2017, 13.6% at March 31, 2018 and 14.2% at June 30, 2018.

We offer retail lending products primarily in India through ICICI Bank and our wholly owned subsidiary, ICICI Home Finance Company Limited. Our home loan portfolio includes both loans for the purchase and construction of homes as well as loans against property. We also provide loans to customers belonging to economically weaker sections and buying homes in the low-cost affordable housing segment. The loan amount under this segment is generally up to Rs. 3.0 million. Our policies for home loans are based on certain stipulated ratios such as the loan-to-value ratio and the ratio of fixed debt obligations to a borrower's income. In October 2015, the Reserve Bank of India revised the loan-to-value ratios for small size loans and capped the loan-to-value ratio at 90% for home loans up to Rs. 3.0 million, and at 80% for home loans between Rs. 3.0 million and Rs. 7.5 million. Loans above Rs. 7.5 million have a maximum loan-to-value ratio of 75.0%. The initial repayment term of such loans is 15 to 20 years with payments in the form of equated monthly installments. We conduct a part of our housing loan business through ICICI Home Finance Company.

Retail Deposits

Our retail deposit products include time deposits and savings account deposits. We also offer targeted products to specific customer segments such as high net worth individuals, defense personnel, trusts and businessmen. We also offer corporate salary account products and current account (i.e., checking accounts for businesses) products to our small enterprise customers, who maintain balances with us. Further, we offer an international debit card in association with VISA International. At June 30, 2018, we had a debit card base of 43 million cards.

We continuously focus on increasing our current and savings account deposit base and maintaining the proportion of current and savings accounts in our total deposits. Leveraging our branch network in India and on technology platforms to improve the customer experience are critical elements of our strategy. We have been expanding our offerings through mobile phones, including mobile banking applications for account access and various transactions, and a mobile wallet. We open new customer accounts by using tablets to capture customer information digitally. By offering our products and services through technology-enabled channels, we aim to improve the customer experience as well as the efficiency of our operations.

For a description of the Reserve Bank of India's regulations applicable to deposits in India and required deposit insurance, see *"Supervision and Regulation—Reserve Bank of India Regulations—Regulations Relating to Deposits"* and *"Supervision and Regulation—Deposit Insurance"*. For more information on the type, cost and maturity profile of our deposits, see *"—Funding"*.

Fee-Based Products and Services

Through our distribution network, we offer various products including Government of India savings bonds, insurance policies, bullion and public offerings of equity shares and debt securities by Indian companies. We offer several card-based products such as credit cards, debit cards, prepaid cards, travel cards and commercial cards. We also offer a variety of mutual fund products. We levy services charges on deposit accounts.

We also offer foreign exchange products to retail customers including sale of currency notes, traveler's checks and travel cards. We also facilitate retail inward remittances from foreign geographies.

As a depositary participant of the National Securities Depository Limited and Central Depository Services (India) Limited, we offer depositary share accounts to settle securities transactions in a dematerialized mode. Further, we are one of the banks designated by the Reserve Bank of India for issuing approvals to non-resident Indians and overseas corporate bodies to trade in shares and convertible debentures on the Indian stock exchanges.

Lending to Small and Medium-Sized Enterprises

We offer a comprehensive suite of banking products and solutions to small and medium-sized enterprises. We also offer customized products to meet specific business requirements. We have strengthened our capabilities in assessing credit risks across various sectors that enables us to provide customized solutions based on requirements of small and medium-sized enterprises. We also offer online end-to-end supply chain financing solutions and vendor bill discounting through funding to the channel partners of large corporate clients to meet the working capital needs of small businesses. We also have specialized teams for current accounts (i.e. checking accounts), trade finance, cash management services and door-step banking. We are also proactively reaching out to small and medium-sized enterprises through various initiatives such as conducting knowledge sessions, the "SME toolkit"—an online business and advisory resource for small and medium-sized enterprises; and the "Emerging India Awards" and "SME Elite 50"—a recognition platform for small and medium-sized enterprises.

Commercial Banking for Corporate Customers

We provide a range of commercial and investment banking products and services to India's leading corporations and middle market companies. Our product suite includes working capital and term loan products, fee and commission-based products and services, deposits and foreign exchange and derivatives products. The Corporate Banking Group focuses on origination and coverage of all corporate clients. The Corporate Banking Group comprises relationship and credit teams. The Commercial Banking Group is responsible for growing the trade services and transaction banking business through identified branches, while working closely with the corporate relationship teams. The Markets Group provides foreign exchange and other treasury products to corporations. The Project Finance Group focuses on origination of large project finance mandates. We seek to syndicate corporate and project financing among domestic and international banks and institutions.

Corporate Loan Portfolio

Our corporate loan portfolio consists of project and corporate finance (including structured finance and cross-border acquisition financing) and working capital financing. For further details on our loan portfolio, see "*—Loan Portfolio—Loan Concentration*". For a description of our credit rating and approval system, see "*—Risk Management—Credit Risk*".

Project financing constitutes a significant portion of our corporate loan portfolio. Our project finance business consists principally of extending medium-term and long-term rupee and foreign currency loans to the manufacturing and infrastructure sectors. We also provide financing by way of investment in marketable instruments such as fixed rate and floating rate debentures. We generally have a security interest and first charge on the fixed assets of the borrower. Our working capital financing consists mainly of cash credit facilities, overdraft, demand loans and non-fund-based facilities including bill discounting, letters of credit and guarantees. For more details on our credit risk procedures, see "*—Risk Management—Credit Risk*".

From fiscal 2010, the Indian corporate sector undertook significant investments, including in the infrastructure and commodity sectors. This led to high loan growth in the banking sector, including for us. Subsequently, the Indian economy experienced challenges in terms of high inflation and consequently higher interest rates, currency depreciation and a sharp slowdown in economic growth. The corporate sector experienced a decline in sales and profit growth, an elongation of working capital cycles and a high level of receivables, including from the Government of India, and significant challenges in project completion and cash flow generation, due to policy changes, delays in approvals like clearances on environment and land permits, and judicial decisions like the deallocation of coal mines. Indian corporations, especially in the infrastructure and industrial sectors, had limited ability to access capital in view of the economic scenario and volatility in global and domestic financial markets, corporate investment activity declined. From fiscal 2014 onwards, these developments led to an increase in non-performing and restructured corporate loans in the Indian banking sector, including for us, and a substantial moderation in overall loan growth, driven primarily by lower growth in credit to the corporate sector. The corporate sector continued to be impacted due to lower than anticipated cash flow generation and high leverage. The significant decline in global commodity prices in fiscal 2015 and fiscal 2016, including metals, coal and crude oil, negatively impacted borrowers in commodity-linked sectors. Capital investments in the economy remained subdued, impacting corporations in investment-linked sectors like construction. Due to the lower than projected cash flows, the progress in reducing leverage in the corporate sector was slow.

Additions to non-performing loans remained elevated during fiscal 2017 and fiscal 2018. The growth in India's gross domestic product slowed down from 8.1% in fiscal 2016 to 7.1% in fiscal 2017 and 6.7% in fiscal 2018, largely due to subdued industrial growth which moderated from 9.8% in fiscal 2016 to 6.8% in fiscal 2017 and 5.5% in fiscal 2018. The slowdown in economic growth also reflected the alignment to structural reforms introduced by the Government of India, including the withdrawal of high denomination currency notes in November 2016 and the implementation of the goods and services tax system in July 2017, which temporarily disrupted economic activity. However economic activity picked up during the three months ended June 30, 2018, with growth of 8.2% in India's gross domestic product.

During fiscal 2018, the Reserve Bank of India directed banks to commence proceedings under the Insolvency and Bankruptcy Code, enacted in 2016, in respect of certain corporate borrowers. Under this Code, a resolution plan for these borrowers would be required to be finalized within specified timeframes, failing which the borrowers would go into liquidation. The Reserve Bank of India also specified higher provisions in respect of loans to these borrowers. Further, in February 2018, the Reserve Bank of India introduced a new framework for the resolution of stressed assets and withdrew the existing schemes for resolution, resulting in accelerated classification of assets under the resolution schemes of the Reserve Bank of India as non-performing. The new framework requires banks to implement a resolution plan within 180 days in respect of any overdue account where the aggregate exposure of the lenders is Rs. 20.0 billion or more, and failing which the borrower would have to be referred for resolution under the Insolvency and Bankruptcy Code. The process of resolution of accounts referred under the Insolvency and Bankruptcy Code is still evolving with periodic amendments being incorporated to the framework as well as litigation and judicial decisions impacting the framework.

We have adopted a cautious approach in incremental lending by focusing on lending to higher rated corporations and adopting a revised framework for management of concentration risk. See also "*Risk Factors—Risks Relating to Our Business—Our level of non-performing assets is elevated, and if the level of non-performing assets increases further and the overall quality of our loan portfolio continues to deteriorate, our business will suffer*" and "*Business—Strategy*" and "*Operating and Financial Review and Prospects—Executive Summary—Business environment—Trends in fiscal 2018 and Trends during the six months ended September 30, 2018*".

Fee and Commission-Based Activities

We generate fee income from our syndication, structured financing and project financing activities. We seek to leverage our project financing and structuring skills and our relationships with companies and financial institutions and banks to earn fee incomes from structuring and syndication.

We offer our corporate customers a wide variety of fee and commission-based products and services including documentary credits and standby letters of credit (called guarantees in India).

We also offer commercial banking services such as cash management services (such as collection, payment and remittance services), escrow, trust and retention account facilities, online payment facilities, custodial services and tax filing and collection services on behalf of the Government of India and the governments of Indian states. At June 30, 2018, total assets held in custody on behalf of our clients (mainly foreign institutional investors, offshore funds, overseas corporate bodies and depositary banks for GDR investors) were Rs. 2,734.39 billion. As a registered depositary participant of National Securities Depository Limited and Central Depository Services (India) Limited, the two securities depositaries operating in India, we also provide electronic depositary facilities to investors.

Corporate Deposits

We offer a variety of deposit products to our corporate customers including current accounts, time deposits and certificates of deposit. For more information on the type, cost and maturity profile of our deposits, see "—*Funding*".

Foreign Exchange and Derivatives

We provide customer specific products and services, which cater to risk hedging needs of corporations at domestic and international locations, arising out of currency and interest rate fluctuations. The products and services include:

- *Foreign Exchange Products*

Products include cash, tom, spot and forwards transactions. We offer customized hedging and trading solutions to clients, on the basis of their business needs. These products are offered in India and across our international locations.

- *Derivatives*

We offer derivative products including interest rate swaps, currency swaps and options in all major currencies.

Commercial Banking for International Customers

Our strategy for growth in international markets is based on leveraging home country links and technology for international expansion in selected international markets. Our international strategy is focused on building a retail deposit franchise in geographies where we have such licenses, making loans to global multi-national corporations, meeting the foreign currency needs of our Indian corporate clients, taking select non-India trade finance exposures, and lending to corporations in the local jurisdiction. We also focus on managing risks in our international operations and pursue opportunities within a tighter risk framework. We also seek to build stable wholesale funding sources and strong syndication capabilities to support our corporate and investment banking business, and to expand private banking operations for India-centric asset classes.

At June 30, 2018, we had subsidiaries in the United Kingdom and Canada, branches in Bahrain, Dubai International Finance Center, Hong Kong, China, Singapore, Sri Lanka, Qatar Financial Centre, South Africa and the United States and representative offices in Bangladesh, Indonesia, Malaysia and the United Arab Emirates. Our subsidiary in the United Kingdom has established a branch in Antwerp, Belgium and a branch in Frankfurt, Germany.

Many of the commercial banking products that we offer through our overseas branches and subsidiaries, as well as to international customers from our domestic network, such as debt financing, trade finance and letters of credit, are similar to the products offered to our customers in India. Some of the products and services that are unique to international customers are:

- Remittance services: We offer remittance services tailored to meet the needs of diverse customer segments. To facilitate easy transfer of funds to India, we offer a suite of online as well as offline money transfer services that enable non-resident Indians from across 48 countries worldwide to send money to any beneficiary in India with a wide choice of delivery channels including electronic transfers to accounts. With partnerships with over 200 correspondent banks and exchange houses worldwide, the Bank is a significant participant in facilitating cross-border remittance flows into India. In fiscal 2016, we launched "Money2World", a fully-online outward remittance service. Through this service, even non-account holders of ICICI Bank can transfer money online from any bank account in India to any bank account overseas in 16 major currencies. We also enhanced our Money2India website and mobile application for a seamless experience and offer 24*7 instant transfers with confirmed exchange rates.

- TradeWay: An Internet-based document collection product to provide correspondent banks access to real-time online information on the status of their export bills collections routed through us.

- Remittance Tracker: An internet-based application that allows a correspondent bank to check on the status of its payment instructions and to get various information reports online.

- Offshore banking deposits: Multi-currency deposit products in U.S. dollar, pound sterling and Euro.

- Foreign currency non-resident deposits: Foreign currency deposits offered in nine main currencies—U.S. dollar, pound sterling, Euro, yen, Canadian dollar, Singapore dollar, Australian dollar, Hong Kong dollar and Swiss franc.

- Non-resident external fixed deposits: Deposits maintained in Indian rupees.

- Non-resident external savings account: Savings accounts maintained in Indian rupees.

- Non-resident ordinary savings accounts and non-resident ordinary fixed deposits.

Total assets (net of inter-office balances) of ICICI Bank's overseas branches at June 30, 2018 were Rs. 872.34 billion and total advances were Rs. 644.49 billion. Our assets in overseas branches are primarily funded by debt capital market borrowings, syndicated/bilateral loans and borrowings from external commercial agencies. *See also* "*Risk Factors—Risks Relating to Our Business—Our funding is primarily short-term and if depositors do not roll over deposited funds upon maturity, our business could be adversely affected*".

As at June 30, 2018, ICICI Bank UK PLC had six branches in the United Kingdom and branches in Belgium and Germany. ICICI Bank UK made a net loss of US$25.5 million during fiscal 2018, compared to a net loss of US$16.1 million during fiscal 2017. The loss in fiscal 2018 was primarily on account of higher specific provisions on impaired loans. During the three months ended June 30, 2018, ICICI Bank UK made a net profit of US$1.8 million.

As at June 30, 2018, ICICI Bank Canada had eight branches and total assets of CAD 6.4 billion. ICICI Bank Canada made a net profit of CAD 44.2 million during fiscal 2018 compared to a net loss of CAD 33.0 million during fiscal 2017. The loss in fiscal 2017 was mainly on account of higher specific provisions on existing impaired loans. During the three months ended June 30, 2018, ICICI Bank Canada made a net profit of CAD 14.0 million.

See also "Risk Factors—Risks Relating to India and Other Economic and Market Risks—Financial instability in other countries, particularly emerging market countries and countries where we have established operations, could adversely affect our business and the price of the Notes" and "Risk Factors—Risks Relating to Our Business—Our international operations increase the complexity of the risks that we face".

Delivery Channels

We deliver our products and services through a variety of channels, ranging from traditional bank branches to ATMs, call centers, the internet and mobiles. At June 30, 2018, we had a network of 4,867 branches across several Indian states.

The following table sets forth the number of branches broken down by area at June 30, 2018.

	As at June 30, 2018	
	Number of branches and extension counters	% of total
Metropolitan/urban	2,433	50.0%
Semi-urban/rural	2,434	50.0%
Total branches and extension counters	**4,867**	**100.0%**

As a part of its branch licensing conditions, the Reserve Bank of India has stipulated that at least 25.0% of our new banking outlets must be located in Tier 5 and Tier 6 centers defined on the basis of the population size according to the 2011 census. *See also* "*Supervision and Regulation—Regulations Relating to the Opening of Branches*". At June 30, 2018, we had 4,867 branches and 14,394 ATMs of which 5,260 were located at our branches. We view our branches as key points of customer acquisition and service. The branch network serves as an integrated channel for deposit mobilization and selected retail asset origination.

We believe that developments in technology are changing the way customers engage with banks and meet their banking needs. We offer our products and services through a number of technology-enabled channels. We are expanding our suite of services through mobile telephones, including mobile banking applications for account access and various transactions, and a mobile wallet. Our mobile banking application, iMobile, offers more than 200 services which are available across all mobile platforms. We enhanced the mobile banking application during fiscal 2018 by introducing 'Money Coach', an automated personal finance management and mutual fund platform that helps customers navigate their investments by building an investible corpus, creating goals and providing suggestions on how to meet their goals and investing their surplus in suggested mutual funds. Our customers can perform a wide range of transactions at our ATMs. We are also deploying automated devices, such as cash acceptance machines, at our branches to improve customer experience as well as efficiency of our operations. Our employees open new customer accounts by using tablets to capture customer information digitally. Through our website, *www.icicibank.com*, we offer our customers, both retail and corporate, online access to account information, payment and fund transfer facilities and various other services including purchase of investment and insurance products. We provide telephone banking facilities through our call centers. Our customers can also access their accounts and perform transactions via social media platforms. During fiscal 2017, we introduced Chatbots, an artificial intelligence enabled chat feature to perform various banking transactions. iPal, an artificial intelligence powered virtual personal assistant was launched by us in fiscal 2018, which is available on both website and mobile application. We worked closely with the National Payments Corporation of India for the development of the Unified Payment Interface, a payment platform which allows instant fund transfer to any bank account using a virtual payment address, without requiring bank account details. The Unified Payment Interface has been promoted by us through various platforms, such as our mobile application and our digital wallet. In fiscal 2018, we entered into an arrangement as a financial partner with web-based service providers, such as cab aggregators and an online food delivery platform, for enabling digital transactions for customers through our mobile application, iMobile, and digital wallet, Pockets. We developed a mobile application for merchants in India, 'Eazypay', which allows merchants to accept payments on mobile phones through multiple modes including credit/debit cards of any bank, internet banking and our digital wallet. See also "*—Technology*".

Treasury

Through our treasury operations, we seek to manage our balance sheet, including the maintenance of required regulatory reserves, and to optimize profits from our trading portfolio by taking advantage of market opportunities. Our domestic trading and securities portfolio includes our regulatory reserve portfolio, as there is no restriction on active management of our regulatory reserve portfolio. Our treasury operations include a range of products and services for corporate and small enterprise customers, such as forward contracts, interest rate and currency swaps and foreign exchange products and services. *See also "—Commercial Banking for Corporate Customers—Foreign Exchange and Derivatives"*.

Our treasury undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the cash reserve ratio requirement and ensuring the smooth functioning of all our branches. We maintain a balance between interest-earning liquid assets and cash to optimize earnings and undertake reserve management by maintaining statutory reserves, including the cash reserve ratio and the statutory liquidity ratio. At June 30, 2018, we were required to maintain the statutory liquidity ratio requirement percentage at 19.5% of our domestic net demand and time liabilities by way of approved securities such as Government of India securities and state government securities. We maintain the statutory liquidity ratio through a portfolio of Government of India securities that we actively manage to optimize the yield and benefit from price movements. Further, as a prudent liquidity management strategy, we generally maintain excess investments in securities eligible for classification under the statutory liquidity ratio requirement. We are also required to maintain liquidity coverage ratio, as required under Basel III, at a standalone and at a consolidated group level. The minimum requirement is 90.0% since January 1, 2018 and will increase to 100.0% from January 1, 2019. The liquidity coverage ratio requirement is met by investment in high quality liquid assets which are primarily in the form of government securities and better rated corporate bonds. During the three months ended June 30, 2018, we maintained a liquidity coverage ratio at a standalone and at a consolidated group level above the stipulated requirement. The average liquidity coverage ratio of the ICICI Group for the three months ended June 30, 2018 was 110.94%. *See also "Supervision and Regulation—Legal Reserve Requirements"*.

Further, we engage in domestic investments and foreign exchange operations from a centralized trading floor in Mumbai. As a part of our treasury activities, we also maintain proprietary trading portfolios in domestic debt and equity securities and in foreign currency assets. Our treasury manages our foreign currency exposures and the foreign exchange and risk hedging derivative products offered to our customers and engages in proprietary trading in currencies. Our investment and market risk policies are approved by the Board of Directors.

Our domestic investment portfolio is classified into three categories—held-to-maturity, available-for-sale and held-for-trading. Investments are classified as held-to-maturity subject to the current regulation issued by the Reserve Bank of India. Investments acquired by us with the intention to trade by taking advantage of the short-term price/interest rate movements are classified as held-for-trading. The investments which do not fall in the above two categories are classified as available-for-sale. Investments under the held-for-trading category should be sold within 90 days. Under each category the investments are classified under (a) government securities, (b) other approved securities, (c) shares, (d) bonds and debentures, (e) subsidiaries and joint ventures and (f) others. Investments classified under the held-to-maturity category are not marked to market and are carried at acquisition cost, unless the acquisition cost is more than the face value, in which case the premium is amortized over the period until maturity of such securities. At June 30, 2018, 73.42% of our domestic government securities portfolio was in the held-to-maturity category. Any premium over the face value of investments in government securities, classified as available-for-sale, is amortized over the period until maturity of such securities. The individual securities in the available-for-sale category are marked to market. Investments under this category are valued security-wise and depreciation/appreciation is aggregated for each classification. Net depreciation, if any, is provided for. Net appreciation, if any, is ignored. The individual securities in the held-for-trading category are accounted for in a similar manner as those in the available-for-sale category.

The following table sets forth, for the dates indicated, the composition of our investment portfolio.

Particulars	**At March 31,**			**At June 30,**		
	2016	**2017**	**2018**	**2017**	**2018**	**2018**
			(Rupees in billions)			**(US$ in millions)**
Government and other approved securities[1]	Rs. 1,106.49	Rs. 1,104.08	Rs. 1,391.85	Rs. 1,332.74	Rs. 1,337.96	US$ 19,544
Debentures and bonds	92.74	100.75	153.89	81.92	88.54	1,293
Shares	19.87	27.42	23.78	29.62	20.25	296
Others[2]	385.02	382.82	460.42	409.80	416.85	6,089
Total	**Rs. 1,604.12**	**Rs. 1,615.07**	**Rs. 2,029.94**	**Rs. 1,854.08**	**Rs. 1,863.60**	**US$ 27,222**

Notes:

(1) Includes investments in government and other approved securities in India.

(2) Others include investments in subsidiaries and joint ventures, commercial paper, mutual fund units, pass-through certificates, security receipts and investments outside India.

We have investment in equity shares (before provisions and marked-to-market) amounting to Rs. 44.28 billion at June 30, 2018 (excluding equity investment in subsidiaries). The Reserve Bank of India restricts investments in equity securities by banks by prescribing limits linked to capital funds. *See also* "*Supervision and Regulation—Reserve Bank of India Regulations—Regulations Relating to Investments and Capital Market Exposure Limits*".

In general, we pursue a strategy of active management of our long-term equity portfolio to maximize our return on investment. To ensure compliance with the Securities and Exchange Board of India's insider trading regulations, all dealings in our equity and debt investments in listed companies are undertaken by our treasury's equity and corporate bonds dealing desks, which are segregated from both the other groups and desks in the treasury and from our other business groups, and which do not have access to unpublished price-sensitive information about these companies that may be available to us as a lender.

We deal in several major foreign currencies and take deposits from non-resident Indians in major foreign currencies. We also manage onshore accounts in foreign currencies. The foreign exchange treasury manages our portfolio through money market and foreign exchange instruments to optimize yield and liquidity.

We provide a variety of risk management products to our corporate and small and medium enterprise clients, including foreign currency forward contracts and currency and interest rate swaps. We control market risk and credit risk on our foreign exchange trading portfolio through an internal model which sets counterparty limits, stop-loss limits and limits on the loss of the entire foreign exchange trading operations and exception reporting. *See also* "*Risk Management—Quantitative and Qualitative Disclosures About Market Risk—Exchange Rate Risk*".

Principal Non-Banking Subsidiaries

Insurance

We provide a wide range of insurance products and services through our subsidiaries ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company. ICICI Prudential Life Insurance Company Limited is a joint venture with Prudential Corporation Holding Limited, a part of the Prudential PLC group of the United Kingdom. ICICI Lombard General Insurance Company was formed as a joint venture with Fairfax Financial Holdings of Canada. The joint venture was terminated on July 3, 2017.

In fiscal 2015, the Indian parliament approved legislation increasing the foreign shareholding limit in the insurance sector from 26.0% to 49.0%, and removing the requirement that Indian promoters of insurance companies eventually reduce their shareholding to 26.0% following the completion of 10 years of commencement of business by the insurance company. Final regulations were issued by the Government of India in fiscal 2016. Subsequently, we sold 6.0% stake in our life insurance subsidiary, ICICI Prudential Life Insurance Company Limited, during fiscal 2016. In September 2016, we sold a further 12.63% out of our shareholding in ICICI Prudential Life Insurance Company Limited through an offer for sale in an initial public offering of the company's shares. ICICI Prudential Life Insurance Company Limited was listed on the National Stock Exchange of India Limited and BSE Limited on September 29, 2016. In June 2018, we sold an additional 2.0% out of our shareholding in the company through an offer for sale. After these sales, our share ownership in ICICI Prudential Life Insurance Company Limited has now decreased from approximately 74% at year-end fiscal 2015 to approximately 53% at August 31, 2018.

The Insurance Regulatory and Development Authority of India had invited six life insurance companies, including our life insurance subsidiary, to assess their interest in taking over the liabilities of policyholders along with the corresponding assets of Sahara India Life Insurance Company Limited. Our life insurance subsidiary had accordingly made a proposal and subsequently received the order from the Insurance Regulatory and Development Authority of India to take over the life insurance portfolio of Sahara India Life Insurance Company Limited on July 28, 2017. Sahara India Life had appealed against the order and in February 2018 the Securities Appellate Tribunal dismissed the takeover order by the Insurance Regulatory and Development Authority of India.

ICICI Prudential Life Insurance Company Limited had an overall market share of 11.3% based on retail weighted new business received premium during the three months ended June 30, 2018, as compared to a market share of 10.6% for its nearest private sector competitor. It had a market share of 21.0% in the private sector during the three months ended June 30, 2018 compared to 28.0% during the three months ended June 30, 2017 according to the Life Insurance Council. The total premium of ICICI Prudential Life Insurance increased by 21.1% from Rs. 223.5 billion in fiscal 2017 to Rs. 270.7 billion in fiscal 2018. The retail renewal premium increased by 23.1% from Rs. 142.2 billion in fiscal 2017 to Rs. 175.0 billion in fiscal 2018. The retail new business premium increased from Rs. 70.7 billion in fiscal 2017 to Rs. 84.0 billion in fiscal 2018. ICICI Prudential Life Insurance Company

Limited earned a net profit of Rs. 16.2 billion during year-end fiscal 2018 compared to a net profit of Rs. 16.8 billion during year-end fiscal 2017. During the three months ended June 30, 2018, the company earned a net profit of Rs. 2.82 billion, compared to net profit of Rs. 4.06 billion during the three months ended June 30, 2017.

ICICI Prudential has a wholly owned subsidiary, ICICI Prudential Pension Funds Management Company Limited, one of the fund managers for the pension assets of Indian citizens (other than the mandated pension funds of government employees) under the National Pension System.

In fiscal 2010, the Insurance Regulatory and Development Authority of India changed the regulations relating to unit-linked life insurance products. Subsequently, the Insurance Regulatory and Development Authority of India also issued revised regulations relating to non-linked life insurance products, which became effective during fiscal 2014. The key changes related to commissions payable to agents and distributors, lapse of policies, surrender values and minimum death benefits. As a result of these changes, the life insurance sector experienced low growth and changes in the product mix in recent years, as life insurance companies were required to modify their products and distribution strategies. While there was initially a shift in the product mix towards non-unit linked products, more recently the share of unit-linked products has increased primarily due to favorable cost structures of these products from a customer perspective, as well as improved capital market conditions. Linked products contributed to 81.9% of the annualized premium equivalent of ICICI Prudential Life Insurance Company Limited in fiscal 2018 compared to 84.1% in fiscal 2017 and 80.8% in fiscal 2016. See also *"Risk Factors—Risks Relating to Our Business—While our insurance businesses are an important part of our business, there can be no assurance of their future rates of growth or levels of profitability"* and *"Operating and Financial Review and Prospects—Segment Revenues and Assets—Life Insurance"*. Further, the Insurance Regulatory and Development Authority of India has issued guidelines on bancassurance (i.e., the practice of banks selling insurance products in a marketing arrangement with insurance companies). As per the guidelines, banks can partner with three insurance companies each in life, non-life and health insurance sectors.

We sold a 9.0% stake in our general insurance company, ICICI Lombard General Insurance Company, during fiscal 2016 to our then joint venture partner, Fairfax Financial Holdings (through its affiliate). Following the transaction, the share ownership in ICICI Lombard General Insurance Company of ICICI Bank and Fairfax Financial Holdings Limited was approximately 64% and 35%, respectively. In July 2017, Fairfax Financial Holdings (through its affiliate) sold equity shares comprising 12.18% of the issued and paid-up capital of the company to three investors. In June 2017, our Board of Directors approved the sale of a part of our shareholding in ICICI Lombard General Insurance Company Limited in an initial public offering by the company, subject to requisite approvals and market conditions. On July 3, 2017 our joint venture agreement with Fairfax Financial Holdings was terminated. In September 2017, we sold a further 7% out of our shareholding and Fairfax Financial Holdings (through its affiliate) further sold 12% of its shareholding in ICICI Lombard General Insurance Company through an offer for sale in an initial public offering of the company's shares. ICICI Lombard General Insurance Company was listed on the National Stock Exchange of India Limited and BSE Limited on September 27, 2017. After this sale, our share ownership in ICICI Lombard General Insurance Company came down from approximately 63% to approximately 56%.

ICICI Lombard General Insurance Company's gross direct premium income was Rs. 123.6 billion during fiscal 2018, a growth of 15.2% compared to fiscal 2017. ICICI Lombard General Insurance Company was the largest private general insurer with an overall industry market share of 10.1% in gross direct premium income amongst all general insurance companies during the three months ended June 30, 2018 according to the General Insurance Council of India. ICICI Lombard General Insurance Company earned a net profit of Rs. 8.6 billion in fiscal 2018 compared to a net profit of Rs. 7.0 billion in fiscal 2017. During the three months ended June 30, 2018, ICICI Lombard General Insurance Company earned a profit after tax of Rs. 2.89 billion compared to a profit after tax of Rs. 2.14 billion during the three months ended June 30, 2017.

ICICI Bank earns commissions and fees from these subsidiaries as a distributor for sales of life and general insurance products.

Asset Management

We provide asset management services through our subsidiary, ICICI Prudential Asset Management Company. ICICI Prudential Asset Management Company is a joint venture with Prudential PLC of the United Kingdom. We have 51.0% interest in the entity. ICICI Prudential Asset Management Company also provides portfolio management services and advisory services to clients. ICICI Prudential Asset Management Company had average mutual fund assets under management of Rs. 3,057.4 billion during fiscal 2018. ICICI Prudential Asset Management Company earned a net profit of Rs. 6.3 billion during fiscal 2018 compared to a net profit of Rs. 4.8 billion in fiscal 2017. During the three months ended June 30, 2018, ICICI Prudential Asset Management Company earned a net profit of Rs. 0.80 billion compared to a net profit of Rs. 1.41 billion during the three months ended June 30, 2017.

ICICI Securities Limited

ICICI Securities Limited is engaged in investment banking, broking and financial product distribution. ICICI Securities Limited has an online trading portal called *icicidirect.com*. ICICI Securities Limited has a subsidiary in the United States, ICICI Securities Holdings Inc., which in turn has a subsidiary in the United States, ICICI Securities Inc., which is registered as a broker dealer with the Securities and Exchange Commission. ICICI Securities Inc., which is a member of the Financial Industry Regulatory Authority in the United States; also has a branch office in Singapore that is registered with the Monetary Authority of Singapore where it holds a capital markets services license for dealing in securities in Singapore. ICICI Securities Inc. is also registered as an international dealer in Canada in the provinces of British Columbia, Ontario and Quebec. ICICI Securities Limited (consolidated) earned a net profit of Rs. 5.6 billion in fiscal 2018 compared to a net profit of Rs. 3.4 billion in fiscal 2017. During the three months ended June 30, 2018, ICICI Securities Limited earned a net profit of Rs. 1.34 billion compared to a net profit of Rs. 1.18 billion during the three months ended June 30, 2017. In March 2018, we sold a part of our shareholding in ICICI Securities through an offer for sale in an initial public offering of the company. ICICI Securities Limited was listed on the National Stock Exchange of India Limited and BSE Limited on April 04, 2018. After this sale, our share ownership in ICICI Securities Limited came down from 100% to approximately 79%.

ICICI Securities Primary Dealership

ICICI Securities Primary Dealership is engaged in the primary dealership of Government of India securities. It also deals in other fixed income securities. In addition to this, it has underwriting, portfolio management services and placement of debt and money market operations. ICICI Securities Primary Dealership earned a net profit of Rs. 1.1 billion in fiscal 2018 compared to a net profit of Rs. 4.1 billion in fiscal 2017. During the three months ended June 30, 2018, ICICI Securities Primary Dealership registered a net loss of Rs. 0.36 billion compared to a net profit of Rs. 0.66 billion during the three months ended June 30, 2017. The revenues of the business are directly linked to conditions in the fixed income market.

Venture Capital and Private Equity

Our subsidiary ICICI Venture Funds Management Company Limited is a diversified specialist alternative asset manager with a presence across private equity, real estate, infrastructure and special situations. During fiscal 2018, ICICI Venture concluded five new investments involving an aggregate capital outlay of US$254 million (including co-investments) across India Advantage Fund Series 4 and AION (a strategic partnership between ICICI Venture and Apollo Global Management in the area of special situations). ICICI Venture also concluded nine full or partial exits across various funds for an aggregate realization of US$275 million. The final closing of the fourth private equity fund, India Advantage Fund Series 4, was concluded taking the total capital to US$350 million (including co-investment capital). ICICI Venture also concluded the first closing of its third real estate fund, India Real Estate Investment Fund, at Rs. 3.45 billion. ICICI Venture reported a net profit of Rs. 0.11

billion in fiscal 2018 compared to a profit of Rs. 0.09 billion in fiscal 2017. During the three months ended June 30, 2018, ICICI Venture Funds Management Company Limited made a net profit of Rs. 0.03 billion compared to a net loss of Rs. 0.01 billion during the three months ended June 30, 2017.

Funding

Our funding operations are designed to ensure stability of funding, minimize funding costs and effectively manage liquidity. Our primary source of domestic funding is deposits raised from both retail and corporate customers. We also raise funds through short-term rupee borrowings and domestic or overseas bond offerings. Our domestic bond borrowings include long-term bond borrowings for financing infrastructure projects and low-cost housing in accordance with the Reserve Bank of India guidelines.

Our overseas branches are primarily funded by bond issuances, syndicated loans from banks, money market borrowings, interbank bilateral loans and borrowings from external commercial agencies. *See also "—Risk Factors—Risks relating to Our Business—Our funding is primarily short-term and if depositors do not roll over deposited funds upon maturity, our business could be adversely affected"*.

Our deposits were 64.7% of our total liabilities at June 30, 2018 compared to 63.9% of our total liabilities at June 30, 2017. Our borrowings were 19.2% of our total liabilities at June 30, 2018 compared to 18.6% of our total liabilities at June 30, 2017. Our deposits increased by 12.5% from Rs. 4,862.54 billion at June 30, 2017 to Rs. 5,468.78 billion at June 30, 2018. Our borrowings increased by 14.5% from Rs. 1,414.60 billion at June 30, 2017 to Rs. 1,619.70 billion at June 30, 2018 primarily due to an increase in foreign currency call money borrowings, refinance borrowings and subordinated bond borrowings.

The following table sets forth, at the dates indicated, our outstanding deposits and the percentage composition for each category of deposit.

	At March 31,				**At June 30,**				
	2017		**2018**		**2017**		**2018**		
	Amount	**% of total**	**Amount**	**% of total**	**Amount**	**% of total**	**Amount**	**% of total**	**(US$ in millions)**
Savings deposits	1,718.39	35.1%	2,009.67	35.8%	1,699.50	35.0%	1,996.04	36.5%	29,156
Other demand deposits[(1)]	749.83	15.3%	889.58	15.9%	680.74	14.0%	766.89	14.0%	11,202
Term deposits	2,432.17	49.6%	2,710.50	48.3%	2,482.30	51.0%	2,705.85	49.5%	39,525
Total deposits	**4,900.39**	**100.0%**	**5,609.75**	**100.0%**	**4,862.54**	**100.0%**	**5,468.78**	**100.0%**	**79,883**

Note:

(1) Includes current account deposits.

The following table sets forth, for the periods indicated, the average volume (i.e., the average daily balance) and average cost of deposits by type of deposit.

	For the year ended March 31,				For the three months ended June 30,				
	2017		2018		2017		2018		
	Amount	Cost	Amount	Cost	Amount	Cost[1]	Amount	Cost[1]	(US$ in millions)
Interest-bearing deposits:									
Savings deposits . . .	1,392.49	4.0%	1,650.59	3.7%	1,571.73	4.0%	1,817.70	3.6%	26,551
Term deposits	2,389.88	7.3%	2,617.16	6.6%	2,515.76	6.8%	2,819.14	6.6%	41,179
Non-interest-bearing deposits:									
Other demand deposits[2]	460.32	—	541.27	—	521.43	—	594.61	—	8,686
Total deposits	**4,242.69**	**5.4%**	**4,809.02**	**4.9%**	**4,608.92**	**5.1%**	**5,231.45**	**4.8%**	**76,416**

Notes:

(1) Represents annualized interest expense divided by the average balances.

(2) Includes current account deposits.

Our average deposits increased from Rs. 4,608.92 billion at an average cost of 5.1% for the three months ended June 30, 2017 to Rs. 5,231.45 billion at an average cost of 4.8% for the three months ended June 30, 2018. Our average term deposits increased from Rs. 2,515.76 billion at an average cost of 6.8% for the three months ended June 30, 2017 to Rs. 2,819.14 billion at an average cost of 6.6% for the three months ended June 30, 2018. The cost of term deposits decreased from 6.8% in the three months ended June 30, 2017 to 6.6% in the three months ended June 30, 2018. Our average savings deposits increased from Rs. 1,571.73 billion at an average cost of 4.0% for the three months ended June 30, 2017 to Rs. 1,817.70 billion at an average cost of 3.6% for the three months ended June 30, 2018. The cost of savings deposits decreased from 4.0% in the three months ended June 30, 2017 to 3.6% in the three months ended June 30, 2018 primarily due to our reduction in savings deposit rates of 50 basis points on deposits below Rs. 5 million.

The following table sets forth the maturity profile of term deposits at June 30, 2018. Non-interest bearing deposits and savings deposits can be withdrawn on demand.

	Up to one year	After one year and within three years	After three years	Total	Total
	(Rs. in billions)				(US$ in millions)
Term deposits	1,322.21	411.44	972.19	2,705.85	39,525

The following table sets forth, for the periods indicated, average outstanding borrowings. The average cost of borrowing is provided in the footnotes.

	For the year ended March 31,		For the three months ended June 30,		
	2017	2018	2017	2018	
	Amount	Amount	Amount	Amount	Amount
	(Rupees in billions)				(US$ in millions)
Rupee borrowing[1],[2]	630.76	658.34	627.32	712.65	10,410
Foreign currency borrowing[1],[3]	1,069.70	914.99	877.48	986.73	14,413
Total	**1,700.46**	**1,573.33**	**1,504.80**	**1,699.38**	**24,823**

Notes:

(1) Includes publicly and privately placed bonds, borrowings from institutions and interbank overnight borrowings.

(2) Average cost of rupee borrowing was 9.7% for fiscal 2017, 8.6% for fiscal 2018, 8.8% for the three months ended June 30, 2017 and 8.6% for the three months ended June 30, 2018.

(3) Average cost of foreign currency borrowing was 3.2% for fiscal 2017, 3.1% for fiscal 2018, 3.1% for the three months ended June 30, 2017 and 3.3% for the three months ended June 30, 2018.

Our average borrowings increased from Rs. 1,504.80 billion for the three months ended June 30, 2017 to Rs. 1,699.38 billion for the three months ended June 30, 2018. At June 30, 2018, our outstanding debt capital instruments were Rs. 304.91 billion. The outstanding debt capital instruments include debt that is classified either as Additional Tier I or Tier II capital in calculating the capital adequacy ratio as per the grandfathering rules in accordance with the Reserve Bank of India's regulations on capital adequacy as per Basel III. See also *"Supervision and Regulation—Reserve Bank of India Regulations"*.

Risk Management

As a financial intermediary, we are exposed to risks that are particular to our lending, transaction banking and trading businesses and the environment within which we operate. Our goal in risk management is to ensure that we understand, measure, monitor and manage the various risks that arise and that the organization adheres to the policies and processes, which are established to address these risks.

The key principles underlying our risk management framework are as follows:

- The Board of Directors has oversight of all the risks assumed by us.

- Specific committees of the Board have been constituted to facilitate focused oversight of various risks. For a discussion of these and other committees, see "*Management*".

- The Risk Committee reviews risk management policies in relation to various risks (including credit risk, market risk, liquidity risk, interest rate risk and operational risk), key risk indicators and risk profile (covering areas including credit risk, market risk, liquidity risk, operational risk, technology risk, reputation risk, compliance risk, capital at risk, management risk and group risk). The Committee reviews the stress-testing framework that includes a wide range of institution-specific and market (systemic) scenarios. The Risk Committee also assesses our capital adequacy position, based on the risk profile of our balance sheet and reviews the implementation status of capital regulations.

- The Credit Committee reviews the credit quality of the major portfolios, developments in key industrial sectors and exposure to these sectors and exposures to large borrower groups in addition to approving certain exposures as per the credit approval authorization policy approved by the Board of Directors.

- The Audit Committee provides direction to and monitors the quality of the compliance and internal audit function.

- The Fraud Monitoring Committee reviews frauds above certain values, suggests corrective measures to mitigate fraud risks and monitors the efficacy of remedial actions.

- The Information Technology Strategy Committee approves strategy for information technology and policy documents, ensures that the information technology strategy is aligned with the business strategy, reviews information technology risks, ensures proper balance of information technology investments for sustaining our growth, oversees the aggregate funding of information technology, ascertains if the management has resources to ensure the proper management of information technology risks and reviews contribution of information technology to our business.

- Policies approved from time to time by the Board of Directors 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 our organization to facilitate independent evaluation, monitoring and reporting of various risks. These groups function independently of the business groups/sub-groups.

The risk management framework forms the basis for developing consistent risk principles across the Bank and its overseas banking subsidiaries. The Board of Directors approves the Enterprise Risk Management and Risk Appetite Framework and thresholds or limits structure under which various business lines operate.

We are primarily exposed to credit risk, market risk, liquidity risk, operational risk, technology risk and reputation risk. We have centralized groups, the Risk Management Group, the Compliance Group, the Corporate Legal Group, the Financial Crime Prevention and Reputation Risk Management Group and the Internal Audit Group with a mandate to identify, assess and monitor all of our principal risks in accordance with well-defined policies and procedures. In addition, the Credit Monitoring Group, Treasury Control and Services Group and the Operations Group monitor operational adherence to regulations, policies and internal approvals.

The Risk Management Group is further organized into the Credit Risk Management Group, Market Risk Management Group, Operational Risk Management Group and Information Technology Risk Management Group. The Risk Management Group report to the Risk Committee of the Board of Directors. The Compliance Group and the Internal Audit Group report to the Audit Committee of the Board of Directors. The Risk Management Group, Compliance and Internal Audit Groups have administrative reporting to the President—Corporate Centre. The Credit Monitoring Group, Treasury Control and Services Group and Operations Group report to an Executive Director. These groups are independent of the business units and coordinate with representatives of the business units to implement our risk management methodologies.

Credit Risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to us. In its lending operations, ICICI Bank is principally exposed to credit risk.

The credit risk is governed by the Credit and Recovery Policy (credit policy) approved by the Board of Directors. The Credit and Recovery Policy outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits.

ICICI 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. ICICI Bank has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Country Risk Management Policy addresses the recognition, measurement, monitoring and reporting of country risk.

The risk environment is currently volatile due to factors such as slowdown in the capital expenditure cycle in India, high leverage in some corporate groups and event risks. Considering these aspects, we have established a risk appetite and limit structure, with respect to credit risk, and specifically concentration risk.

We have taken the following key measures:

- hard limits for group and borrower exposures based on rating and track record.

- rating based limits with respect to incremental asset origination in the corporate portfolio.

- establishment of a separate credit monitoring group to enhance focus on monitoring of borrowers and to facilitate proactive action wherever required.

- enhanced monitoring of retail product portfolios through periodic reviews and vintage curve analysis.

- The credit committee of the Board reviews the portfolio and large exposure groups.

Credit Approval Authorities

The Board of Directors has delegated credit approval authority to various committees, forums and individual officers under the credit approval authorization policy. The credit approval authorization policy is based on the level of risk and the quantum of exposure, and is designed to ensure that transactions with higher exposure and higher levels of risk are sent to a correspondingly higher forum/committee for approval.

The Bank has established several levels of credit approval authorities for its corporate banking activities—the Credit Committee, the Committee of Executive Directors, the Committee of Senior Management, the Committee of Executives and Regional Committees. For certain exposures to small and medium-sized enterprises and rural and agricultural loans under programs, approval under a joint authorization framework has been established. These forums sanction programs formulated through a cluster-based approach wherein a lending program is implemented for a homogeneous group of individuals or business entities that comply with certain norms. To be eligible for funding under the programs, borrowers need to meet the stipulated credit norms and obtain a minimum score on a scoring model. We have incorporated control norms, borrower approval norms and review triggers in all such programs.

Retail credit facilities are required to comply with approved product policies. All products policies are approved by the Committee of Executive Directors. The individual credit proposals are evaluated and approved by individual officers/forums on the basis of the product policies.

Credit Risk Assessment Methodology for Standalone Entities

All credit proposals other than retail products, program lending, score card-based lending to small and medium-sized enterprises and agri-businesses and certain other specified products are rated internally by the Credit Risk Management Group, prior to approval by the appropriate forum.

The Credit Risk Management Group rates proposals, carries out industry analysis, tracks the quality of the credit portfolio and reports periodically to the Credit Committee and the Risk Committee. For non-retail exposures, the Credit Monitoring Group verifies adherence to the terms of the approval prior to the commitment and disbursement of credit facilities. We also manage credit risk through various limit structures, which are in line with the Reserve Bank of India's prudential guidelines. The Bank has set up various exposure limits, including the single borrower exposure limit, the group borrower exposure limit, the industry exposure limit, the unsecured exposure limit, and limits on exposure to sensitive sectors such as capital markets, non-banking finance companies and real estate. Rating-based thresholds, hard limits for group and borrower exposures based on rating and track record and limits on incremental sanctions have also been put in place. Limits on countries and bank counterparties have also been stipulated.

ICICI Bank has an established credit analysis procedure leading to appropriate identification of credit risk both at the individual borrower and the portfolio level. Appropriate appraisal and credit rating methodologies have been established for various types of products and businesses. The methodology involves assessment of quantitative and qualitative parameters. For example, for any large corporate, the rating methodology entails a comprehensive evaluation of the industry, borrower's business position in the industry (benchmarking), financial position and projections, quality of management, impact of projects being undertaken by the borrower and structure of the transaction.

Borrower risk is evaluated by considering:

- the risks and prospects associated with the industry in which the borrower is operating (industry risk);
- the financial position of the borrower by analyzing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy (financial risk);
- the borrower's relative market position and operating efficiency (business risk);
- the quality of management by analyzing their track record, payment record and financial conservatism (management risk); and
- the risks with respect to specific projects, both pre-implementation, such as construction risk and funding risk, as well as post-implementation risks such as industry, business, financial and management risks related to the project (project risk).

After conducting an analysis of a specific borrower's risk, the Credit Risk Management Group assigns a credit rating to the borrower. We have a scale of 12 ratings ranging from AAA to B. A borrower's credit rating is a vital input for the credit approval process. The borrower's credit rating and the default pattern corresponding to that credit rating, forms an important input in the risk-based pricing framework of the Bank. Every proposal for a financing facility is prepared by the relevant business unit and reviewed by the Credit Risk Management Group before being submitted for approval to the appropriate approval authority. The approval process for non-fund facilities is similar to that for fund-based facilities. The credit rating for every borrower is reviewed periodically. We also review the ratings of our borrowers in a particular industry upon the occurrence of any significant event impacting that industry.

On our current rating scale, ratings of below BBB- (i.e., BB and B ratings) are considered to be relatively high-risk categories. Our current credit policy does not expressly provide a minimum rating required for a borrower to be considered for a loan. All corporate loan proposals with an internal rating of below BBB- are sent to our Credit Committee for its approval.

The following table sets forth a description of our internal rating grades linked to the likelihood of loss:

Grade	Definition
(I) Investment grade	Entities/obligations are judged to offer moderate to high protection with regard to timely payment of financial obligations.
AAA, AA+, AA, AA-	Entities/obligations are judged to offer high protection with regard to timely payment of financial obligations.
A+, A, A-	Entities/obligations are judged to offer an adequate degree of protection with regard to timely payment of financial obligations.
BBB+, BBB and BBB-	Entities/obligations are judged to offer moderate protection with regard to timely payment of financial obligations.
(II) Below investment grade (BB and B)	Entities/obligations are judged to carry inadequate protection with regard to timely payment of financial obligations.

At June 30, 2018, the fund-based and non-fund-based outstanding to standard borrowers in the corporate and small and medium-sized enterprises segment rated BB and below was Rs. 246.29 billion.

Working capital loans are generally approved for a period of 12 months for facilities internally rated A-or below and 24 months for transaction for facilities internally rated A or above. At the end of the 12-month validity period, we review the loan arrangement and the credit rating of the borrower. On completion of this review, a decision is made on whether to renew the working capital loan arrangement.

The following sections detail the risk assessment process for various business segments:

Assessment of Project Finance Exposures

ICICI Bank has a framework for the appraisal and execution of project finance transactions. We believe that this framework creates optimal risk identification, allocation and mitigation and helps minimize residual risk.

The project finance approval process begins with a detailed evaluation of technical, commercial, financial, marketing and management factors and the sponsor's financial strength and experience. Once this review is completed, an appraisal memorandum is prepared for credit approval purposes. As part of the appraisal process, a risk matrix is generated, which identifies each of the project risks, mitigating factors and residual risks associated with the project. The appraisal memorandum analyzes the risk matrix and establishes the viability of the project. After credit approval, a letter of intent is issued to the borrower, which outlines the principal financial terms of the proposed facility, sponsor obligations, conditions precedent to disbursement, undertakings from and covenants on the borrower. After completion of all formalities by the borrower, a loan agreement is entered into with the borrower.

In addition to the above, in the case of structured project finance in areas such as infrastructure, oil, gas and petrochemicals, as a part of the due diligence process, we appoint consultants, wherever considered necessary, to advise the lenders, including technical advisors, business analysts, legal counsel and insurance consultants. These consultants are typically internationally recognized and experienced in their respective fields. Risk mitigating factors in these financings include creation of debt service reserves and channeling project revenues through a trust and retention account.

ICICI Bank's project finance loans are generally fully secured and have full recourse to the borrower. In most cases, ICICI Bank has a security interest and first lien on all the fixed assets. Security interests typically include property, plant and equipment as well as other tangible assets of the borrower, both present and future. ICICI Bank's borrowers are required to maintain comprehensive insurance on their assets where ICICI Bank is recognized as payee in the event of loss. In some cases, ICICI 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. In certain industry segments, ICICI Bank also takes security interest in relevant project contracts such as concession agreements, off-take agreements and construction contracts as part of the security package.

ICICI Bank generally disburses funds after the entire project funding is committed and vital contractual arrangements have been entered into. Funds are disbursed in tranches to pay for approved project costs as the project progresses. When we appoint technical and market consultants, they are required to monitor the project's progress and certify all disbursements. We also require the borrower to submit periodic reports on project implementation, including orders for machinery and equipment as well as expenses incurred. Project completion is contingent upon satisfactory operation of the project for a certain minimum period and, in certain cases, the establishment of debt service reserves. We continue to monitor the credit exposure until our loans are fully repaid.

Assessment of Corporate Finance Exposures

As part of the corporate loan approval procedures, ICICI Bank carries out a detailed analysis of funding requirements, including normal capital expenses, long-term working capital requirements and temporary imbalances in liquidity. ICICI Bank's funding of long-term core working capital requirements is assessed on the basis, among other things, of the borrower's present and proposed level of inventory and receivables. In case of corporate loans for other funding requirements, we undertake a detailed review of those requirements and an analysis of cash flows. Corporate finance loans are generally secured by a first charge on fixed assets, which normally consists of property, plant and equipment. We may also take as security a pledge of financial assets, such as marketable securities, and obtain corporate guarantees and personal guarantees wherever appropriate. In certain cases, the terms of financing include covenants relating to sponsors' shareholding in the borrower and restrictions on the sponsors' ability to sell all or part of their shareholding. We also provide unsecured loans to higher rated, well-established corporate borrowers.

The focus of ICICI Bank's structured corporate finance products is on cash flow-based financing. We have a set of distinct approval procedures to evaluate and mitigate the risks associated with such products. These procedures include:

- carrying out a detailed analysis of cash flows to forecast the amounts that will be paid and the timing of the payments based on an exhaustive analysis of historical data;
- conducting due diligence on the underlying business systems, including a detailed evaluation of the servicing and collection procedures and the underlying contractual arrangements; and
- paying particular attention to the legal, accounting and tax issues that may impact the structure.

Our analysis enables us to identify risks in these transactions. To mitigate risks, we use various credit enhancement techniques, such as collateralization, cash collateralization, creation of escrow accounts and debt service reserves. We also have a monitoring framework to enable continuous review of the performance of such transactions.

With respect to financing for corporate mergers and acquisitions, we carry out detailed due diligence on the acquirer as well as the target's business profile. The key areas covered in the appraisal process include:

- assessment of the industry structure in the target's host country and the complexity of the business operations of the target;
- financial, legal, tax, technical due diligence (as applicable) of the target;
- appraisal of potential synergies and likelihood of their being achieved;
- assessment of the target company's valuation by comparison with its peer group and other transactions in the industry;
- analysis of regulatory and legal framework of the overseas geographies with regard to security creation, enforcement and other aspects;
- assessment of country risk aspects and the need for political insurance; and
- the proposed management structure of the target post-takeover and the ability and past experience of the acquirer in completing post-merger integration.

Assessment of Working Capital Finance Exposures

We carry out a detailed analysis of borrowers' working capital requirements. Credit limits are established in accordance with the credit approval authorization approved by the Bank's Board of Directors. Once credit limits are approved, we calculate the amounts that can be lent on the basis of monthly statements provided by the borrower and the margins stipulated. Quarterly information statements are also obtained from borrowers to monitor the performance on a regular basis. Monthly cash flow statements are obtained where considered necessary. Any irregularity in the conduct of the account is reported to the appropriate authority on a regular basis. Credit limits are reviewed on a periodic basis.

Working capital facilities are primarily secured by inventories, receivables and other current assets. Additionally, in certain cases, these credit facilities are secured by personal guarantees of directors, or subordinated security interests in the tangible assets of the borrower including plant and machinery and covered by personal guarantees of the promoters.

Assessment of Retail Loans

The sourcing and approval of retail credit exposures are segregated to achieve independence. The Credit Risk Management Group, Credit and Policy Group and credit teams are assigned complementary roles to facilitate effective credit risk management for retail loans.

The Credit and Policy Group is responsible for preparing credit policies/operating policies. The Credit Risk Management Group oversees the credit risk issues for retail assets including the review of all credit policies and operating policies proposed for approval by the Board or forums authorized by the Board. The Credit Risk Management Group is involved in portfolio monitoring of all retail assets and in suggesting and implementing policy changes. Independent units within retail banking, focus on customer-segment specific strategies, policy formulation, portfolio tracking and monitoring, analytics, score card development and database management. The credit team, which is independent from the business unit, oversees the underwriting function and is organized geographically to support the retail sales and service structure.

Our customers for retail loans are primarily middle and high-income, salaried and self-employed individuals. Except for personal loans and credit cards, ICICI Bank requires a contribution from the borrower and its loans are secured by the asset financed.

The Bank's credit officers evaluate credit proposals on the basis of operating policies approved by the Committee of Executive Directors. The criteria vary across product segments but typically include factors such as the borrower's income, the loan-to-value ratio and demographic parameters. External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes in the case of loans made to retail borrowers. In making its credit decisions, ICICI Bank draws upon a centralized database on delinquent loans and reports from the credit bureau to review the borrower's profile. For mortgage loans and used vehicle loans, a valuation agency or an in-house technical team carries out the technical valuations. In the case of credit cards, in order to limit the scope of individual discretion, ICICI Bank has implemented a credit-scoring program that assigns a credit score to each applicant based on certain demographic and credit bureau variables. The credit score then forms one of the criteria for loan evaluation. For loans against gold ornaments and gold coins, emphasis is given on ownership and authenticity (purity and weight) of the jewelry for which an external appraiser is appointed by the Bank. Norms with respect to the loan-to-value ratio have been laid down.

ICICI Bank has lending programs for business banking customers, based on various financial and non-financial parameters and target market norms. The program criteria are approved by the Committee of Executive Directors and individual credit proposals are assessed by the credit team based on these approved criteria. The Committee of Executive Directors of ICICI Bank reviews the portfolio on a periodic basis. The renewal of programs is approved by the Committee of Executive Directors.

We have established centralized operations to manage operating risk in the various back-office processes of our retail loan business except for a few operations, which are decentralized to improve turnaround time for customers. A separate team under the Credit and Policy Group undertakes review and audits of credit quality and processes across different products. The Bank also has a debt services management group structured along various product lines and geographical locations, to manage debt recovery. The group operates under the guidelines of a standardized recovery process. A Financial Crime Prevention Group has been established as a dedicated and independent group, overseeing/handling the fraud prevention, detection, investigation, monitoring, reporting and awareness creation functions.

Assessment Procedures for Small Enterprises Loans

ICICI Bank finances small enterprises, which include individual cases and financing dealers and vendors of companies by implementing structures to enhance the base credit quality of the vendor/dealer. Small enterprise credit also includes financing extended directly to small enterprises as well as financing extended on a cluster-based approach in which credit is extended to small enterprises that have a homogeneous profile. The risk assessment of such a cluster involves the identification of appropriate credit norms for the target market, the use of scoring models for enterprises that satisfy these norms and a comprehensive appraisal of those enterprises which are awarded a minimum required score in the scoring model. A detailed appraisal is performed based on the financial as well as non-financial parameters to identify the funding needs of the enterprise in all the cases. The group also finances small businesses based on analysis of the business and financials. The assessment includes a scoring model with a minimum score requirement before appraisal of these enterprises is conducted.

ICICI Bank also finances small and medium-sized enterprises, dealers and vendors linked to these entities by implementing structures to enhance the base credit quality of the vendor or dealer. The process involves an analysis of the base credit quality of the vendor or dealer pool and an analysis of the linkages that exist between the vendor or dealer and the company.

The risk management policy also includes setting up of portfolio control norms, continuous monitoring renewal norms as well as stringent review and exit triggers to be followed while financing such clusters or communities.

Assessment Procedures for Rural and Agricultural Loans

The rural and agricultural portfolio consists of loans to retail customers in the rural sector through programs and direct loans to corporations, small and medium-sized enterprises and intermediaries linked to these entities. The programs offered include lending to farmers for crop cultivation and other allied agricultural activities (in the form of Kisan credit cards and agricultural term loans), farm equipment financing (for purchase of equipment such as tractors and harvesters), lending to self-help groups, loans against gold ornaments and gold coins, commodity based funding and rural business enterprise credit. We have adopted specific risk assessment methodologies for each of these segments.

The sales and approval functions are segregated to achieve independence in retail loan assessment procedures. The Credit and Policy Group is responsible for preparing credit policies/operating policies. The Credit Risk Management Group oversees the credit risk issues for retail agricultural assets including the review of all credit policies and operating policies proposed for approval by the Board of Directors or forums authorized by the Board. The Credit Risk Management Group monitors portfolio trends and suggests and implements policy changes. The credit team, which is independent from the business unit, oversees the underwriting function and is organized geographically in line with the rural sales and service structure.

Rural and agri credit also includes financing extended on a cluster-based approach in which credit is extended to borrowers that have a homogeneous profile. The risk assessment of such a cluster involves the identification of appropriate credit norms for the target market, the use of scoring models for enterprises that satisfy these norms and a comprehensive appraisal of those enterprises which are awarded a minimum required score in the scoring model. For corporations, borrower risk is evaluated by analyzing the industry risk, the borrower's market position, financial performance, cash flow adequacy and the quality of management. The credit risk of intermediaries (including vendors, dealers, harvester and transporter, seed organizers, micro finance institutions) and retail customers is evaluated by analyzing the base credit quality of such borrowers or the pool of borrowers and also the linkages between the borrowers and the companies to which they are supplying their produce.

For loans against gold ornaments and gold coins, the credit norms focus on establishing ownership and authenticity (purity and weight) of the jewelry for which an external appraiser is appointed by us. Norms with respect to loan-to-value ratio have been laid down.

Commodity based financing caters to the needs of farmers, aggregators and processors, where the facility is based on collateral of the commodity pledged in favor of the Bank and stored in designated warehouses. The credit norms focus on the quality, quantity and price volatility of the underlying commodity. A dedicated group evaluates the quantity and quality of the commodity at the time of funding, directly or through the agencies appointed by it, and also undertakes periodic checks post funding. ICICI Bank also has a centralized system for daily monitoring of the prices of the commodities funded by it and raising a margin call in case of a shortfall in margins due to decline in the prices. Various norms like initial margins and the price caps for various commodities have been set to reduce the risk arising out of price volatility of the underlying commodities.

See also "Risk Factors—Risks Relating to Our Business—Entry into new businesses or rapid growth in existing loan portfolios may expose us to increased risks that may adversely affect our business".

Risk Monitoring and Portfolio Review

We monitor credit facilities through a risk-based asset review framework under which the frequency of asset review is higher for cases with higher outstanding balances and/or lower credit ratings. For corporate, small enterprises and agri-business related borrowers, the Credit Monitoring Group verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities. These borrower accounts are generally reviewed at least once a year.

The Credit Monitoring Group/Operation Groups monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and insurance policies for assets financed.

An analysis of our portfolio composition based on our internal rating is carried out and is submitted to the Risk Committee of the Board on a quarterly basis as part of the risk dashboard. This facilitates the identification and analysis of trends in the portfolio credit risk.

The Credit Committee of the Bank, apart from approving proposals, regularly reviews the credit quality of the portfolio and various sub-portfolios. A summary of the reviews carried out by the Credit Committee is submitted to the Board for its information.

Quantitative and Qualitative Disclosures About Market Risk

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices. Our exposure to market risk is a function of our trading and asset-liability management activities and our role as a financial intermediary in customer-related transactions. These risks are mitigated by the limits stipulated in the Investment Policy, Derivative Policy and Asset Liability Management Policy, which are reviewed and approved by the Board of Directors.

Market risk management procedures

Market risk policies include the Investment Policy, the Asset Liability Management Policy and the Derivative Policy. The policies are approved by the Board of Directors. The Asset Liability Management Policy stipulates liquidity and interest rate risk limits and Asset Liability Management Committee reviews adherence to limits and determines the strategy in light of the current and expected environment. The framework for implementing the strategy is articulated in the Asset Liability Management Policy. The Investment Policy addresses issues related to investments in various treasury products. The policies are designed to ensure that operations in the securities and foreign exchange and derivatives areas are conducted in accordance with sound and acceptable business practices and are as per current regulatory guidelines, laws governing transactions in financial securities and the financial environment. The policies contain the limit structures that govern transactions in financial instruments. The Board has authorized the Asset Liability Management Committee and Committee of Executive Directors (Borrowing, Treasury and Investment Operations) to grant certain approvals related to treasury activities, within the broad parameters laid down by policies approved by the Board.

The Asset Liability Management Committee, comprising the managing director, wholetime Directors and senior executives, meets periodically and reviews the positions of trading groups, interest rate and liquidity gap positions on the banking book, sets deposit and benchmark lending rates, reviews the business profile and its impact on asset liability management and determines the asset liability management strategy, as deemed fit, taking into consideration the current and expected business environment. The Asset Liability Management Policy provides guidelines to manage liquidity risk and interest rate risk in the banking book.

The Market Risk Management Group is responsible for the identification, assessment and measurement of market risk. Risk limits including position limits and stop loss limits are reported on a daily basis by the Treasury Control and Services Group and reviewed periodically. Foreign exchange risk is monitored through the net overnight open foreign exchange limit. Interest rate risk in the banking book is measured through the use of re-pricing gap/duration analysis. Interest rate risk is further monitored through interest rate risk limits approved by the Board of Directors.

Interest rate risk

Our core business is deposit taking, borrowing and lending in both Indian Rupees and foreign currencies as permitted by the Reserve Bank of India. These activities expose us to interest rate risk.

Our balance sheet consists of Indian Rupee and foreign currency assets and liabilities, with a predominantly higher proportion of Rupee-denominated assets and liabilities. Thus, movements in Indian interest rates are our main source of interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristics of balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate-sensitive assets and rate-sensitive liabilities into various time period categories according to contracted or behavioral maturities or anticipated re-pricing date. The difference in the amount of rate-sensitive assets and rate sensitive liabilities maturing or being repriced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or repriced assets and liabilities. ICICI Bank monitors interest rate risk through the above measures on a fortnightly basis. The duration of equity and interest rate sensitivity gap statements are submitted to the Reserve Bank of India on a monthly basis. These interest rate risk limits are approved by the Board of Directors. The Bank also monitors Greeks of its interest rate options.

Our primary source of funding is deposits and, to a smaller extent, borrowings. In the rupee market, most of our deposit taking is at fixed rates of interest for fixed periods, except for savings account deposits and current account deposits, which do not have any specified maturity and can be withdrawn on demand. Current account deposits in the domestic operations are non-interest bearing. The Reserve Bank of India has deregulated interest rates on saving account deposits from October 25, 2011. The rate of interest on savings account deposits currently offered by ICICI Bank is 3.50% for end of day balance of below Rs. 5.0 million and 4.00% for end of day balance of Rs. 5.0 million and above.

We usually borrow for a fixed period with a one-time repayment on maturity, with some borrowings having European call/put options, exercisable only on specified dates, attached to them. However, we have a mix of floating and fixed interest rate assets. Our loans are generally repaid gradually, with principal repayments being made over the life of the loan.

As required by the Reserve Bank of India guidelines effective July 1, 2010, ICICI Bank priced its loans with reference to a base rate, called the ICICI Bank Base Rate till March 31, 2016. The Asset Liability Management Committee sets the ICICI Bank Base Rate based on ICICI Bank's current cost of funds, likely changes in the Bank's cost of funds, market rates, interest rate outlook and other systemic factors. Pricing for new rupee floating rate proposals and renewal of rupee facilities till March 31, 2016 were linked to the ICICI Bank Base Rate and comprise the ICICI Bank Base Rate, transaction-specific spread and other charges. The Reserve Bank of India also stipulated that a bank's lending rates for rupee loans cannot be lower than its base rate, except for certain categories of loans as may be specified by the Reserve Bank of India from time to time.

Based on the revised guidelines of the Reserve Bank of India, all rupee loans sanctioned and credit limits renewed with effect from April 1, 2016 are priced with reference to a new internal benchmark to be called Marginal Cost of funds based Lending rate. Banks are required to publish Marginal Cost of funds based Lending rate for various tenures such as overnight, one month, three months, six months and one year. The Marginal Cost of funds based Lending rate includes marginal cost of funds, negative carry on cash reserve ratio, operations cost and tenure premium/discount for various tenures. The Asset Liability Management Committee sets the ICICI Bank Marginal Cost of funds based Lending rate. As required by the Reserve Bank of India guidelines, the Bank publishes the ICICI Bank Marginal Cost of funds based Lending rate for various tenures on a monthly basis. Pricing for floating rate approvals and renewal of rupee facilities are linked to the ICICI Bank Marginal Cost of funds based Lending rate and comprise the ICICI Bank Marginal Cost of funds based Lending rate and spread. The Reserve Bank of India has also stipulated that a bank's lending rates for rupee loans cannot be lower than its Marginal Cost of funds based Lending rate, except for certain exemptions. As prescribed in the Reserve Bank of India guidelines, existing borrowers will also have the option to move to the Marginal Cost of funds based Lending rate linked loan at mutually acceptable terms. Any change in the Marginal cost of funds based lending rate is generally passed on to borrowers under various facilities at different periodicity, of up to one year. All loans approved before April 1, 2016, and where the borrowers choose not to migrate to the Marginal Cost of funds based Lending rate system, would continue to be based on the earlier benchmark rate regimes.

An internal study group report of the Reserve Bank of India dated September 25, 2017 proposed that all floating rate loans extended from April 1, 2018 should be referenced to an external benchmark. The group also suggested that the periodicity of resetting the interest rates be once a quarter and that banks should migrate all existing lending rates to the new benchmark without any additional charges for switchover within one year from the introduction of the external benchmark. The Reserve Bank of India has yet to issue the necessary instructions or guidelines in this regard. Further, in February 2018, the Reserve Bank of India proposed to harmonize the methodology of determining benchmark rates by linking the base rate to the marginal cost based lending rate. Final instructions or guidelines in this regard are awaited.

Pursuant to regulatory reserve requirements, we maintain a large part of our assets in Government of India securities and in interest-free balances with the Reserve Bank of India, which are funded mainly by deposits and borrowings. This exposes us to the risk of differential movement in the yield earned on statutory reserves and the related funding cost.

We use the duration of our government securities portfolio as a key variable for interest rate risk management. We increase or decrease the duration of our government securities portfolio to increase or decrease our interest rate risk exposure. In addition, we also use interest rate derivatives to manage asset and liability positions. We are an active participant in the interest rate swap market and are one of the largest counterparties in India.

Almost all our foreign currency loans in our overseas branches are floating rate loans. These loans are generally funded with foreign currency borrowings and deposits in our overseas branches. We generally convert all our foreign currency borrowings into floating rate dollar liabilities through the use of interest rate and currency swaps with leading international banks.

Please also see *"Risk Factors—Risks Relating to Our Business—Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance"* and *"Risk Factors—Risks Relating to Our Business—Our inability to effectively manage credit, market and liquidity risk and inaccuracy of our valuation models and accounting estimates may have an adverse effect on our earnings, capitalization, credit ratings and cost of funds"*.

The following table sets forth our asset-liability gap position at June 30, 2018 (3)(4)(5).

Maturity buckets	<1 year	1 to 3 years	3 to 5 years	>5 years	Not sensitive	Total
	(Rs. in billions)					
Assets						
Loans and advances	4,439.15	414.90	275.64	33.11	0.08	5,162.89
Investments	526.55	342.09	388.25	457.90	148.81	1,863.60
Cash/Reserve Bank of India balances	—	—	0.00	0.00	310.59	310.59
Balances with banks, call and term money[1]	287.53	0.05	0.00	0.00	34.77	322.36
Fixed assets[2]	0.00	0.00	0.00	2.41	75.76	78.17
Other assets	50.29	67.72	84.26	59.60	452.05	713.93
Total assets	**5,303.52**	**824.77**	**748.15**	**553.03**	**1,022.07**	**8,451.53**
Capital and liabilities						
Capital	0.00	0.00	0.00	0.00	12.92	12.92
Reserves and surplus	0.00	0.00	0.00	0.00	1,040.49	1,040.49
Deposits	2,671.56	2,271.96	267.71	229.69	27.87	5,468.78
Borrowings	754.16	355.08	195.90	314.57	0.00	1,619.70
Others	5.46	0.00	0.00	0.00	304.17	309.63
Total capital and liabilities	**3,431.18**	**2,627.05**	**463.60**	**544.25**	**1,385.45**	**8,451.53**
Total gap before risk management positions	**1,872.35**	**(1,802.28)**	**284.55**	**8.77**	**(363.38)**	**0.00**
Risk management positions[5]	(205.62)	(5.62)	61.85	97.49	0.00	(51.91)
Total gap after risk management positions	**1,666.72**	**(1,807.91)**	**346.40**	**106.26**	**(363.38)**	**(51.91)**

Notes:

(1) Includes balances in current accounts with banks, money at call and short notice, term deposits and other placements.

(2) Includes leased assets.

(3) The maturity profile has been computed based on the relevant asset-liability management guidelines of the Reserve Bank of India and policies approved by the Bank's Asset-Liability Management Committee.

(4) Assets and liabilities are classified into the applicable categories based on residual maturity or re-pricing, whichever is earlier. Classification methodologies are generally based on Asset Liability Management Guidelines, including behavioral studies, as per local policy/regulatory norms of the entities. Items that neither re-price nor have a defined maturity are included in the "greater than five years" category. This includes investments in the nature of equity, cash and cash equivalents and miscellaneous assets and liabilities. Fixed assets (other than leased assets) have been excluded from the above table.

(5) The risk management positions comprises of rupee and foreign currency swaps and the impact of unsettled transactions as on reporting date.

The following table sets forth, using the balance sheet at June 30, 2018 as the base, one possible prediction of the impact of adverse changes in interest rates on net interest income during the next 12 months ending June 30, 2018, assuming a parallel shift in the yield curve.

	As at June 30, 2018			
	Change in interest rates (in basis points)			
	(100)	(50)	50	100
	(Rs. in billions)			
Rupee portfolio	(10.11)	(5.05)	5.05	10.11
Foreign currency portfolio	1.59	0.80	(0.80)	(1.59)
Total	**(8.52)**	**(4.26)**	**4.26**	**8.52**

Based on our asset and liability position at June 30, 2018, the sensitivity model shows that net interest income from the banking book would rise by Rs. 8.52 billion during the next 12 months ending June 30, 2019 if interest rates increased by 100 basis points. Conversely, the sensitivity model shows that if interest rates decreased by 100 basis points, net interest income would fall by an equivalent amount of Rs. 8.52 billion during the next 12 months ending June 30, 2019. Correspondingly, as at March 31, 2018, the sensitivity model shows that net interest income from the banking book for fiscal 2019 would rise by Rs. 7.97 billion if interest rates increased by 100 basis points during fiscal 2019. Conversely, the sensitivity model shows that if interest rates decreased by 100 basis points during fiscal 2019, net interest income for fiscal 2019 would fall by an equivalent amount of Rs. 7.97 billion.

Sensitivity analysis, which is based upon a static interest rate risk profile of assets and liabilities, is used for risk management purposes only and the model above assumes that during the course of the year no other changes are made in the respective portfolios. Actual changes in net interest income will vary from the model.

Price risk (Trading book)

We undertake trading activities to enhance earnings through profitable trading for our own account. The following table sets forth, using the fixed income portfolio at June 30, 2018 as the base, one possible prediction of the impact of changes in interest rates on the value of our rupee fixed income held for trading portfolio for fiscal 2019, assuming a parallel shift in yield curve.

	As at June 30, 2018				
	Change in interest rates (in basis points)				
	Portfolio Size	(100)	(50)	50	100
	(Rs. in billions)				
Government securities	6.30	0.16	0.08	(0.08)	(0.16)
Corporate debt securities	91.44	0.18	0.09	(0.09)	(0.18)
Total	**97.74**	**0.34**	**0.17**	**(0.17)**	**(0.34)**

At June 30, 2018, the total market value of our rupee fixed income trading portfolio was Rs. 97.74 billion. The sensitivity model shows that if interest rates increase by 100 basis points during fiscal 2019, the value of this portfolio would fall by Rs. 0.34 billion.

At June 30, 2018, the total outstanding notional principal amount of our trading interest rate derivatives portfolio was Rs. 7,658.49 billion. The sensitivity model shows that if interest rates increase by 100 basis points, the value of this portfolio would fall by Rs 0.41 billion. At June 30, 2018, the total outstanding notional principal amount of our trading currency derivatives (options and cross-currency interest rate swaps) portfolio was Rs. 1,046.12 billion. The sensitivity model shows that if interest rates increase by 100 basis points, the value of this cross-currency interest rate swaps portfolio would fall by Rs 1.32 billion.

Equity risk

The Bank assumes equity risk both as part of our investment book and our trading book. At June 30, 2018, we had a gross equity investment portfolio of Rs. 44.28 billion. In the investment book, investments in equity shares and preference shares are essentially long-term in nature. For further information on our trading and available for sale investments, see *"—Overview of Our Products and Services—Treasury"*.

The Bank also invests in private equity and venture capital funds, primarily those managed by our subsidiary ICICI Venture Funds Management Company. These funds invest in equity/equity linked instruments. Our investments through these funds are similar in nature to other equity investments and are subject to the same risks. In addition, they are also subject to risks in the form of changes in regulation and taxation policies applicable to such equity funds.

Equity risk in the trading portfolio is monitored through Value at Risk and stop loss limits as stipulated in the Investment Policy.

Exchange rate risk

The Bank offers instruments like swaps, forwards and currency options to clients, which are primarily banks and corporate customers. We use cross-currency swaps, forwards and options to hedge against risks arising out of these transactions and for foreign currency loans that are originated in currencies different from the currencies of borrowings supporting them. Some of these transactions, however, may not meet the hedge accounting requirements and are subject to mark to market accounting. Trading activities in the foreign currency markets expose us to exchange rate risks. This risk is mitigated by setting counterparty limits, stipulating daily, quarterly stop-loss limits and engaging in exception reporting.

The Bank offers foreign currency-rupee options for hedging foreign currency exposures including hedging of balance sheet exposures to the users which include corporate clients and other inter-bank counterparties. All the options positions are maintained within the limits specified in the Investment Policy. The trading activities in the foreign currency markets expose us to exchange rate risks. The foreign exchange rate risk is monitored through the net overnight open position limit approved by the Board.

Derivative instruments risk

The Bank offers various derivative products, including options and swaps, to clients for their risk management purposes. Profits or losses on account of market movements on these transactions are borne by the clients. For the transactions which are not covered in the inter-bank market, the Bank runs open positions within the limits prescribed in its Investment Policy. The derivative transactions are subject to counterparty risk to the extent particular obligors are unable to make payment on contracts when due.

The Bank also enters into interest rate and currency derivative transactions for the purpose of hedging interest rate and foreign exchange mismatches and also engages in trading of derivative instruments on its own account. *See also "Risk Factors—Risks Relating to Our Business—We and our customers are exposed to fluctuations in foreign exchange rates".*

Credit spread risk

Credit spread risk arises out of investments in fixed income securities. Hence, volatility in the level of credit spreads would impact the value of these portfolios held by the Bank. We closely monitor our portfolio and risk is monitored by setting investment limits, rating-wise limits, single issuer limit, maturity limits and stipulating daily and cumulative stop-loss limits.

Liquidity risk

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The goal of liquidity management is to ensure that the Bank is always in a position to efficiently meet both expected and unexpected current and future cash flow and collateral needs without negatively affecting either the Bank's daily operations or financial conditions.

The Bank manages liquidity risk in accordance with its Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Management Committee of the Bank formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy. The Asset Liability Management Committee comprises a managing director, wholetime directors and senior executives. The Risk Committee of the Board, a Board Committee, has oversight of the Asset Liability Management Committee.

The Bank uses various tools for the measurement of liquidity risk including the statement of structural liquidity, dynamic liquidity cash flow statements, liquidity ratios and stress testing through scenario analysis. The statement of structural liquidity is used as a standard tool for measuring and managing net funding requirements and the assessment of a surplus or shortfall of funds in various maturity buckets in the future. The cash flows pertaining to various assets, liabilities and off-balance sheet items are placed in different time buckets based on their contractual or behavioral maturity. The statement of structural liquidity of rupee currency for domestic operations, and statement of structural liquidity of all currencies together for international operations of the Bank (country-wise and in aggregate) are prepared on daily basis. The statement of structural liquidity of foreign currency for domestic operations, consolidated statement for domestic operations and for the Bank as a whole are prepared on fortnightly basis. The utilization against gap limits laid down for each bucket is reviewed by Asset Liability Management Committee of the Bank.

The Bank also prepares dynamic liquidity cash flow statements, which in addition to scheduled cash flows, also consider the liquidity requirements pertaining to incremental business and the funding thereof. The dynamic liquidity cash flow statements are prepared in close coordination with the business groups, and cash flow projections based on the statements are periodically presented to the Asset Liability Management Committee. As a part of the stock and flow approach, the Bank monitors various liquidity ratios, and limits are laid down for these ratios in the Asset Liability Management Policy. The Bank also monitors the liquidity coverage ratio which has been applicable from January 1, 2015.

The Bank has diverse sources of liquidity to allow for flexibility in meeting funding requirements. For the domestic operations, current accounts and savings deposits payable on demand form a significant part of the Bank's funding and the Bank is implementing its strategy to sustain and grow this segment of deposits along with retail term deposits. These deposits are augmented by wholesale deposits, borrowings and through the issuance of bonds and subordinated debt from time to time. Loan maturities and sale of investments also provide liquidity. The Bank holds unencumbered, high quality liquid assets and has certain mitigating measures to protect against stress conditions.

For domestic operations, the Bank also has the option of managing liquidity by borrowing in the interbank market on a short-term basis. The overnight market, which is a significant part of the interbank market, is susceptible to volatile interest rates. To limit the reliance on such volatile funding, the Asset Liability Management Policy stipulates limits for borrowing and lending in the interbank market.

For its overseas branches, the Bank also has a well-defined borrowing program. In order to maximize borrowings at a reasonable cost through its branches, liquidity in different markets and currencies is targeted. The wholesale borrowings are in the form of bond issuances, syndicated loans from banks, money market borrowings and interbank bilateral loans. The Bank also raises refinancings from other banks against eligible trade assets. Those loans that meet the Export Credit Agencies' criteria are refinanced as per the agreements entered into with these agencies. The Bank also mobilizes deposit liabilities, in accordance with the regulatory framework in the respective host country.

The Bank maintains prudential levels of liquid assets in the form of cash, balances with the central bank and government securities, money market and other fixed income securities. Currently, as stipulated by the regulator, banks in India are required to maintain a statutory liquidity ratio at a level of 19.5% effective October 14, 2017 of their net demand and time liabilities in India and their cash reserve ratio at a level of 4.0% of their net demand and time liabilities in India. The Bank generally holds additional securities over and above the stipulated level. The Bank is subject to a liquidity coverage ratio requirement in a phased manner as per the Reserve Bank of India guidelines from January 1, 2015. As per Reserve Bank of India guidelines, effective January 1, 2016, a liquidity coverage ratio is applicable to Indian banks on a consolidated basis. Banks in India were required to maintain a liquidity coverage ratio at a minimum of 90.0% for the calendar year 2018. Further effective January 1, 2019, the liquidity coverage ratio requirement will be 100.0%. The liquidity coverage ratio requirement is met by investment in high quality liquid assets which are primarily in the form of government securities in excess of mandatory statutory liquidity ratio and better rated corporate bonds. Additionally, as of October 1, 2018, out of the statutory liquidity ratio requirement of 19.5% of net demand and time liabilities in India, 15% (13% in the form of facility to avail liquidity under the liquidity coverage ratio and 2% under marginal standing facility) is counted towards the high quality liquid assets under the liquidity coverage ratio. During the three months ended June 30, 2018, the Bank maintained a liquidity coverage ratio above the stipulated level. The average liquidity coverage ratio of the ICICI Group for the three months ended June 30, 2018 was 110.94%.

The Reserve Bank of India on May 17, 2018 issued final guidelines on the Basel III framework on liquidity standards—net stable funding ratio. These guidelines ensure a reduction in funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. As per the guidelines, the net stable funding ratio should be equal to at least 100% on an ongoing basis and will be applicable for Indian banks at the individual as well as consolidated level. The Reserve Bank of India will communicate the implementation date of these guidelines in due course.

The Bank has a Board-approved liquidity stress-testing framework, under which the Bank estimates its liquidity position under a range of stress scenarios, and considers possible measures that the Bank could take to mitigate the outflows under each scenario. These scenarios cover bank specific, market-wide and combined stress situations and have been separately designed for the domestic and international operations of the Bank. Each scenario included in the stress-testing framework covers a time horizon of 30 days. The stress-testing framework measures the impact on profit due to liquidity outflows for each scenario, considering possible measures that we could take to mitigate the stress. The impact on profits is subject to a stress tolerance limit specified by the Board of Directors. The results of liquidity stress testing are reported to the Asset Liability Management Committee on a monthly basis. During the three months ended June 30, 2018, the results of each of the stress scenarios were within the Board-approved limits.

The Risk Committee of the Board has approved a liquidity contingency plan, which lays down a framework for ongoing monitoring of potential liquidity contingencies and an action plan to meet such contingencies. The liquidity contingency plan lays down several liquidity indicators, which are monitored on a predefined (daily or weekly) basis and also defines the protocol and responsibilities of various teams in the event of a liquidity contingency. *See also "Operating and Financial Review and Prospects—Liquidity Risk".*

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risks. Legal risk includes, but is not limited to, exposure to fines, penalties or punitive damages resulting from supervisory actions, as well as private settlements.

The management of operational risk is governed by the Operational Risk Management 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 assisting the business and operation groups units to improve internal controls. The Board has constituted an Operational Risk Management Committee for analyzing and monitoring the risks associated with the various business activities of the Bank. The principal objective of the Committee is to mitigate operational risk within the Bank by creation and maintenance of explicit operational risk management process. The Operational Risk Management Committee reviews the risk profile of various functions, the tools used for management of operational risk and implementation of the operational risk management policies and framework as approved by the Board. The Board has also approved a framework for approval of all new products/processes, which requires all processes pertaining to products or product variants to be assessed from an operational risk perspective by the Product and Process Approvals Committee.

Operational risk can result from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. We seek to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking regular contingency planning. The key elements in the operational risk management process in the Bank are risk identification and assessment, risk measurement, risk monitoring and risk mitigation.

In each of the banking subsidiaries, local management is responsible for implementing operational risk management framework through the operational risk management policy approved by their respective Boards.

A brief on the management of operational controls and procedures in the various business of the Bank is summarized below:

Operational Controls and Procedures in Retail and Rural Banking

Retail banking is organized into a zonal structure and each of the zones is headed by senior officials of the Bank. There are designated products, sales, credit and operations structure for customer sourcing and servicing. The branches are supported by regional/centralized processing centers and retail asset processing centers which are designed to ensure adequate operational controls.

The Bank has put in place comprehensive operating manuals detailing procedures for the processing of various banking transactions and for the sale and servicing of third party products. Amendments to these manuals are implemented through circulars, which are accessible to branch employees on the intranet. The branches are complemented by the product and sales teams. The banking transactions relating to customer accounts are processed based on built-in system checks and authorization procedures. There are also adequate safeguards in the sale of third party products to check that the prescribed sales guidelines are adhered to. Transactions over a specified limit are subjected to enhanced scrutiny to avoid potential money laundering. The adherence to the processes and guidelines by the branches is overseen through risk monitoring, concurrent audits and internal audits.

The core banking application software has multiple security features to protect the integrity of applications and data.

The Bank's rural and inclusive banking activities cater to the financial requirement of customers residing in rural and semi-urban locations. The service is offered through the designated branches of the Bank and there are well-defined product, sales and credit structures for customer sourcing and servicing which are supported by regional or centralized processing centers. In addition, there are various pre-defined tasks being performed by independent teams which review the process and service quality such as "hind sighting", quality of commodities pledged, title of the land considered as collateral, etc. The Bank also facilitates the enrollment of beneficiaries under various government social schemes, including financial inclusion.

Operational Controls and Procedures in the Regional Processing Centers and Central Processing Center

The Bank has designated regional processing centers located at various cities across the country. These regional processing centers engage in activities like processing check clearing and inter-branch transactions, outstation check collections, and engage in back-office activities for account opening, renewal of deposits and salary transaction processing of corporations. There are currency chests located at 36 locations in various cities across India, which cater to the cash requirements of branches and ATMs.

The Bank has two centralized processing centers, one each in Mumbai and Hyderabad, processing the transactions on a nationwide basis for production and dispatch of physical deliverables like cards, check books, statements, personal identification number for cards, issuance of passwords to internet banking customers etc. Centralized processing centers have also been managing the activities like electronic payments, activation of newly opened accounts and account servicing.

Operational Controls and Procedures in Retail Asset Operations

The Bank has designated decentralized asset processing centers located at various cities across the country. These decentralized asset processing centers engage in activities of loan disbursement and regular banking activity related to retail loans with sufficient internal checks and controls.

The Bank has three central asset operation units located in Mumbai, Hyderabad and Noida. These central units support operations relating to retail asset products across the country and carry out activities like loan accounts maintenance, issuance of credit card or prepaid card, accounting and reconciliation, payouts and repayment management activities for all retail asset products.

Operational Controls and Procedures in Treasury

The Bank has put in place a comprehensive internal control structure with respect to its treasury operations. The control measures include the segregation of duties between treasury front-office and treasury control and services group, automated control procedures, continuous monitoring procedures through detailed reporting statements, and a well-defined code of conduct for dealers. We have also set up limits in respect of treasury operations including deal-wise limits and product-wise limits. In order to mitigate the potential mis-selling risks, if any, a customer suitability and appropriateness policy has been implemented. Similarly, in order to mitigate potential contractual risks, if any, negotiations for deals are recorded on a voice recording system. Some of the control measures include independence of deal validation, deal confirmation, documentation, limits monitoring, treasury accounting, settlement, reconciliation and regulatory compliance. Treasury Control and Services Group reviews the unconfirmed, unsettled deals if any, on a regular basis and follows up for timely confirmation or settlement. There is a mechanism of escalation to senior management in case of delays in settlement or confirmation beyond a time period. In addition to the above, concurrent and internal audits are also conducted independently in respect of treasury operations on a periodic basis. The control structure in treasury operations is designed to prevent errors and potential fraud and provide early-warning signals.

Operational Controls and Procedures for Corporate and Commercial Banking

Corporate banking is also organized into a zonal structure. The front office is responsible for sourcing clients and performing a credit analysis of the proposal. The credit risk is independently evaluated by the Risk Management Group. The Bank has set-up a credit monitoring group in order to strengthen the ability to develop early warning mechanism for management and full scale monitoring across the life time of the loans. The middle office within the credit monitoring group conducts verification and scrutiny of the documents to mitigate post-approval risks. It also monitors adherence to the terms of approval by periodically publishing compliance monitoring reports. The key processes and their ownership are documented through process notes which are reviewed periodically. The back-office for corporate operations is responsible for the execution of trade finance, cash management and general banking transactions based on the requests and instructions initiated through channels including branches.

Commercial banking products and services are offered through identified commercial and retail branches, which are spread across all major business centers throughout the country. The commercial branches are led by senior branch heads, who are experienced commercial bankers. The transactions initiated at the commercial branches are processed by independent and centralized operation units responsible for the execution of trade finance, cash management and general banking transactions.

Operational Controls and Procedures for Internet Banking

The Bank has put in place adequate authentication and authorization controls for transactions through online/internet banking. The internet banking infrastructure is secured through the multi-layer information security controls, including firewalls, intrusion prevention systems and network level access controls. These are supplemented by periodic penetration tests, vulnerability assessments and continuous security incident monitoring of internet banking servers. In addition to a login password, transactions are required to be authorized with random grid value authentication (a grid is a set of numbers printed on the reverse side of the debit card). Additionally, one-time password authentication is required in case we identify a change in the customer's device fingerprint. The one-time password is sent to the customer's mobile number registered with the Bank. To add a payee for transfer of funds, the customer is required to validate a unique registration number that is sent to the customer's mobile number registered with us. Internet transactions using credit cards require additional one-time password authentication besides other authentications present on the card. Alerts are also sent to the customer for every internet-based transaction.

The Bank has put in place adequate authentication and authorization controls for transactions through its iMobile application. The iMobile infrastructure is secured through the multi-layer information security controls, including HTTPS/TLS encryption throughout the session, details stored in encrypted DB format. These are supplemented by periodic security audits, application penetration tests, security vulnerability tests and network penetration or application spoofing tests. Customers can activate the iMobile app only on their registered mobile number. We also have SUSD (Single User Single Device) in place, where a customer can download the app only on one handset at a time. At the time of activation, UserID-Password or mobile PIN ("MPIN") and grid card authentication is taken as two factor authentication. For transactions, UserID-Password or MPIN and device id is taken as two factor authentication. To add a payee for transfer of funds, the customer is required to validate a unique registration number that is sent to the customer's mobile number registered with us. Alerts are also sent to the customer for every internet-based transaction.

To create awareness among customers about phishing, vishing and other internet-related frauds, we regularly send communications to customers.

Information Technology Risk

The cyber security threat landscape for banks and financial institutions globally is constantly evolving and threats such as phishing, distributed denial of service attacks (DDoS) attacks, leakage of sensitive data, malware, ransomware and exploitation of ATM vulnerabilities or vulnerabilities in systems provided to banks by software vendors are currently prevalent across the world.

The Bank has a governance framework for information security with oversight from the Information Technology Strategy Committee which is a Board-level Committee chaired by an Independent Director. The security strategy at the Bank is based on the principle of defense in depth and the IT risk framework of the Bank enunciates three lines of defense with clearly defined roles and responsibilities. The Bank has dedicated units responsible for information security and financial crime prevention, which are independent of the business units. In the endeavor towards providing high availability and continuity of services to its customers, including high availability of customer facing IT systems, the Bank has a Board-approved Business Contingency Plan which includes plans for recovery of its IT systems in the event of any disaster or contingency. In addition to the Information Security Policy, the Bank also has a Board approved Cyber Security Policy which incorporates a cyber-crisis management plan. The Bank also conducts vulnerability assessment and penetration testing periodically to mitigate the risk that may arise from security vulnerabilities.

The IT systems of the Bank are continuously monitored by dedicated teams such as the IT Command Center (which includes Network Operation Center) and the Security Operations Center. The Bank has laid down processes for change management, identify management, access management and security operations and these processes are periodically reviewed and refined to keep them abreast of emerging risks and to implement commensurate controls to mitigate such risks. The Bank has the appropriate cyber insurance policy to mitigate the financial risk arising out of various cyber security related incidents.

See also "Risk Factors—Risks Relating to Our Business—We face security risks, including denial of service attacks, hacking, social engineering attacks targeting our colleagues and customers, malware intrusion or data corruption attempts, and identity theft that could result in the disclosure of confidential information, adversely affect our business or reputation, and create significant legal and financial exposure".

Anti-Money Laundering Controls

The Bank has implemented Know Your Customer/Anti-Money Laundering/Combating of Financing of Terrorism guidelines in accordance with the provisions under Prevention of Money Laundering Act, 2002, rules promulgated thereunder and guidelines issued by the regulators from time to time.

Implementation of these guidelines includes the formulation of a Group Anti-money Laundering Policy with the approval of the Board of Directors of the Bank which also covers the overseas branches; oversight by the Audit Committee on the implementation of the Anti-Money Laundering framework; appointment of a senior level officer as the principal officer who has the day-to-day responsibility for implementation of the anti-money laundering framework; implementation of adequate Know Your Customer procedures based on risk categorization of customer segments, screening of names of customers with negative lists issued by the regulators and customer risk categorization for classifying the customers as high, medium and low risk; risk-based transaction monitoring and regulatory reporting procedures through automated applications; implementing appropriate mechanisms to train employees' and to creating customer awareness on this subject.

The Bank adopts a risk based approach and conducts customer risk assessment with simplified due diligence for low risk, normal due diligence for medium risk and enhanced due diligence for high risk customers pursuant to the Reserve Bank of India guidelines.

The Bank also adheres to the anti-money laundering requirements as specified by the regulators of respective geographies. The Bank's anti-money laundering framework is subject to audit by the Internal Audit Department and their observations are reported to the Audit Committee at regular intervals.

Our life insurance subsidiary has implemented Know-Your-Customer/Anti-Money Laundering/ Combating of Financing of Terrorism guidelines issued according to the Prevention of Money Laundering Act, 2002 and guidelines issued by Insurance Regulatory and Development Authority of India from time to time. An Anti-Money Laundering/Combating of Financing of Terrorism Policy has been approved by the Board of Directors of the life insurance subsidiary. The policy is also in accordance with the Group Anti-Money-Laundering policy and includes oversight by the Audit Committee on the implementation of the anti-money laundering framework. It provides for appointment of a senior level officer as the principal officer who, has the responsibility for overseeing compliance with the obligations imposed under of the Prevention of Money Laundering Act, 2002 and the rules made thereunder.

Following the release on the internet of videos in March and April 2013 forming part of a sting operation on banks and insurance companies in India, that purported to show the Bank's frontline branch employees engaging in conversations that would violate the Group Code of Business Conduct and Ethics and could have, if any transactions had been consummated, led to violations of anti-money laundering and know your customer norms, the Reserve Bank of India undertook investigations at ICICI Bank and over 30 other banks in India. While the Reserve Bank of India's investigations did not reveal any prima facie evidence of money laundering, the Reserve Bank of India had imposed an aggregate penalty of Rs. 665 million (US$ 11 million) on 31 Indian banks, including Rs. 10 million (US$ 0.2 million) on ICICI Bank, for instances of violation of applicable regulations, which we have paid. A penalty of Rs. 1.4 million was also imposed on the Bank in February 2015 by the Financial Intelligence Unit, India for failure in reporting the attempted suspicious transactions to which the above sting operations pertained. The Bank had filed an appeal against the Financial Intelligence Unit, India with the Appellate Tribunal. In June 2017, the Appellate Tribunal ruled that the penalty was not sustainable. The Tribunal asked the appellant banks to be careful and report such matters in future. See also *"—Risk Management—Anti-Money Laundering Controls"*.

In July 2014, the Reserve Bank of India imposed a penalty, for violation of instructions/ directions/guidelines issued by the Reserve Bank of India, on 12 Indian banks, including us, following its scrutiny of the loan and current accounts of a corporate borrower with these banks. The penalty imposed on us was Rs. 4 million.

In December 2014, the Reserve Bank of India imposed penalties on two Indian banks, including us, for non-compliance with the know your customer/anti-money laundering directions/guidelines issued by the Reserve Bank of India in respect of fraudulent opening of fictitious accounts with certain banks. The penalty imposed on us was Rs. 5 million.

The Reserve Bank of India had initiated an inspection on know your customer/anti-money laundering aspects across various banks including ICICI Bank. Based on the inspection, the Reserve Bank of India sought explanations on certain matters in April 2016. ICICI Bank responded to the explanation and the Reserve Bank of India has accepted the Bank's responses in the matter.

In November 2017, an overseas regulator imposed a total sum of approximately US$ 0.59 million for non-adherence of rules under anti-money laundering regulations at one of ICICI Bank's overseas branches, resulting from a regulatory inspection conducted in 2013 and pursuant to a consultant's review of records, relating to the period of May 2012 to April 2014. There were no dealings with sanctioned entities and the remediation primarily required improvement to the branch's anti-money laundering/combating of financing of terrorism controls, which has since been undertaken. The local regulator in that jurisdiction has also acknowledged the efforts undertaken by the branch in addressing the issues identified in these reports.

In December 2017, the Bank received three notices from the Unique Identification Authority of India for non-compliance of guidelines under Aadhaar (Authentication) Regulations, 2016. The key non-compliance stated in the notices included obtaining universal consent from customers for use of Aadhaar details of customers to authenticate the customer with the Unique Identification Authority of India in respect of all products and services offered by its Group companies even if these products and services are not availed/intended to be availed by the customers, sharing of Aadhaar details between the Bank and the group companies, overwriting of customers' previous bank account with the Bank which results in transfer of various Aadhaar-linked subsidies to the customer's account with the Bank, and non-conformity with standard application programming interfaces and specifications laid down by the Unique Identification Authority of India and Aadhaar (Authentication) Regulations, 2016. The Bank has since responded to the notices and is awaiting further communication from the Unique Identification Authority of India in this regard.

See also "Risk Factors—Risks Relating to Our Business—The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past" and "Risk Factors—Risks Relating to Our Business—Negative publicity could damage our reputation and adversely impact our business and financial results and the prices of the Notes".

Audit

The Internal Audit Group governed by a Group Audit Charter and Internal Audit Policy approved by the Board of Directors, provides independent, objective assurance on the effectiveness of internal controls, risk management and corporate governance and suggests improvements. It helps us accomplish our objectives by evaluating and improving the effectiveness of risk management, internal controls and governance processes, through a systematic and disciplined approach. The Internal Audit Group acts as an independent entity and reports to the Audit Committee of the Board.

The Internal Audit Group maintains staff with sufficient knowledge, skills, experience and professional certifications. It deploys audit resources with expertise in audit execution and adequate understanding of business activities. The processes within Internal Audit Group are certified under ISO 9001-2015. Further, an assessment of the quality of assurance provided by the Internal Audit Group is conducted through an independent external firm once in three years.

The Internal Audit Group has adopted a risk based audit methodology in accordance with the Reserve Bank of India guidelines. The risk-based audit methodology is outlined in the Internal Audit Policy. An annual risk-based audit plan is drawn up based on the risk-based audit methodology and is approved by the Audit Committee of the Board. Accordingly, the Internal Audit Group undertakes a comprehensive audit of all branches, business groups and other functions in accordance with the risk-based audit plan.

The Internal Audit Group also has a dedicated team responsible for information technology security audits. The annual audit plan covers various components of information technology including applications, networks, infrastructure and information technology general controls.

The Reserve Bank of India requires banks to have a process of concurrent audits at business groups dealing with treasury functions, branches handling large volumes, to cover a minimum of 50.0% of credit, deposits and other risk exposures of the Bank, head office functions and information technology data centers. In compliance with the requirements, the Internal Audit Group has formulated a strategy for concurrent audits at treasury related functions and at select branches. Concurrent audits are also carried out at centralized and regional processing centers and at centralized operations units with a focus on areas that are identified as needing transaction testing and also to test the existence of and adherence to internal controls. The information technology data center and some of the head office functions are also under purview of concurrent audit. The details of the concurrent audit coverage are outlined in the annual risk based audit plan.

The audit of overseas banking subsidiaries and domestic non-banking subsidiaries is carried out by a dedicated team of resident auditors attached to the respective subsidiaries. These audit teams functionally report to the Audit Committees of the respective subsidiary and to the Internal Audit Group. The audit of overseas branches and representative offices is carried out by audit teams consisting of auditors from India as well as a resident auditor based at the Singapore branch. International operations outsourced to India are audited by a team of auditors in India.

Legal and Regulatory Risk

We are involved in various litigations and are subject to a wide variety of banking and financial services laws and regulations in each of the jurisdictions in which we operate. We are also subject to a large number of regulatory and enforcement authorities in each of these jurisdictions. The uncertainty of the enforceability of the obligations of our customers and counter-parties, including the foreclosure on collateral, creates legal risk. Changes in laws and regulations could adversely affect us. Legal risk is higher in new areas of business where the law is often untested by the courts. We seek to minimize legal risk by using stringent legal documentation, employing procedures designed to ensure that transactions are properly authorized and consulting internal and external legal advisors. See also *"Risk Factors—Risks Relating to Our Business—We are involved in various litigations. Any final judgment* *awarding material damages against us could have a material adverse impact on our future financial performance and our stockholders' equity", "Risk Factors—Risks relating to Our Business—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment", and "—Legal and Regulatory Proceedings".*

Risk-Management Framework for International Operations

We have adopted a risk management framework for our international banking operations, including overseas branches, our International Financial Services Centre Banking Unit and Offshore Banking Unit. Under the framework, the Bank's credit, investment, asset liability management and anti-money laundering policies apply to all the overseas branches, our International Financial Services Centre Banking Unit and Offshore Banking Unit, with modifications to meet local regulatory or business requirements. These modifications may be made with the approval of our Board of Directors or the committees designated by the Board of Directors. The Board of Directors or the designated committee of the Board approve their respective risk management policies, based on applicable laws and regulations as well as the Bank's corporate governance and risk management framework. Policies at the overseas banking subsidiaries are approved by Board of Directors of the respective subsidiaries and are framed in consultation with the related groups in the Bank as per the risk management framework.

The Compliance Group oversees regulatory compliance at the overseas branches, its International Financial Services Centre Banking Unit and Offshore Banking Unit. Compliance risk assessment along with the key risk indicators pertaining to our domestic and international banking operations are presented to the Risk Committee of our Board of Directors on a periodic basis. Management of regulatory compliance risk is considered as an integral component of the governance framework at the Bank and its subsidiaries along with the internal control mechanisms. We have therefore adopted an appropriate framework for compliance, by formulating the Group Compliance Policy, which is approved by the Board of Directors and is reviewed from time to time. The Group Compliance Policy outlines a framework for identification and evaluation of the significant compliance risks, on a consolidated basis, in order to assess how these risks might affect our safety and soundness.

Risk Management in Key Subsidiaries

ICICI Securities Primary Dealership is a primary dealer and has Government of India securities as a significant proportion of its portfolio. The Corporate Risk Management Group at ICICI Securities Primary Dealership has developed comprehensive risk management policies which seek to manage the risks generated by the activities of the organization. The Corporate Risk Management Group develops and maintains models to assess market risks which are constantly updated to capture the dynamic nature of the markets and in this capacity, participates in the evaluation and introduction of new products and business activities.

ICICI Securities Primary Dealership has an internal Risk Management Committee which is chaired by an Independent Director and comprises members of its Board of Directors. The Risk Management Committee is responsible for analyzing and monitoring the risks associated with the different business activities of ICICI Securities Primary Dealership and overseeing adherence to the risk and investment limits set by its Board of Directors.

The risk governance structure of ICICI Prudential Life Insurance Company Limited consists of the Board, Board Risk Management Committee, Executive Risk Committee and its sub-committees. The Board, on the recommendation of Board Risk Management Committee, has approved the risk policy which covers the identification, measurement, monitoring and control standards relating to various operational risks. The risk policy sets out the governance structure for risk management in ICICI Prudential Life Insurance Company Limited.

The Board Risk Management Committee, which consists of non-executive directors, formulates the risk management policy, including asset liability management, monitors all risks across various lines of business and establishes appropriate systems to mitigate such risks. The Board Risk Management Committee also defines ICICI Prudential Life Insurance Company Limited's risk appetite and risk profile, oversees the effective operation of the risk management system and advises the Board on key risk issues.

The Executive Risk Committee, which comprises senior management, is responsible for assisting the Board and the Board Risk Management Committee in their risk management duties by guiding, coordinating and overseeing compliance with the risk management policies and, in particular, is responsible for the approval of all new products launched by ICICI Prudential Life Insurance Company Limited.

The risk management model of ICICI Prudential Life Insurance Company Limited comprises a four-stage continuous cycle, namely identification and assessment, measurement, monitoring and control of risks. ICICI Prudential Life Insurance Company Limited's risk policy details the strategy and procedures adopted to follow the risk management cycle at the enterprise level. A risk report detailing the key risk exposures faced by ICICI Prudential Life Insurance Company Limited and mitigation measures is placed before the Board Risk Management Committee on a quarterly basis.

ICICI Lombard General Insurance Company is principally exposed to risks arising out of the nature of business underwritten and credit risk on its total investment assets as well as the credit risk it carries on its reinsurers. In respect of business risk, ICICI Lombard General Insurance Company seeks to diversify its insurance investment asset across product classes, industry sectors and geographical regions. ICICI Lombard General Insurance Company focuses on achieving a balance between the corporate and retail investment asset mix to achieve favorable claim ratio and risk diversification. ICICI Lombard General Insurance Company has a risk retention and reinsurance policy whereby tolerance levels are set as per risk and on a per event basis. ICICI Lombard General Insurance Company also has the ability to limit its risk exposure by way of re-insurance arrangements. Investments of the company are governed by the investment policy approved by its Board of Directors within the norms stipulated by the Insurance Regulatory and Development Authority of India. The Investment Committee oversees the implementation of this policy and reviews it periodically. Exposure to any single non-government counterparty is restricted to less than 5.0% of the total investment assets, by carrying value, without the specific approval of ICICI Lombard General Insurance Company's investment committee. While ICICI Lombard General Insurance Company has a few counterparties where its total exposure exceeds 5.0% of its portfolio, such exposure does not exceed 10.0% in any case.

Loan Portfolio

Loan Concentration

We follow a policy of portfolio diversification and evaluate our total financing exposure in a particular industry in light of our forecasts of growth and profitability for that industry. Our Credit Risk Management Group monitors all major sectors of the economy and specifically tracks industries in which we have credit exposures. We seek to respond to economic weakness through active portfolio management, by restricting exposure to weak sectors and increasing exposure to the segments that are growing and have been resilient. ICICI Bank's policy is to limit its loans to any particular industry (other than retail loans) to 15.0% of its total exposure.

Pursuant to the guidelines of the Reserve Bank of India, credit exposure of banks to an individual borrower generally must not exceed 15.0% of our capital funds, unless the exposure is in respect of an infrastructure project. Capital funds comprise Tier 1 and Tier 2 capital calculated pursuant to the guidelines of the Reserve Bank of India, under Indian GAAP. Credit exposure to individual borrowers may exceed the exposure norm of 15.0% of our capital funds by an additional

5.0% (i.e. the aggregate exposure can be 20.0%) provided the additional credit exposure is on account of infrastructure financing. Our exposure to a group of companies under the same management control generally must not exceed 40.0% of our capital funds unless the exposure is in respect of an infrastructure project. The exposure to a group of companies under the same management control, including exposure to infrastructure projects, may be up to 50.0% of our capital funds. Banks may, in exceptional circumstances, with the approval of their boards, enhance the exposure by 5.0% of capital funds (i.e., the aggregate exposure can be 20.0% of capital funds for an individual borrower and the aggregate exposure can be 45.0% of capital funds for a group of companies under the same management), making appropriate disclosures in their annual reports. Exposure for funded and non-funded credit facilities is calculated as the total committed amount or the outstanding amount whichever is higher (for term loans, as the sum of undisbursed commitments and the outstanding amount). Investment exposure is considered at book value. At June 30, 2018, we were in compliance with these guidelines.

In addition, the Bank has strengthened its framework for managing concentration risk with respect to single borrower and group exposures, based on the internal rating and track record. The group exposure limits for lower rated borrowers and groups are substantially lower than the regulatory limits.

At June 30, 2018, our largest nonbank borrower accounted for 11.1% of our capital funds. The largest group of companies under the same management control accounted for 21.5% of our capital funds.

The following table sets forth, at the dates indicated, the composition of our gross loans (net of write-offs).

	As at March 31, 2017		**As at March 31, 2018**		**As at June 30, 2018**		
	Total	**% of total**	**Total**	**% of total**	**Total**	**% of total**	**Total**
	(Rs. in billions, except percentages)						**(US$ in millions)**
Retail finance[1]	Rs. 2,440.38	50.6%	Rs. 2,939.95	54.7%	Rs. 3,015.38	55.3%	US$ 44,046
Services—finance	273.05	5.7	342.11	6.4	365.61	6.7	5,340
Power	302.84	6.3	276.76	5.1	282.26	5.2	4,123
Road, ports, telecom, urban development and other infrastructure	228.80	4.7	204.50	3.8	213.09	3.9	3,113
Iron and steel products	235.62	4.9	203.18	3.8	167.46	3.1	2,446
Services—non-finance	180.77	3.7	172.74	3.2	157.07	2.9	2,294
Wholesale/retail trade	115.70	2.4	125.87	2.3	139.02	2.6	2,031
Construction	98.71	2.0	117.65	2.2	121.98	2.2	1,782
Mining	108.01	2.2	105.06	1.9	105.88	1.9	1,547
Crude petroleum/refining and petrochemicals	66.59	1.4	132.80	2.5	96.45	1.8	1,409
Chemical and fertilizer	45.41	0.9	53.29	1.0	83.31	1.5	1,217
Electronics and engineering	73.75	1.5	81.40	1.5	80.59	1.5	1,177
Cement	75.40	1.6	63.07	1.2	62.57	1.2	914
Food and beverage	70.37	1.5	58.59	1.1	54.40	1.0	794
Other industries[2]	509.20	10.6	502.48	9.3	503.74	9.2	7,358
Total	**Rs. 4,824.60**	**100%**	**Rs. 5,379.45**	**100%**	**Rs. 5,448.81**	**100%**	**US$ 79,591**

Notes:

(1) Includes home loans, commercial business loans, automobile loans, business banking, credit cards, personal loans, rural loans, loans against securities and dealer financing portfolio.

(2) Other industries primarily include developer financing portfolio, gems and jewelry, textile, automobiles, drugs and pharmaceuticals, metal and products (excluding iron and steel) and FMCG.

Our retail advances were 55.3% of our total advances at June 30, 2018 compared to 54.7% at March 31, 2018 and 50.6% at March 31, 2017. Our advances to the services (finance) sector were 6.7% of our total advances at June 30, 2018 compared to 6.4% at March 31, 2018 and 5.7% at March 31, 2017. Our advances to the power sector were 5.2% of our total advances at June 30, 2018 compared to 5.1% at March 31, 2018 and 6.3% at March 31, 2017. Our advances to the road, ports, telecom, urban development and other infrastructure sectors were 3.9% of our total advances at June 30, 2018 compared to 3.8% at March 31, 2018 and 4.7% at March 31, 2017. Our advances to the iron and steel sector were 3.1% of our total advances at June 30, 2018 compared to 3.8% at March 31, 2018 and 4.9% at March 31, 2017.

Directed Lending

The Reserve Bank of India requires banks to lend to certain sectors of the economy. Such directed lending comprises priority sector lending and export credit.

Priority Sector Lending

The Reserve Bank of India guidelines on priority sector lending require banks to lend 40.0% of their adjusted net bank credit, to fund certain types of activities carried out by specified borrowers. The definition of adjusted net bank credit includes bank credit in India adjusted by bills rediscounted with the Reserve Bank of India and other approved financial institutions and certain investments including priority sector lending certificates and investments in Rural Infrastructure Development Fund and other specified funds on account of priority sector shortfall and is computed with reference to the outstanding amount at corresponding date of the preceding year as prescribed by the Reserve Bank of India guidelines 'Master Direction—Priority Sector Lending—Targets and Classification'. Further the Reserve Bank of India allow exclusion from adjusted net bank credit for loans extended in India against incremental foreign currency non-resident (bank)/non-resident external deposits during specified period and funds raised by way of the issue of long-term bonds for financing infrastructure and low-cost housing subject to certain limit.

As prescribed by the Reserve Bank of India's Master Direction on "Priority Sector Lending—Targets and Classification" dated July 7, 2016, the priority sectors include the agricultural sector, food and agri-based industries, small, micro and medium-sized enterprises, education, housing, social infrastructure, renewable energy and export credit. The overall target for priority sector lending would be 40% of the adjusted net bank credit, out of which banks are required to lend a minimum of 18.0% to the agriculture sector. Sub-targets of 8.0% for lending to small and marginal farmers (out of agriculture) and 7.5% lending target to micro-enterprises were introduced. The Reserve Bank of India 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. The Reserve Bank of India has set a target of 11.8% of adjusted net bank credit for this purpose for fiscal 2018. Banks are also required to lend 10.0% of their adjusted net bank credit, to certain borrowers under the "weaker section" category. The Reserve Bank of India has also directed banks to maintain lending to borrowers who constituted the direct agriculture lending category under the earlier guidelines. Priority sector lending achievement would be evaluated on a quarterly average basis from fiscal 2017 instead of only at the year-end.

ICICI Bank is required to comply with the priority sector lending requirements prescribed by the Reserve Bank of India 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, the National Housing Bank, the MUDRA Limited and other financial institutions as decided by the Reserve Bank of India from time to time based on the allocations made by the Reserve Bank of India. These deposits have a maturity of up to seven years and carry interest rates lower than market rates. At year-end fiscal 2018, our total investment in such funds was Rs. 269.25 billion, which was fully eligible for consideration in overall priority sector achievement.

As prescribed in the Reserve Bank of India guideline, the Bank's priority sector lending achievement is computed on quarterly average basis from fiscal 2017 onwards. Total priority sector lending for fiscal 2018 was Rs. 1,500.78 billion constituting 37.7% (Rs. 1,399.41 billion constituting 39.9% for fiscal 2017) of adjusted net bank credit against the requirement of 40.0% of adjusted net bank credit. The average lending to the agriculture sector for fiscal 2018 was Rs. 587.55 billion constituting 14.8% (Rs. 547.36 billion constituting 15.6% for fiscal 2017) of adjusted net bank credit against the requirement of 18.0% of adjusted net bank credit. The average advance to weaker sections for fiscal 2018 was Rs. 246.63 billion constituting 6.2% (Rs. 220.87 billion constituting 6.3% for fiscal 2017) of adjusted net bank credit against the requirement of 10.0% of adjusted net bank credit. The average lending to small and marginal farmers for fiscal 2018 was Rs. 170.72 billion constituting 4.3% (Rs. 142.16 billion constituting 4.1% for fiscal 2017) of adjusted net bank credit against the requirement of 8.0% of adjusted net bank credit. The average lending to micro enterprises was Rs. 266.32 billion constituting 6.7% (Rs. 241.22 billion constituting 6.9% for fiscal 2017) of adjusted net bank credit against the requirement of 7.5% of adjusted net bank credit. The average lending to non-corporate farmers was Rs. 352.03 billion constituting 8.9% (Rs. 300.86 billion constituting 8.6% for fiscal 2017) of adjusted net bank credit against the requirement of 11.8% of adjusted net bank credit. See also *"Supervision and Regulation—Directed Lending—Priority Sector Lending"*.

The following table sets forth ICICI Bank's average priority sector loans, classified by the type of borrower

	for fiscal 2018			
	Amount		% of total priority sector lending	% of adjusted net bank credit
	(in billion, except percentages)			
Agricultural sector	Rs. 587.55	US$ 9	39.2%	14.8%
Micro, small and medium-sized enterprises	605.90	9	40.4	15.2
Others	307.33	4	20.4	7.7
Total	**Rs. 1,500.78**	**US$ 22**	**100.0%**	**37.7%**

	for fiscal 2017			
	Amount		% of total priority sector lending	% of adjusted net bank credit
	(in billion, except percentages)			
Agricultural sector	Rs. 547.36	US$ 8	39.1%	15.6%
Micro, small and medium-sized enterprises	538.19	8	38.5	15.4
Others	313.86	4	22.4	8.9
Total	**Rs. 1,399.41**	**US$ 20**	**100.0%**	**39.9%**

Export credit

The Reserve Bank of India also requires banks to make loans to exporters at concessional interest rates, as part of directed lending. Export credit is provided for pre-shipment and post-shipment requirements of exporter borrowers in rupees and foreign currencies. At least 12.0% of a bank's adjusted net bank credit is required to be in the form of export credit. This requirement is in addition to the priority sector lending requirement but credits extended to exporters that are small scale industries or small businesses may also meet part of the priority sector lending requirement. The Reserve Bank of India provides export refinancing to banks for an eligible portion of total outstanding export loans in rupees in line with the current Reserve Bank of India guidelines in India as amended from time to time. The interest income earned on export credits is supplemented through fees and commissions earned from these exporter customers from other fee-based products and services taken by them from us, such as foreign exchange products and bill handling. At March 31, 2018, ICICI Bank's export credit was Rs. 49.5 billion, which amounted to 1.2% of the Bank's adjusted net bank credit.

Loan pricing

As required by the Reserve Bank of India guidelines effective July 1, 2010, ICICI Bank priced its loans with reference to a base rate, called the ICICI Bank Base Rate till March 31, 2016. The Asset Liability Management Committee sets the ICICI Bank Base Rate based on ICICI Bank's current cost of funds, likely changes in the Bank's cost of funds, market rates, interest rate outlook and other systemic factors. Pricing for new rupee floating rate proposals and renewal of rupee facilities till March 31, 2016 were linked to the ICICI Bank Base Rate and comprise the ICICI Bank Base Rate, transaction-specific spread and other charges. The Reserve Bank of India also stipulated that a bank's lending rates for rupee loans cannot be lower than its base rate, except for certain categories of loans as may be specified by the Reserve Bank of India from time to time. ICICI Bank has set its base rate at 8.75% per annum payable monthly, effective April 1, 2018.

Based on the revised guidelines of the Reserve Bank of India, all rupee loans sanctioned and credit limits renewed with effect from April 1, 2016 are required to be priced with reference to the marginal cost of funds based lending rate. Banks are required to publish marginal cost of funds based lending rates for various tenures such as, overnight, one month, three months, six months and one year. Marginal cost of funds based lending rate includes marginal cost of funds, negative carry on cash reserve ratio, operations cost and tenure premium/discount for various tenures. The Asset Liability Management Committee sets the ICICI Bank marginal cost of funds based lending rates. As required by the guidelines, we publish the ICICI Bank marginal cost of funds based lending rates for various tenures on a monthly basis.

Pricing for floating rate approvals and renewal of rupee facilities are linked to the ICICI Bank marginal cost of funds based lending rate and comprise the ICICI Bank marginal cost of funds based lending rate and spread. The Reserve Bank of India has also stipulated that a bank's lending rates for rupee loans cannot be lower than its marginal cost of funds based lending rate, except for certain exemptions. As prescribed in the guidelines of the Reserve Bank of India, existing borrowers will also have the option to move to the marginal cost of funds based lending rate linked loan at mutually acceptable terms. All loans approved before April 1, 2016, and where the borrowers choose not to migrate to the marginal cost of funds based lending rate system, would continue to be based on the earlier benchmark rate regimes. ICICI Bank marginal cost of funds based lending rate at September 1, 2018 was between 8.30%-8.55%.

An internal study group report of the Reserve Bank of India dated September 25, 2017 proposed that all floating rate loans extended from April 1, 2018 should be referenced to an external benchmark. The Group also suggested that the periodicity of resetting the interest rates would be once a quarter and that banks should migrate all existing lending rates to the new benchmark without any additional charges for switchover within one year from the introduction of the external benchmark. The Reserve Bank of India has yet to issue the necessary instructions or guidelines in this regard. Further, in February 2018, the Reserve Bank of India proposed to harmonize the methodology of determining benchmark rates by linking the base rate to the marginal cost based lending rate. Final instructions or guidelines in this regard are awaited.

Classification of Loans

Collateral—Completion, Perfection and Enforcement

Our loan portfolio largely consists of project and corporate finance and working capital loans to corporate borrowers, loans to retail customers, including home loans, automobile loans, commercial business loans, personal loans and credit card receivables and agricultural financing. In general, other than personal loans, credit card receivables and some forms of corporate and agricultural financing, which are unsecured, we stipulate that the loans should be collateralized at the time of loan origination. However, it should be noted that obstacles within the Indian legal system can create delays in enforcing collateral. See *"Risk Factors—Risks Relating to Our Business—Our level of non-performing assets is elevated, and if the level of non-performing assets is elevated, and if the level of our non-performing assets increases further and the overall quality of our loan portfolio continues to deteriorate, our business will suffer"*. In India, there are no regulations stipulating loan-to-collateral limits, except in the case of home loans and loan against gold ornaments and jewelry. The Reserve Bank of India, through a guideline has capped the loan-to-value ratio at 90% for home loans up to Rs. 3.0 million, at 80% for home loans between Rs. 3.0 million and Rs. 7.5 million and at 75% for home loans above Rs 7.5 million. Further, the Reserve Bank of India, through a guideline has capped the loan-to-value ratio at 75% for non-agricultural loans secured by gold ornaments and jewelry.

Secured Retail Portfolio

Secured consumer loans for the purchase of assets, such as mortgage loans and automobile loans are secured by the assets being financed (predominantly property and vehicles).

Depending on the type of borrower and the asset being financed, the borrower may also be required to contribute towards the cost of the asset. Accordingly, the security value is generally higher than the loan amount at the date of loan origination.

For other secured consumer loans, such as loans against property and property overdrafts, we generally require collateral of 125% of the loan amount at origination.

Commercial Loans

The Bank generally requires collateral at origination for commercial loans. The collateral for project and other corporate loans are usually immovable assets, which are typically mortgaged in the Bank's favor, or movable assets, which are typically hypothecated in the Bank's favor. These security interests must be perfected by the registration of these interests within time limits stipulated under the Companies Act, 2013 (the "Companies Act") with the Registrar of Companies pursuant to the provisions of the Companies Act when borrowers are constituted as companies. This registration amounts to a constructive public notice to other business entities of the security interests created by such companies. Prior to creation of security interests on all assets, which are not stock-in-trade for the company, a no-objection certificate from the income tax authorities is required to create a charge on the asset. We may also take security of a pledge of financial assets like marketable securities (for which perfection of security interests by registration with the Registrar of Companies is not mandatory for companies under the Companies Act), and obtain corporate guarantees and personal guarantees wherever appropriate. In certain cases, the terms of financing include covenants relating to sponsor shareholding in the borrower and restrictions on the sponsors' ability to sell all or part of their shareholding. Covenants involving equity shares have a top-up mechanism based on price triggers. We also provide unsecured loans to higher rated, well-established corporate borrowers. See also *"Risk Factors—Risks Relating to Our Business—The value of our collateral may decrease or we may experience delays in enforcing our collateral when borrowers default on their obligations to us which may result in failure to recover the expected value of collateral security exposing us to a potential loss"*.

The Bank generally requires collateral value at 150% of the outstanding loan amounts for loans to real estate companies and lease rental discounting facilities. Our lease rental discounting facility is a loan facility offered to borrowers where the loans are granted against confirmed future lease rental payments to be received by the borrowers.

For working capital facilities, the current assets of borrowers are taken as collateral. Each borrower is required to declare the value of current assets periodically. The borrower's credit limit is subject to an internally approved ceiling that applies to all borrowers. We calculate a borrower's credit limits as a certain percentage of the value of the collateral, which provides us with an adequate margin, should the borrower default.

Additionally, in some cases, we may take further security of a first or second charge on fixed assets, a pledge of financial assets like marketable securities, or obtain corporate guarantees and personal guarantees wherever appropriate. We also accept post-dated checks and cash as additional comfort for the facilities provided to various entities.

The Bank has an internal framework for updating the collateral values of commercial loans on a periodic basis. Generally, for commercial loans, the value of moveable property held as collateral is updated annually and the value of immovable property held as collateral is updated every three years.

The Bank has a mechanism by which it tracks the creation of security and follows up in case of any delay in creation of any security interest. The delays could be due to time taken for acquisition of the asset on which security interest is to be created (or completion of formalities related thereto), obtaining of requisite consents including legal, statutory or contractual obligations to obtain such consents, obtaining of legal opinions as to title and completion of necessary procedure for perfection of security in the respective jurisdictions.

The Bank is entitled, by the terms of security documents, to enforce security and appropriate the proceeds towards the borrower's loan obligations without reference to the courts or tribunals unless a client makes a reference to such courts or tribunals to challenge such enforcement.

Separately, in India, foreclosure on collateral of property can be undertaken directly by lenders by fulfilling certain procedures and requirements (unless challenged in courts of law) or otherwise by a written petition to an Indian court or tribunal. The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the "SARFAESI Act") allows the lenders to resolve non-performing assets by granting them greater rights as to enforcement of security, including over immovable property and recovery of dues, without reference to the courts or tribunals. However, the process may be subject to delays and administrative requirements that may result, or be accompanied by, a decrease in the value of the collateral. These delays can last for several years and therefore might lead to deterioration in the physical condition and market value of the collateral. In the event a corporate borrower is in financial difficulty and unable to sustain itself, it may opt for the process of voluntary winding up. In case a company becomes a sick unit, foreclosure and enforceability of collateral is stayed.

The Insolvency and Bankruptcy Code, 2016, enacted in May 2016, provides for a time-bound revival and rehabilitation mechanism to resolve stressed assets. In June 2017, the Reserve Bank of India issued directions to banks to file for resolution under the Insolvency and Bankruptcy Code with the National Company Law Tribunal in respect of 12 large stressed borrowers. In August 2017, the Reserve Bank of India identified additional borrowers and directed banks to initiate an insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code by December 31, 2017 if a resolution plan was not implemented by December 13, 2017. The banks have referred several of these accounts to the National Company Law Tribunal under the Insolvency and Bankruptcy Code during fiscal 2018. Further, the Reserve Bank of India has introduced a new framework for the resolution of stressed assets in February 2018 by which banks are required to implement a resolution plan within 180 days in respect of any overdue account where aggregate exposure of the lenders is Rs. 20.0 billion or more, and failing which the borrower would have to be referred for resolution under the Insolvency and Bankruptcy Code. The process of resolution of accounts referred under the Insolvency and Bankruptcy Code is still evolving with periodic amendments being incorporated in the framework through both legislation and judicial decisions. If resolution of one or more of these borrowers is not achieved and they go into liquidation, the market value of the collateral may come down. See also *"Overview of the Indian Financial Sector—Legislative Framework for Recovery of Debts due to Banks—Insolvency and Bankruptcy Code, 2016"*.

In case of consumer installment loans, we obtain direct debit mandates or post-dated checks towards repayment on pre-specified dates. Postdated checks, if dishonored, entitle us on occurrence of certain events to initiate criminal proceedings against the issuer of the checks.

We recognize that our ability to realize the full value of the collateral in respect of current assets is difficult due to, among other things, delays on our part in taking immediate action, delays in bankruptcy foreclosure proceedings, defects in the perfection of collateral (including due to inability to obtain approvals that may be required from various persons, agencies or authorities) and fraudulent transfers by borrowers and other factors, including current legislative provisions or changes thereto and past or future judicial pronouncements. The value and time to dispose the collateral could also be impacted by policy decisions. For example, the Government of India's decision to withdraw legal tender status of higher denomination currency notes in November 2016 impacted the prices and demand in land and housing market. However, cash credit facilities are so structured that we are generally able to capture the cash flows of our customers for recovery of past due amounts. In addition, the Bank generally has a right of set-off for amounts due to us on these facilities. The Bank requires its working capital loan customers to submit data on their working capital position on a regular basis, so that we can take any actions required before the loan becomes impaired. On a case-by-case basis, we may also stop or limit the borrower from drawing further credit from its facility.

Classification

ICICI Bank classifies its assets, including those in overseas branches, as performing and non-performing in accordance with the Reserve Bank of India guidelines. Under the Reserve Bank of India guidelines, an asset is generally classified as non-performing if any amount of interest or principal remains overdue for more than 90 days, in respect of term loans. In respect of overdraft or cash credit, an asset is classified as non-performing if the account remains out of order for a period of 90 days and in respect of bills, if the account remains overdue for more than 90 days. The Reserve Bank of India guidelines also require banks to classify an asset as non-performing based on qualitative criteria such as use of loan funds by a borrower for purposes other than those stipulated at the time of loan origination, inability of a borrower to perform or comply with the terms stipulated in a restructuring scheme for loans restructured with forbearance in asset classification, assessment of a borrower's ability to complete projects which have been funded by the Bank within certain timelines documented at the time of loan origination and certain other non-financial parameters. ICICI Home Finance Company classifies its loans and other credit facilities as per the guidelines of its regulator, the National Housing Bank. Loans made by our overseas banking subsidiaries are classified as impaired 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 has an impact on the estimated future cash flows of the loan that can be reliably estimated. Under the Reserve Bank of India guidelines, non-performing assets are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the Reserve Bank of India. Loans 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 Reserve Bank of India guidelines are identified as non-performing assets to the extent amount is outstanding in the host country. The Reserve Bank of India has separate guidelines for restructured loans. From April 1, 2015 onwards, loans that are restructured (other than due to delay up to a specified period for the implementation of projects) are classified as non-performing, other than loans already restructured prior to March 31, 2015 or where the restructuring was proposed prior to April 1, 2015 and was effected subsequently within prescribed timelines. See below *"—Restructured Loans"*.

The classification of assets in accordance with the Reserve Bank of India guidelines is detailed below.

Standard assets:	Assets that do not disclose any problems or which do not carry more than normal risk attached to the business are classified as standard assets.
Sub-standard assets:	Sub-standard assets comprise assets that are non-performing for a period not exceeding 12 months.
Doubtful assets:	Doubtful assets comprise assets that are non-performing for more than 12 months.
Loss assets:	Loss assets comprise assets the losses on which are identified or that are considered uncollectible.

There are 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. A loan extended for the implementation of an infrastructure project, is classified as non-performing if it fails to commence commercial operations within two years from the documented date of commencement. Similarly, a loan extended for the implementation of a non-infrastructure project, is classified as non-performing if the project fails to commence operations within 12 months from the documented date of such commencement. In April 2015, the Reserve Bank of India issued guidelines for revival of projects which have been delayed due to inadequacies of the existing project sponsors through a change in ownership of such projects. The guidelines permit banks to extend the date for the commencement of commercial operations of such projects up to a further period of two years subsequent to a change in ownership of the borrowing entity being effected, with such assets being classified as standard. This would be in addition to the extension of the period for completion of the projects as described above. As per the revised guidelines for the resolution of stressed assets introduced by the Reserve Bank of India on February 12, 2018, loans granted for the implementation of projects that may be restructured due to a delay in implementation of the project (up to a specified period) continue to enjoy forbearance in asset classification subject to the fulfillment of certain conditions stipulated by the Reserve Bank of India.

Our non-performing customer assets include loans and advances as well as credit substitutes, which are funded credit exposures. In compliance with regulations governing the presentation of financial information by banks, we report only non-performing loans and advances as non-performing assets in our financial statements.

See also "Supervision and Regulation—Loan Loss Provisions and Non-Performing Assets—Asset Classification".

Restructured Loans

The Reserve Bank of India had separate guidelines for restructured loans. As per these guidelines, up to March 31, 2015, a fully secured standard loan (other than that classified as a commercial real estate exposure, a capital market exposure or a personal loan) could be restructured by the rescheduling of principal repayments and/or the interest element and continue to be classified as a standard loan. However, such a loan needed to be separately disclosed as a restructured loan.

From April 1, 2015 onwards, loans that are restructured (other than due to delay up to a specified period) are classified as non-performing, other than loans already restructured prior to March 31, 2015 or where the restructuring was proposed prior to April 1, 2015 and was effected subsequently within certain prescribed timelines. However, loans granted for implementation of projects that are restructured due to a delay in implementation of the project (up to a specified period) enjoy forbearance in asset classification subject to the fulfillment of certain conditions stipulated by the Reserve Bank of India.

The diminution in the fair value of a restructured loan, if any, measured in present value terms, is either written off or a provision is made to the extent of the diminution involved. A restructured loan, which is classified as a standard restructured loan, is subject to higher standard asset provisioning and higher risk weight for capital adequacy purposes than non-restructured standard loans up to the period specified in the guidelines. The specified period is a period of one year from the commencement of the first payment of interest or principal whichever is later on the credit facility with the longest moratorium as per the restructuring package during which payment performance is monitored. The loan continues to be classified as restructured until it reverts to the normal level of standard asset provisions/risk weights for capital adequacy purposes, which is a period of one year after the end of the specified period. Banks are required to disclose the aggregate fund-based credit facilities of borrowers whose loans were restructured.

As per the Reserve Bank of India guidelines on restructuring issued in May 2013, general provisions required on standard accounts restructured after June 1, 2013 was increased to 5.0%. The general provision required on standard accounts restructured before June 1, 2013 was increased to 3.5% from March 31, 2014, 4.25% from March 31, 2015 and 5.0% from March 31, 2016.

The Reserve Bank of India issued various schemes for the resolution of stressed borrower accounts. The Reserve Bank of India announced guidelines on strategic debt restructuring in fiscal 2016, under which the conversion of debt into equity was allowed, which resulted in the acquisition of ownership interests in the borrowers by banks. On the conversion of debt into equity, banks were allowed to continue with the existing asset classification for an 18-month period (stand-still benefit). Apart from the strategic debt restructuring scheme, the Reserve Bank of India also issued guidelines with respect to loans to borrowers, allowing a change in ownership of the borrowers outside the strategic debt restructuring framework. This guideline allowed the stand-still benefits in asset classification of borrowers in-line with the strategic debt restructuring scheme. In fiscal 2017, the scheme for sustainable structuring of stressed assets was introduced, which sought to strengthen the ability of banks to undertake the resolution of large borrower accounts that were facing financial difficulties on account of delays in completing large projects. The scheme was aimed at enabling lenders to initiate deep financial restructuring, subject to the fulfillment of certain conditions, for the sustainable revival of projects. The scheme envisaged bifurcation of the current dues of a borrower into sustainable debt and other than sustainable debt as per an independent study of the viability of the borrower's operations. The scheme also envisaged that the asset classification of the borrower as at a 'reference date' (date on which the lenders jointly decide to invoke the scheme) would continue for a period of 180 days (stand-still period). On February 12, 2018, these schemes were discontinued under the revised guidelines for the resolution of stressed assets issued by the Reserve Bank of India. The stand-still benefits in asset classification of borrowers, where strategic debt restructuring, change in ownership of the borrowers outside the strategic debt restructuring and sustainable structuring of stressed assets were invoked but not implemented, was withdrawn. Hence, the Bank classified loans that had such schemes invoked but not implemented as non-performing at year-end fiscal 2018.

The revised guidelines expand the definition of restructuring to include loans where the Bank has entered into a settlement and the time given for payment of the settlement amount exceeds three months. In case of restructuring, the accounts classified as "standard" shall be immediately downgraded as non-performing assets. Further, residual debt under restructuring should necessarily receive a minimum credit rating from one or two rating agencies depending on the size of exposure. The guidelines also stipulate additional conditions for upgrading standard accounts classified as non-performing and non-performing accounts that have been restructured. Restructured loans can be upgraded to standard category only after satisfactory performance during the 'specified period', that is, the date by which at least 20.0% of the outstanding principal debt as per the resolution plan and interest capitalisation sanctioned as part of the restructuring, if any, is repaid or one year from the commencement of the first payment of interest or principal on the credit facility with the longest period of moratorium under the terms of the resolution plan, whichever is later. In addition to satisfactory performance during the 'specified period', accounts above a specified threshold (currently Rs. 5.0 billion and above) shall also require their credit facilities to be rated investment grade rating at the end of 'specified period' by credit rating agencies accredited by the Reserve Bank of India for the purpose of bank loan ratings.

If a restructured account fails to perform satisfactorily at any point of time during the 'specified period', the credit facilities shall be re-classified in the non-performing category (that is sub-standard, doubtful or loss) as per the repayment schedule that existed before the restructuring. Any future upgrade for such accounts shall be contingent on the implementation of a fresh resolution plan and demonstration of satisfactory performance thereafter.

See also "Supervision and Regulation—Loan Loss Provisions and Non-Performing Assets—Asset Classification".

Provisioning and Write-Offs

We make provisions in accordance with the Reserve Bank of India's guidelines. See also *"Supervision and Regulation—Loan Loss Provisions and Non-Performing Assets—Asset Classification—Provisioning and Write-offs"*. The Reserve Bank of India guidelines on provisioning are as described below.

Standard assets: Allowances on the performing portfolios are based on guidelines issued by the Reserve Bank of India. The provisioning requirement is a uniform rate of 0.4% for all standard assets except—

- farm credit to agricultural and the Small and Micro Enterprise sectors, which attract a provisioning requirement of 0.25%,
- advances to commercial real estate residential and non-residential sectors which attract a provisioning requirement of 0.75% and 1.0% respectively, and
- housing loans, where such loans are made at comparatively lower interest rates in the initial years of the loan after which the rates are reset at higher rates, which attract a provisioning requirement of 2.0%.

The standard asset provisioning on restructured loans is required to be maintained at 5.0% in the first two years from the date of restructuring. Loans restructured with a moratorium on payment of interest/principal attracted a standard asset provision of 5.0% for the period covering the moratorium and two years thereafter. Restructured accounts classified as non-performing advances when upgraded to the standard category carry a provision of 2.0% in the first year from the date of upgrade.

	The standard asset provisions on accounts restructured after June 1, 2013 is 5.0%. The standard asset provision required on accounts restructured before June 1, 2013 was increased to 3.5% from March 31, 2014, 4.25% from March 31, 2015 and 5.0% from March 31, 2016.
	An additional provision of up to 0.80% is required to be made on amounts due from entities having unhedged foreign currency exposure. A provision of 5.0% is also required in respect of standard loans to companies having director(s) whose name(s) appear more than once in the list of willful defaulters.
Sub-standard assets:	A provision of 15.0% is required for all sub-standard assets. A provision of 25.0% is required for accounts that are unsecured. Unsecured infrastructure loan accounts classified as sub-standard require provisioning of 20.0%.
Doubtful assets:	A 100.0% provision/write-off is required against the unsecured portion of a doubtful asset and is charged against income. With effect from fiscal 2012, for the secured portion of assets classified as doubtful, a 25.0% provision is required for assets that have been classified as doubtful for a year, a 40.0% provision is required for assets that have been classified as doubtful for one to three years and a 100.0% provision is required for assets classified as doubtful for more than three years. The value assigned to the collateral securing a loan is the amount reflected on the borrower's books or the realizable value determined by third party appraisers.
Loss assets:	The entire asset is required to be written off or provided for.
Restructured loans:	The provision on restructured loans is required to be equal to the difference between the fair value of the loan before and after restructuring. The fair value of the loan before restructuring is computed as the present value of cash flows representing the interest at the existing rate charged on the loan before restructuring and the principal. The fair value of the loan after restructuring is computed as the present value of cash flows representing the interest at the rate charged under the loan's restructured terms and the principal. The provision on non-performing restructured loans is in addition to provisioning requirement on non-performing loans. For loans restructured up to July 1, 2015, both sets of cash flows are discounted at the Bank's Base Rate as on the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of restructuring. For loans restructured after July 1, 2015, both sets of cash flows are discounted at a rate equal to the actual interest rate charged to the borrower before restructuring for the purpose of determining the diminution in fair value of the loan on restructuring. For accounts having multiple credit facilities with varying interest rates, a weighted average interest is used as the discounting rate.

Apart from the provisions mentioned above, in accounts where the Bank has initiated a change in ownership by conversion of loans into shares under the Strategic Debt Restructuring or outside the Strategic Debt Restructuring mechanism, a provision of 15.0% was required to be made by the end of the 18 months stand-still period. These provisions were to be made over a period of four quarters on the residual loan after such conversion. See also "*Overview of the Indian Financial Sector—Legislative Framework for Recovery of Debts due to Banks—Joint Lenders' Forum*". The Reserve Bank of India issued revised guidelines on February 12, 2018 which revoked the existing guidelines on Strategic Debt Restructuring or outside the Strategic Debt Restructuring for loans where it has not already been implemented.

In respect of non-retail loans reported as fraudulent to the Reserve Bank of India and classified in the doubtful category, the entire amount, without considering the value of security, can be provided for over a period of four quarters starting from the quarter in which fraud has been detected. In respect of non-retail loans where there has been delay in the reporting of the fraud to the Reserve Bank of India or which are classified as loss accounts, the entire amount is required to be provided for immediately. In the case of fraud in retail accounts, the entire amount is required to be provided for immediately.

In April 2017, the Reserve Bank of India through its circular advised the banks that the provisioning rates prescribed under the prudential norms circular are at the regulatory minimum and banks are encouraged to make provisions at higher rates in respect of advances to stressed sectors of the economy and had specifically highlighted the telecom sector. As per the guidelines issued by the Reserve Bank of India, the Bank also makes an additional general provision on loans to specific borrowers in specific stressed sectors.

The Reserve Bank of India allows banks to create floating provisions (i.e., provisions which are not made in respect of specific non-performing assets or are made in excess of regulatory requirements for provisions for standard assets). The floating provisions outstanding at year-end can be used only for contingencies under extraordinary circumstances for making specific provisions against non-performing accounts after obtaining approval from the Board of Directors and with the prior permission of the Reserve Bank of India. Until utilization of such provisions, they can be netted off from gross non-performing assets to compute the net non-performing assets. Alternatively, floating provisions could be treated as part of Tier 2 capital within the overall ceiling of 1.25% of total risk-weighted assets. See also "*Supervision and Regulation—Loan Loss Provisions and Non-Performing Assets—Asset Classification—Restructured Loans*".

In April 2017, the Reserve Bank of India advised banks to maintain provisions for standard assets at rates higher than the regulatory requirement, particularly in respect of advances to stressed sectors of the economy. Banks were required to put in place a Board-approved policy, to be reviewed on a quarterly basis, for making higher provisions based on evaluation of risk and stress in various sectors.

During the first half of fiscal 2018, the Reserve Bank of India advised the banks to initiate insolvency resolution processes under the provisions of Insolvency and Bankruptcy Code, 2016 for certain specific accounts. The Reserve Bank of India also required the banks to make a provision at 50.0% of the secured portion and 100.0% of unsecured portion, or a provision as per extant Reserve Bank of India guideline on asset classification norms, whichever is higher. Subsequently, in April 2018, the Reserve Bank of India revised the provisioning requirements in respect of these specified cases from 50.0% of the secured portion to 40.0% of the secured portion at year-end fiscal 2018 and to 50.0% of the secured portion at June 30, 2018.

Our Policy

We provide for non-performing corporate loans in line with the Reserve Bank of India guidelines. ICICI Bank provides for non-performing consumer loans at the borrower level in accordance with provisioning policy of ICICI Bank, subject to minimum provision requirements set by the Reserve Bank of India. Loss assets and the unsecured portion of doubtful assets are fully provided for or written off. The Bank holds specific provisions against non-performing loans, general provisions against performing loans and floating provision taken over from the erstwhile The Bank of Rajasthan Limited upon amalgamation. The Bank also holds specific provisions against certain performing loans and advances in accordance with the Reserve Bank of India's directions. For restructured loans, provisions are made in accordance with the restructuring guidelines issued by the Reserve Bank of India. These provisions are assessed at a borrower level as the difference between the fair value of the loan, both before and after restructuring. In addition, the Bank holds a general provision of 5.0% of the outstanding balance of the restructured loan.

The Bank also made a provision of 15.0%, within a period of four quarters, on the residual loan amount (after conversion of loans into shares) on loans where the Bank had initiated steps for a change in management of a borrower entity by acquiring a majority equity interest in the borrower's share capital under the Reserve Bank of India's guidelines on strategic debt restructuring or outside the scheme of strategic debt restructuring. Similarly, if borrowers have implemented projects which are facing stress and the Bank along with other lenders have implemented the scheme for sustainable structuring of stressed assets, the Bank made provisions as per the Reserve Bank of India guidelines for such schemes. The Reserve Bank of India issued revised guidelines on February 12, 2018 which superseded the existing guidelines on change of ownership under strategic debt restructuring and outside strategic debt restructuring and the scheme for sustainable structuring of stressed assets for loans where it has not already been implemented.

The Bank may create floating provisions for the year as per a Board approved policy, which is in addition to the specific and general provisions made by the Bank. The floating provision can be utilized, with the approval of the Board and the Reserve Bank of India.

The Reserve Bank of India guidelines do not specify the conditions under which assets may be written-off. The Bank has internal policies for writing-off non-performing loans against loan loss allowances. Consumer loans other than mortgage loans and certain small value unsecured commercial loans are generally charged off against allowances after pre-defined periods of delinquency. Other loans, including mortgage loans, are generally charged off against allowances when, based on a borrower-specific evaluation of the possibility of further recovery, the Bank concludes that the balance cannot be collected. The Bank evaluates whether a balance can be collected based on the realizable value of collateral, the results of the Bank's past recovery efforts, the possibility of recovery through legal recourse and the possibility of recovery through settlement.

Impact of Economic Environment on Commercial and Consumer Loan Borrowers

From fiscal 2010, the Indian corporate sector undertook significant investments, including in the infrastructure and commodity sectors. This led to high loan growth in the banking sector, including for us. Subsequently, the Indian economy experienced challenges in terms of high inflation and consequently higher interest rates, currency depreciation and a sharp slowdown in economic growth. The corporate sector experienced a decline in sales and profit growth, an elongation of working capital cycles and a high level of receivables, including from the Government of India, and significant challenges in project completion and cash flow generation, due to policy changes, delays in approvals like clearances on environment and land permits, and judicial decisions like the deallocation of coal mines. Indian corporations, especially in the infrastructure and industrial sectors, had limited ability to access capital in view of the economic scenario and volatility in global and domestic financial markets, decline in corporate investment activity. From fiscal 2014 onwards, these developments led to an increase in non-performing and restructured corporate loans in the Indian banking sector, including for us, and a substantial moderation in overall loan growth, driven primarily by lower growth in credit to the corporate sector. The corporate sector continued to be impacted due to lower than anticipated cash flow generation and high leverage. The significant decline in global commodity prices in fiscal 2015 and fiscal 2016, including metals, coal and crude oil, negatively impacted borrowers in commodity-linked sectors. Capital investments in the economy remained subdued, impacting corporations in investment-linked sectors like construction. Due to the lower than projected cash flows, the progress in reducing leverage in the corporate sector was slow.

Additions to non-performing loans remained elevated during fiscal 2017 and fiscal 2018 with the gross non-performing assets ratio for the banking system increasing to 9.6% at year-end fiscal 2017 and increasing further to 11.6% at year-end fiscal 2018 as per the Reserve Bank of India's Financial Stability Report of June 2018. Economic growth moderated and challenges in the corporate sector continued. The growth in India's gross domestic product slowed down from 8.1% in fiscal 2016 to 7.1% in fiscal 2017 and 6.7% in fiscal 2018, largely due to subdued industrial growth which moderated from 9.8% in fiscal 2016 to 6.8% in fiscal 2017 and 5.5% in fiscal 2018. The slowdown in economic growth also reflected the alignment to structural reforms introduced by the Government of India, including the withdrawal of high denomination currency notes in November 2016 and the implementation of the goods and services tax system in July 2017, which temporarily impacted economic activity. Further, there were significant developments with regard to the resolution of stressed assets that accelerated the additions to non-performing loans in fiscal 2018. During the six months ended September 30, 2017, the Reserve Bank of India directed banks to commence proceedings under the Insolvency and Bankruptcy Code, enacted in 2016, in respect of certain corporate borrowers. The Reserve Bank of India also specified higher provisions in respect of loans to these borrowers. Further, in February 2018, the Reserve Bank of India introduced a new framework for the resolution of stressed assets and withdrew the existing schemes for resolution which provided stand-still benefits in asset classification of borrowers, resulting in accelerated classification of assets under the resolution schemes of the Reserve Bank of India as non-performing. The new framework also requires banks to implement a resolution plan within 180 days in respect of any overdue account where the aggregate exposure of the lenders is Rs. 20.0 billion or more, and failing which the borrower would have to be referred for resolution under the Insolvency and Bankruptcy Code. Further, the process of resolution of accounts referred under the Insolvency and Bankruptcy Code is still evolving with periodic amendments being incorporated to the framework as well as litigation and judicial decisions impacting the framework. Certain borrowers and industry associations representing affected firms filed petitions challenging the Reserve Bank of India's revised framework for resolution of stressed assets dated February 12, 2018 in various High Courts. Subsequently, the Reserve Bank petitioned the Supreme Court to transfer all such petitions filed before various High Courts to the Supreme Court. On September 11, 2018, the Supreme Court, while allowing Reserve Bank of India's transfer petition, passed an order transferring all such petitions pending before various High Courts to itself and requiring status quo as on that date to be maintained. The next hearing date in the Supreme Court will be November 14, 2018.

See also "*Risk Factors—Risks Relating to Our Business—If the regulatory and legal changes continue to impose increasingly stringent requirements regarding non-performing loans and provisioning for such loans, our business will suffer", "Risk Factors—Risks Relating to Our Business—Our level of non-performing assets is elevated, and if the level of non-performing assets increases further and the overall quality of our loan portfolio continues to deteriorate, our business will suffer", "—Strategy" and "Operating and Financial Review and Prospects—Executive Summary—Business environment—Trends in fiscal 2018*" *and Trends during the six months ended September 30, 2018*".

Various factors, including a rise in unemployment, prolonged recessionary conditions, decline in household savings and income levels, our regulators' assessment and review of our loan portfolio, a sharp and sustained rise in interest rates, developments in the global and Indian economy, movements in global commodity markets and exchange rates and global competition could cause a further increase in the level of non-performing assets on account of retail and other loans and have a material adverse impact on the quality of our loan portfolio. See also *"Risk Factors—Risks Relating to Our Business—Our level of non-performing assets is elevated, and if we are unable to adequately control the level of non-performing assets increases further and the overall quality of our loan portfolio continues to deteriorate, our business will suffer" and "—Strategy".*

Classification of Customer Assets

The following table sets forth, at the dates indicated, data regarding the classification of our gross customer assets (net of write-offs, interest suspense and derivative income reversal on non-performing assets).

	As at March 31,						As at June 30,		
	2016		2017		2018		2018		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount
	(Rs. in billions, except percentages)								(US$ in millions)
Standard	Rs. 4,856.67	94.8%	Rs. 4,969.11	92.1%	Rs. 5,575.70	91.2%	Rs. 5,533.38	91.2%	US$ 80,826
Non-performing assets	267.21	5.2	425.52	7.9	540.63	8.8	534.65	8.8	7,810
Of which									
Substandard	40.91	0.8	145.07	2.7	75.51	1.2	75.21	1.2	1,099
Doubtful assets	195.94	3.8	259.08	4.8	450.03	7.4	444.25	7.3	6,489
Loss assets	30.36	0.6	21.37	0.4	15.09	0.2	15.19	0.3	222
Total customer assets	**Rs. 5,123.88**	**100%**	**Rs. 5,394.63**	**100%**	**Rs. 6,116.33**	**100%**	**Rs. 6,068.03**	**100%**	**US$ 88,636**

(1) Customer assets includes loans and credit substitutes like debentures and bonds but excludes preference share.

The following table sets forth, at the dates indicated, data regarding our non-performing customer assets.

	Gross NPA[(1)(2)]	Net NPA[(2)]	Net customer assets[(2)]	% of Net NPA to Net customer assets
	(Rs. in billions, except percentages)			
March 31, 2014	Rs. 105.54	Rs. 33.01	Rs. 4,037.08	0.82%
March 31, 2015	152.42	63.25	4,516.34	1.40%
March 31, 2016	267.21	132.97	4,972.29	2.67%
March 31, 2017	425.52	254.51	5,209.52	4.89%
March 31, 2018	540.63	278.86	5,848.78	4.77%
June 30, 2018	534.65	241.70	5,769.85	4.19%

(1) Net of write-offs, interest suspense and derivative income reversal.

(2) Includes loans and credit substitutes like debentures and bonds but excludes preference shares.

Gross non-performing customer assets decreased by 1.1% from Rs. 540.63 billion at March 31, 2018 to Rs. 534.65 billion at June 30, 2018, primarily on account of resolution of one account under the Insolvency and Bankruptcy Code, 2016 (IBC). The gross additions to non-performing customer assets decreased from Rs. 49.76 billion during the three months ended June 30, 2017 to Rs. 40.36 billion during the three months ended June 30, 2018. Non-performing customer assets amounting to Rs. 20.36 billion were upgraded or recovered during the three months ended June 30, 2018 as compared to Rs. 27.75 billion during the three months ended June 30, 2017. Non-performing customer assets amounting to Rs. 25.98 billion were written-off during the three months ended June 30, 2018 as compared to Rs. 16.05 billion during the three months ended June 30, 2017.

The net non-performing customer assets of the Bank decreased from Rs. 278.86 billion at March 31, 2018 to Rs. 241.70 billion at June 30, 2018. The net non-performing customer asset ratio decreased from 4.77% at March 31, 2018 to 4.19% at June 30, 2018. Our gross non-performing customer assets decreased from Rs. 540.63 billion at March 31, 2018 to Rs. 534.65 billion at June 30, 2018. Our provisioning costs are also expected to remain elevated in the near term.

Our provision coverage ratio (i.e. total provisions made against non-performing assets as a percentage of gross non-performing assets) at June 30, 2018 was 54.1% as compared to 47.7% at March 31, 2018 computed in accordance with the Reserve Bank of India guidelines.

Our gross standard loans to borrowers whose facilities have been restructured were Rs. 15.95 billion at March 31, 2018 and Rs. 14.45 billion at June 30, 2018. There were 248 borrowers classified as standard with whose loans had been restructured by the Bank at June 30, 2018 as compared to 275 borrowers classified as standard at June 30, 2017 (As at March 31, 2018: 242 borrowers classified as standard with an aggregate outstanding of Rs. 15.95 billion).

The outstanding portfolio of loans for which refinancing under the 5/25 scheme has been implemented was Rs. 46.72 billion at June 30, 2018 out of which Rs. 20.04 billion was classified as performing loans. Of the loans of Rs. 20.04 billion, about Rs. 6.64 billion were loans to companies which were internally rated below investment grade in power, mining, iron and steel, cement and rigs. At June 30, 2018, we implemented the scheme for sustainable structuring of stressed assets in six borrower accounts with an aggregate balance outstanding of Rs. 7.64 billion, comprising Rs. 4.10 billion of sustainable debt and Rs. 3.55 billion of unsustainable debt.

Sector-wise analysis of gross non-performing customer assets

The following table sets forth, at the dates indicated, the composition of gross non-performing assets by industry sector.

	As at March 31,						As at June 30,		
	2016		2017		2018		2018		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount
	(Rs. in billions, except percentages)								(US$ in millions)
Retail finance[(1)]	Rs. 38.25	14.3%	Rs. 36.67	8.6%	Rs. 47.14	8.7%	Rs. 53.43	10.0%	US$ 781
Road, ports, telecom, urban development and other infrastructure	26.01	9.7	23.04	5.4	26.90	5.0	28.64	5.4	418
Services—non-finance	29.30	11.0	36.15	8.5	47.71	8.8	38.37	7.2	560
Power	17.51	6.6	63.64	15.0	105.35	19.5	106.01	19.8	1,549
Iron and Steel and products	65.04	24.3	80.39	18.9	68.54	12.7	52.11	9.7	761
Services—finance	0.52	0.2	—	—	—	—	—	—	—
Crude petroleum/refining and petrochemicals	0.02	—	0.49	0.1	18.37	3.4	18.45	3.5	270
Mining	—	—	39.32	9.2	89.72	16.6	94.88	17.7	1,386
Construction	22.22	8.3	31.29	7.4	59.65	11.0	60.89	11.4	889
Food and beverages	4.55	1.7	6.36	1.5	6.72	1.2	6.21	1.2	91
Cement	—	—	53.78	12.6	—	—	—	—	—

	As at March 31,						As at June 30,		
	2016		2017		2018		2018		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount
	(Rs. in billions, except percentages)								(US$ in millions)
Electronics and engineering	3.01	1.1	3.18	0.7	15.47	2.9	15.04	2.8	220
Wholesale/retail trade	5.90	2.2	7.03	1.7	6.20	1.1	8.81	1.6	129
Shipping	19.60	7.3	14.34	3.4	11.75	2.2	9.65	1.8	141
Metal and products (excluding iron and steel)	1.10	0.4	0.04	—	—	—	—	—	—
Chemicals & fertilizers	1.58	0.6	0.70	0.2	1.40	0.3	1.49	0.3	22
Other Industries[(2)]	32.60	12.3	29.10	6.8	35.71	6.6	40.67	7.6	593
Gross NPAs	**Rs. 267.21**	**100%**	**Rs. 425.52**	**100%**	**Rs. 540.63**	**100%**	**Rs. 534.65**	**100%**	**US$ 7,810**

Notes:

(1) Includes home loans, commercial business loans, automobile loans, business banking, credit cards, personal loans, rural loans, loans against securities and dealer financing portfolio.

(2) Other industries primarily include developer financing portfolio, automobiles, manufacturing products (excluding metal), textile, drugs and pharmaceuticals, gems and jewelry and FMCG.

Non-Performing Asset Strategy

In respect of unviable non-performing assets, where companies have lost financial viability, we adopt an aggressive approach aimed at out-of-court settlements, enforcing collateral, driving consolidation and seeking resolution under the Insolvency and Bankruptcy Code under specific circumstances, which among other measures includes recovery through the sale of borrower's assets in a time-bound manner. Our focus is on time value of recovery and a pragmatic approach towards settlements. The collateral against our loan assets is the critical factor towards the success of our recovery efforts. In certain accounts where the value of collateral against our loan has been eroded we undertake charge-offs against loan loss allowances held. However, we continue to pursue recovery efforts in these accounts, either jointly along with other lenders or individually through legal recourse and settlements. In addition, we focus on proactive management of accounts under supervision. Our strategy is aimed at early stage solutions to incipient problems.

The Bank's strategy for the resolution of stressed assets involves referring these cases for resolution under the Insolvency and Bankruptcy Code with the National Company Law Tribunal. The Insolvency and Bankruptcy Code, 2016, enacted in May 2016, provides for a time-bound revival and rehabilitation mechanism to resolve stressed assets. In June 2017, the Reserve Bank of India issued directions to banks to file for resolution under the Insolvency and Bankruptcy Code with the National Company Law Tribunal in respect of 12 large stressed accounts. In August 2017, the Reserve Bank of India identified additional accounts and directed banks to initiate an insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code by December 31, 2017 if a resolution plan was not implemented by December 13, 2017. The Bank has referred certain non-performing borrowers for resolution under the Insolvency and Bankruptcy Code, 2016, with the National Company Law Tribunal. Further, the filing for resolution by various stakeholders, including financial creditors and any other participants as may be eligible, could impact our provisioning and credit loss. In addition, the requirement to complete the resolution process within the stipulated timeline to avoid liquidation of the borrower may impact recoveries from these stressed accounts. In the event borrowers go into liquidation, the additional credit losses may be significant.

In February 2018, Reserve Bank of India announced a revised framework for the resolution of stressed assets aimed at time-bound resolution of non-performing and stressed borrowers, withdrawal of earlier resolution schemes and commencement of proceedings under the Insolvency and Bankruptcy Code in respect of borrowers where a resolution satisfying specified criteria could not be achieved within a prescribed timeframe. The revised guidelines stipulate that all lenders will put in place board-approved policies for resolution of stressed assets, including the timelines for resolution. The guidelines provide a definition of 'default' which means non-payment of debt when whole or any part or instalment of the amount of debt has become due and payable and is not repaid by the debtor or the corporate debtor, as the case may be. The guidelines stipulate that as soon as there is a default in the borrower entity's account with any lender, all lenders, either singly or jointly, shall initiate steps to cure the default. The resolution plan may include regularization of the account by payment of all overdue amounts by the borrower entity, sale of the exposures by the lenders to other entities/ investors, change in ownership, or restructuring. The residual debt in resolution plan involving restructuring or change in ownership in respect of accounts where aggregate exposure of the lenders is Rs. 1.0 billion or more should necessarily receive a minimum credit rating from one or two rating agencies depending on the size of exposure. Banks would have to implement a resolution plan within 180 days of the default date or March 1, 2018 (in case default was prior to March 31, 2018), whichever is later, in respect of accounts where aggregate exposure of the lenders is Rs. 20.0 billion or more. In case the resolution plan is not implemented, the borrower would have to be referred to the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016.

The Bank has, since April 2016, implemented enhanced internal controls, relating to review of loan accounts which satisfy certain threshold parameters, primarily relating to size, credit rating and days-past-due, for identification of non-performing assets.

Our strategy for resolution of non-performing assets includes sales of financial assets to asset reconstruction companies in exchange for receipt of securities in the form of pass-through instruments issued by asset reconstruction companies, wherein payments to holders of the securities are based on the actual realized cash flows from the transferred assets. We sold net non-performing assets to asset reconstruction companies amounting to Rs. 0.08 billion in fiscal 2013, Rs. 1.51 billion in fiscal 2014, Rs. 0.84 billion in fiscal 2015, Rs. 3.51 billion in fiscal 2016, Rs. 31.26 billion in fiscal 2017 and Rs 0.05 billion in fiscal 2018. We did not sell any non-performing assets to asset reconstruction companies during the three months ended June 30, 2018. We are also permitted to sell financial assets, classified as standard assets that are overdue for more than 60 days to asset reconstruction companies in terms of Reserve Bank of India guidelines. At June 30, 2018, we had an outstanding net investment of Rs. 34.33 billion in security receipts issued by asset reconstruction companies in relation to sales of our non-performing assets and standard assets that are overdue for more than 60 days. We sold financial assets classified as standard amounting to Rs. 3.21 billion in fiscal 2016, Rs. 5.83 billion in fiscal 2017 and Rs. 2.66 billion in fiscal 2018. We did not sell any standard asset to asset reconstruction companies during the three months ended June 30, 2018. Under Indian GAAP, these instruments are valued at the net asset values as declared by the asset reconstruction companies in accordance with Reserve Bank of India guidelines. Under U.S. GAAP, the assets we sell in exchange for security receipts are not accounted for as sales either because transfers do not qualify for sale accounting under FASB ASC Topic 860, "Transfers and servicing", or transfers were impacted by FASB ASC Subtopic 810-10, "Consolidation—overall", whereby, because the Bank is the 'primary beneficiary' of certain of these funds/trusts, it is required under U.S. GAAP to consolidate these entities. These assets are considered restructured assets under U.S. GAAP. *See also "Supervision and Regulation—Guidelines on Sale and Purchase of Non-performing Assets—Regulations relating to Sale of Assets to Asset Reconstruction Companies"*.

We monitor migration of the credit ratings of our borrowers to enable us to take proactive remedial measures. We review the industry outlook and analyze the impact of changes in the regulatory and fiscal environment. Our periodic review system helps us to monitor the health of accounts and to take prompt remedial measures. We may seek to recover loans through enforcement of our rights in collateral. However, recoveries may be subject to delays of up to several years, due to the long legal process in India. This leads to delay in enforcement and realization of collateral. We may also take as security a pledge of financial assets, including marketable securities, and obtain corporate guarantees and personal guarantees wherever appropriate. In certain cases, the terms of financing include covenants relating to sponsors' shareholding in the borrower and restrictions on the sponsors' ability to sell all or part of their shareholding. Covenants involving equity shares have top-up mechanism based on price triggers. We maintain the non-performing assets on our books for as long as the enforcement process is ongoing. Accordingly, a non-performing asset may continue for a long time in our portfolio until the settlement of loan account or realization of collateral, which may be longer than that for U.S. banks under similar circumstances. See also *"—Loan portfolio—Collateral—Completion, Perfection and Enforcement"*.

Secured loans to retail customers are secured by first and exclusive liens on the assets financed (predominantly property and vehicles). We are entitled in terms of our security documents to repossess security comprising assets such as plant, equipment and vehicles without reference to the courts or tribunals unless a client makes a reference to such courts or tribunals to stay our actions. In respect of our retail loans, we adopt a standardized collection process designed to ensure prompt action for follow-up on overdue loans and recovery of defaulted amounts.

Provision for Loan Losses

The following table sets forth, at the dates indicated, movement in our provisions for loan losses for non-performing assets.

	As at March 31,			As at June 30,	
	2016	2017	2018	2018	
	(Rupees in billions)				(US$ in millions)
Aggregate provisions for loan losses at the beginning of the year	Rs. 89.17	Rs. 134.24	Rs. 171.01	Rs. 261.77	US$ 3,824
Add: Provisions for loan loses					
Commercial, & others(1)	68.67	150.76	171.29	54.22	791
Retail finance(2)	4.55	0.51	4.33	2.93	43
Leasing and related activities	—	—	—	—	—
Total provisions for loan losses, net of releases of provisions as a result of cash collections	162.39	285.51	346.63	318.92	4,658
Loans charged-off	(28.15)	(114.50)	(84.86)	(25.97)	(379)
Aggregate provisions for loan losses at the end of the year	**Rs. 134.24**	**Rs. 171.01**	**Rs. 261.77**	**Rs. 292.95**	**US$ 4,279**

Notes:

(1) Includes term loans and working capital finance but excludes leasing and related activities.

(2) Includes home loans, commercial business loans, automobile loans, business banking, credit cards, personal loans, rural loans, loans against securities and dealer financing portfolio.

Provisions and contingencies (excluding provisions for tax) were Rs. 59.71 billion in the three months ended June 30, 2018 as compared to Rs. 26.09 billion in the three months ended June 30, 2017. Provision for non-performing and other assets was Rs. 55.06 billion in the three months ended June 30, 2018 as compared to Rs. 22.68 billion in the three months ended June 30, 2017. Provision for non-performing and other assets in the three months ended June 30, 2018 includes additional provision for borrower accounts where we have initiated insolvency proceedings under the Insolvency and Bankruptcy Code, 2016 as per the Reserve Bank of India directions and additional provision on accounts classified as non-performing assets in earlier years. While gross additions to non-performing customer assets decreased from Rs. 49.76 billion in the three months ended June 30, 2017 to Rs. 40.36 billion in the three months ended June 30, 2018, non-performing customer assets in the doubtful category increased from Rs. 260.23 billion at June 30, 2017 to Rs. 444.25 billion at June 30, 2018. This resulted in higher ageing-based provisions on existing non-performing assets in the three months ended June 30, 2018 as compared to three months ended June 30, 2017. As a result, provision for non-performing and other assets continued to remain at elevated levels during the three months ended June 30, 2018. Our provision coverage ratio at June 30, 2018 computed as per the extant Reserve Bank of India guidelines was 54.1%.

During the three months ended June 30, 2017, the Reserve Bank of India directed banks to initiate an insolvency resolution process in respect of 12 accounts under the provisions of the Insolvency and Bankruptcy Code and also required banks to make a provision to the extent of 50.0% of the secured portion and 100% of the unsecured portion of the outstanding loans to these accounts or the provision required as per the existing guidelines of the Reserve Bank of India, whichever is higher. The Reserve Bank of India allowed the additional provision, the provision higher than required as per the existing guidelines, to be made by the three months ended June 30, 2018. For the accounts where the Bank had an exposure, the total outstanding loans to these borrowers amounted to Rs. 40.59 billion (excluding a non-fund outstanding amount of Rs. 1.81 billion) at June 30, 2018. We held a provision of Rs. 35.67 billion on these loans, which amounted to 87.9% provision coverage in respect of outstanding loans to these borrowers at June 30, 2018.

Further, during the three months ended September 30, 2017, the Reserve Bank of India directed banks to initiate an insolvency resolution process for additional accounts under the Insolvency and Bankruptcy Code by December 31, 2017, if a resolution plan, where the residual debt is not rated investment grade by two external credit rating agencies, is not implemented by December 13, 2017. For the accounts where the Bank had an exposure, the total outstanding loans to these borrowers amounted to Rs. 92.92 billion (excluding a non-fund outstanding amount of Rs. 7.74 billion) at June 30, 2018. The provision held for these loans was Rs. 56.41 billion, which amounted to 60.7% provision coverage in respect of outstanding loans to these borrowers at June 30, 2018.

In fiscal 2018, we also made a provision for frauds amounting to Rs. 5.3 billion through reserves and surplus on certain non-retail accounts, which would be reversed and recognized through the profit and loss account in fiscal 2019, as permitted by the Reserve Bank of India. During the three months ended June 30, 2018, a provision amounting to Rs. 2.48 billion was recognised through the profit and loss account and equivalent debit was reversed in reserves and surplus.

Provision for standard assets decreased from Rs. 1.48 billion in the three months ended June 30, 2017 to Rs. 0.49 billion in the three months ended June 30, 2018. From April 1, 2018, IFRS 9—"Financial Instruments" has been adopted by certain overseas branches of the Bank. IFRS 9 requires an entity to follow an expected credit loss (ECL) model for assessing provision requirements on its financial assets. In the three months ended June 30, 2018, the adoption of IFRS 9 in these branches resulted in additional provision on standard assets. In the three months ended June 30, 2017, the Bank made an additional general provision amounting to Rs. 1.60 billion on standard loans to borrowers rated below certain rating threshold in stressed sectors, other than loans where specific provision had been made in accordance with the Reserve Bank of India guidelines. The cumulative general provision held at June 30, 2018 was Rs. 26.59 billion as compared to Rs. 24.59 billion at June 30, 2017.

Provision for investments increased from Rs. 1.75 billion during the three months ended June 30, 2017 to Rs. 3.45 billion during the three months ended June 30, 2018 primarily due to an increase in provision on equity shares and debentures.

Technology

We endeavor to be at the forefront of usage of technology in the financial services sector. We strive to use information technology as a strategic tool for our business operations, to gain competitive advantage and to improve our overall productivity and efficiency. We continuously invest in key technological platforms like mobility, cognitive intelligence, blockchain and other new-age technologies that provide an edge in our offerings to customers. We aim to bring in high levels of functionality in all our channels such as branches, internet banking, ATMs, mobile banking, tablet banking which involves opening bank accounts using tablets, phone banking and Facebook banking where banking facilities are provided through a social network. At the same time, we continue to improve and strengthen security, infrastructure and networks. We continue to invest in technologies to provide a secure, superior, seamless and uniform service experience to customers across all channels. In order to enable organization-level coordinated efforts and enhance our focus on leveraging technology and capitalizing on opportunities in the digital space, we created a technology and digital group in the Bank, headed by a Chief Technology and Digital Officer, which integrates all the technology teams as well as the digital channels, business intelligence and analytics teams with a view to building strategic synergies across business groups. The technology and digital group is also responsible for incubating innovative projects and developing partnerships in the digital space.

Our technology initiatives are aimed at enhancing value, offering customers greater convenience and improved service levels while optimizing costs. Our focus on technology emphasizes:

(1) electronic and online channels to:

- offer easy access to our products and services;
- reduce distribution and transaction costs;
- new customer acquisition;
- enhance existing customer relationships; and
- reduce time to market; and

(2) the application of information systems for:

- increasing our customer base;
- effective marketing;
- monitoring and controlling risks;
- identifying, assessing and capitalizing on market opportunities; and
- assisting in offering improved products and services to customers.

We also seek to leverage our domestic technology capabilities in our international operations.

Technology Organization

Our technology and digital group has been created to provide an integrated technology and digital agenda for the Bank across various business groups including retail, corporate, small and medium-sized enterprises and treasury. The group comprises a digital channels group focused on internet banking and mobile solutions, a digital partnerships group for developing partnerships with technology-driven companies, a business technology group to support core banking and other systems used by business groups, a corporate center technology group to provide technology systems used by the corporate center, markets and human resources groups, a technology infrastructure and technology management group to provide the required infrastructure, and an innovation lab that is prototyping, incubating and piloting strategic digital projects.

Banking Application Software

We use banking applications like a core banking system, loan management system, and credit card management system, all of which are flexible and scalable and allow us to serve our growing customer base. A central stand-in server helps to maintain the availability of services all days of the week, throughout the year, to the various delivery channels even if the primary systems are unavailable. Our core banking loan management and credit card management systems are flexible and scalable to serve our growing customer base. Our backup systems are strengthened to improve management and governance relating to backups.

Electronic and Online Channels

We use a combination of physical and electronic delivery channels to maximize customer choice and convenience, which has helped to differentiate our products in the marketplace. Our branch banking software is flexible and scalable and integrates seamlessly with our electronic delivery channels. At June 30, 2018, we had 14,394 automated teller machines across India. Our automated teller machines have additional features such as instant fund transfer, bill payment and insurance premium payment. At March 31, 2018, we had 110 fully automated Touch Banking branches that provide 24-hour simple and convenient electronic banking to customers. At these branches, customers can perform banking transactions like cash deposits, cash withdrawals, fund transfer, bill payments and enquiries relating to their accounts. Customers can also interact with our customer service staff through video-conferencing facilities at select Touch Banking branches. Our employees open new customer accounts using tablets to capture customer information digitally in order to minimize physical documents and improve efficiency in opening of new deposit accounts.

We offer a number of online banking services to our customers for both corporate and retail products and services. Our website offers a seamless and customized experience across multiple devices. It also gives differential experience to different customer segments. We enhanced our corporate banking mobile app, iBizz, with additional features and a better user interface for the benefit of our current account customers. We have eased the access to certain loan and savings products by offering them almost instantly with minimal requirements. These include providing instant credit cards, quick opening of public provident fund accounts, disbursal of personal loans through ATMs and instant overdraft for micro, small and medium-sized enterprises. We also have a banking app for rural customers, Mera iMobile, which allows users in rural areas to avail as many as 145 services and is available in several Indian languages. Our call centers across locations at Thane and Hyderabad are operational around the clock and are equipped with multiple leading edge systems such as interactive voice response systems, automatic call distribution, computer telephony integration and voice recorders. We seek to use the latest technology in these call centers to provide an integrated customer view to the call center agents to get a complete overview of the customer’s relationship with us. The database enables customer segmentation and assists the call agent in identifying and executing cross-selling opportunities. Our banking application on Facebook allows customers to access their account details, view account statements and place service requests. We also have innovative payment services on Twitter, through which customers can transfer funds while using Twitter.

We offer mobile banking services in India in line with our strategy to offer multi-channel access to our customers. This service has now been extended to all mobile telephone service providers across India and non-resident Indian customers in certain other countries where we have a presence. In recent years, we have enhanced our focus on mobile banking in view of the growing use of mobile phones for various applications. Our mobile banking application, iMobile, offers more than 200 services, which are available across all mobile platforms. The offerings integrated in the application enable the customers to enjoy the option of logging in through either their MPIN or personalized username, initiate a transaction before reaching the branch through Insta Banking, purchase insurance and mutual funds, pay taxes and avail forex services. It allows customers to directly call our call center, withdraw cash from automated teller machines without using a card, tag frequent transactions as favorites, receive alerts from Google Now and use Touch ID (from Apple) as an alternate authentication method for secured login. We have also introduced chatbots, an artificial intelligence enabled chat feature, to perform various banking activities.

Our online remittance solution is also available as a mobile application across major platforms and allows customers to track exchange rates and initiate remittance transactions. In the area of remittances, we have focused on products that can expedite money transfer and offer convenience to customers in remitting money to India. We have enhanced our remittance services, Money2India website and mobile application, for seamless experience and offer round the clock instant transfers. We have also launched a voice based international remittances and social media pay service to enable non-resident customers to send money to India.

In fiscal 2015, we launched our e-wallet called “Pockets”, which is a mobile application allowing an individual to transact on any website or mobile application in India. The e-wallet allows for the transfer of funds to any email ID, mobile number, friend on Facebook and bank account, the payment of bills and the booking of tickets. We have also provided solutions in areas like urban mass rapid transit payment systems and electronic toll collection on highways and have developed exclusive cards with the convenience of automatic top-up of the balance available for transit or toll payments, thus minimizing waiting time for making such payments.

We have launched electronic toll collections and transit card solutions. We introduced transit cards for metro trains and have tied up with metro operators in Delhi, Mumbai, Hyderabad, Bengaluru and Ahmedabad. We have issued prepaid radio frequency identification tags for vehicles for electronic toll collection and have also developed a central clearing house to process the toll payments.

We have launched two digital initiatives to simplify and speed up the assessment for new home loans as well as disbursements linked to the construction stage of projects. The first initiative called ‘Express Home Loans’ allows online approval of home loans within eight working hours. This service is available for all salaried individuals, including non-ICICI Bank customers. The second initiative helps individuals taking home loans for under construction projects to get subsequent disbursements through our ‘iLoans’ mobile application.

We also launched a contactless mobile payment solution which allows cashless payments using smartphones, thereby eliminating the need to carry cash or debit and credit cards. We hosted the second edition of the virtual mobile application development challenge called ‘ICICI Appathon’ in fiscal 2018, 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 objective is to develop next generation banking applications on mobile and the web space.

We worked closely with the National Payments Corporation of India for the development of the Unified Payment Interface, a payment platform which allows instant transfer of funds to any bank account using a virtual payment address and without requiring bank account details. The Unified Payment Interface has been promoted by us through various platforms. We introduced Unified Payment Interface in our mobile application and our digital wallet. We also enabled payment through the Bharat Interface for Money, a mobile application promoted by the Government of India and built using the Unified Payment Interface. We enabled payments using the Unified Payment Interface for users of the Truecaller app in India. We launched a mobile application for merchants in India, 'Eazypay', which allows merchants to accept payments on mobile phones through multiple modes including credit/debit cards of any bank, internet banking and through our digital wallet. We also engaged with web-based service providers like cab aggregators and an online food delivery for offering payment services using the Unified Payment Interface platform.

We entered into a partnership with an online payment platform in fiscal 2018 to provide access to instant credit to the customers of the payment application. This is a first-of-its-kind partnership between a bank and a payments platform. We have leveraged big data based algorithms for real time credit assessment of customers, including credit bureau checks. While this is currently being offered to only our customers who are using this online payment platform, it will eventually be extended to non-ICICI Bank customers.

We have taken several steps to expedite transaction processing using technology. We have introduced software robotics, and are using over 750 software robots to perform close to two million banking transactions every working day. This has enabled us to significantly reduce our response time to our customers.

In an initiative to promote a digital culture and a less cash economy in the villages, we have undertaken a program to promote use of digital technology in the villages. This program encompasses digitization of transactions and commercial activities in the villages, in addition to providing credit facilities and market linkages, thereby creating "digital villages". Through the ICICI Foundation for Inclusive Growth, we are also providing vocational training for livelihood generation in the villages. We have converted over 600 villages into "digital villages" under this program by March 31, 2018.

High-Speed Electronic Communications Infrastructure

We have a nationwide data communications backbone linking all our channels and offices. The network is designed for extensive reach and redundancy, which are imperative in a vast country like India.

Operations Relating to Commercial Banking for Corporate Customers

Our corporate banking back office operations are centralized and we have a business process management solution to automate our activities in the areas of trade services and general banking operations. Through integration of the workflow system with the imaging and document management system, we have achieved substantial savings and practically eliminated the use of paper for these processes. We have a comprehensive payments solution for institutional and government customers. We have an online tendering platform, supporting multiple payment modes and covering various electronic collection and payment products. Under the new goods and services tax regime introduced in July 2017, we have been authorized to collect taxes by the Government of India, which will facilitate payment of taxes by corporates directly to the Government of India. We are also building on new technologies to simplify and expedite processes. In fiscal 2017, we had executed pilot transactions in international trade finance and remittance using blockchain technology. In fiscal 2018, the Bank successfully on-boarded over 250 corporations on the blockchain platform for trade finance. We also led the creation of a consortium of public and private sector banks to digitize inland trade.

We upgraded our treasury-trading infrastructure to a state-of-the-art internet protocol telephony based architecture. We have also enhanced our existing process of automation in the treasury business, thus reducing trading risks and enhancing market competitiveness. We have centralized the processing systems of treasuries of all our overseas branches and banking subsidiaries. As a result, the processing of transactions as well as the applications used for deal entry are now centrally located and maintained in India.

Customer Relationship Management

We have implemented a customer relationship management solution for the automation of customer service requests in all key retail products. The solution helps in tracking and timely resolution of various customer queries and issues. The solution has been deployed at the phone banking call centers as well as at a large number of branches.

Data Warehousing and Data Mining

We have a data warehouse for customer data aggregation and data mining initiatives. We have implemented an enterprise application integration initiative across our retail and corporate products and services, to link various products, delivery and channel systems. This initiative follows from our multi-channel customer service strategy and seeks to deliver customer related information consistently across access points. It also aims to provide us with valuable information to compile a unified customer view and creates various opportunities associated with cross-selling and upselling other financial products.

Data Centre and Disaster Recovery System

We have a data center at Hyderabad, which is designed to optimize energy efficiency and accommodate high server densities. We also have a disaster recovery data center at Jaipur. We have developed business continuity plans, which would help facilitate continuity of critical businesses in the event of a disaster. These plans are tested periodically and have been prepared in line with the guidelines issued by the Reserve Bank of India and have been approved by our Board of Directors. The Bank has created its own private cloud to enable cloud computing. The Bank has also equipped itself with state-of-the-art infrastructure management systems which leverage "Internet of Things" based technology at its data center for optimal utilization of energy and reduction of operational costs.

Cyber Security

We have taken a comprehensive approach pertaining to cyber security and have laid down policies, standards and guidelines addressing security against cyber threats. We have implemented a robust information and cyber security control framework by deploying several security controls including firewalls, intrusion prevention systems, a digital rights management solution, a data leakage prevention solution, an anti-email spoofing framework, mobile device management and an advanced behavior based anti-malware and dynamic URL filtering solution. We have adopted a defense-in-depth approach to protect our cyber security infrastructure. We have a dedicated in-house cyber security operations center for monitoring and handling cyber security incidents. See also *"Risk Factors—Risks Relating to Our Business—We face security risks, including denial of service attacks, hacking, social engineering attacks targeting our colleagues and customers, malware intrusion or data corruption attempts, and identity theft that could result in the disclosure of confidential information, adversely affect our business or reputation, and create significant legal and financial exposure"*.

Competition

We face competition in all our principal areas of business from Indian and foreign commercial banks, housing finance companies, non-banking financial companies, new differentiated banks in the private sector such as payments banks and small finance banks, non-bank entities offering retail payments services, mutual funds and investment banks. We seek to gain competitive advantage over our competitors by offering innovative products and services, using technology, building customer relationships and developing a team of highly motivated and skilled employees. We evaluate our competitive position separately in respect of our products and services for retail and corporate customers.

Commercial Banking Products and Services for Retail Customers

In the retail markets, competition has traditionally been from foreign and Indian commercial banks, non-banking financial companies and housing finance companies. In recent years, competition is also emerging from new types of banks that have entered the financial market such as small finance banks and payments banks and niche players like non-bank entities offering payments and remittance services.

The retail market is rapidly changing with developments in technology and innovations in mobility and digitization. This has increased the focus of Indian banks on leveraging these trends to compete effectively. Banks in India, including us, are offering products and services through multiple technology-enabled channels including mobile and internet based banking services, apart from the traditional branch network. Foreign banks have the product and delivery capabilities but are likely to focus on limited customer segments and geographical locations since they have a smaller customer base than Indian commercial banks. Foreign banks had 285 branches in India at June 30, 2018. Indian public sector banks have wide branch distribution networks but generally have limited technology and marketing capabilities. Private sector banks have a relatively smaller branch network but stronger technology capabilities. In addition, some specialized non-banking financial companies have increased market share in certain segments of retail banking products, including segments where banks have a presence. They have significantly expanded their network and emerged as competitors particularly in the home, vehicle and personal loans markets. We seek to compete in this market through a full product portfolio and effective distribution channels, which include new technological offerings, branches, agents, robust credit processes and collection mechanisms, and experienced professionals.

Commercial banks compete to attract retail bank deposits, historically the preferred retail savings product in India. We pursue a multi-channel distribution strategy utilizing physical branches, business correspondents, ATMs, telephone banking call centers, mobile banking, tablet banking, the internet and social media to reach customers. Further, following a strategy focused on customer profiles and product segmentation, we offer differentiated liability products to customers depending on their occupation, age and income profile. We manage to capitalize on our corporate relationships to gain individual customer accounts through payroll management products. Mutual funds are another source of competition to us. Mutual funds offer tax advantages and have the capacity to earn competitive returns and hence present a competitive alternative to bank deposits. Competition in lending to the retail segment has increased significantly in recent years. Commercial banks, particularly private sector banks, are significantly increasing lending to retail customers due to the limited opportunities in lending to the corporate sector, thus leading to competitive pressures. We also face competition from non-banking finance companies that are lending in segments in which banks have a presence and in recent years, they have significantly expanded their network and their presence in the retail market, as commercial banks have slowed down lending due to challenging operating and recovery environment.

New banks in the private sector are also competing with us. The Reserve Bank of India granted approval to two applicants for setting up new private sector banks which began banking operations during fiscal 2016. The Reserve Bank of India has given licenses to payments banks, which includes large telecom companies and pre-paid wallet providers. Licenses have also been given to small finance banks, which include micro-finance non-banking finance companies. Ten small finance banks and six payments banks have begun operations. The Reserve Bank of India has released a discussion paper on licensing of wholesale and long-term finance banks that will largely lend to infrastructure and core industries. A discussion paper on licensing of other differentiated banks such as custodian banks is also indicated. The Reserve Bank of India has released draft guidelines in May 2016 with respect to continuous licensing policy for universal banks as compared to the earlier practice of intermittently issuing licenses. The Reserve Bank of India has also indicated that it plans to give greater access to foreign banks in the Indian market. The Reserve Bank of India released a framework for the presence of foreign banks in November 2013 and has indicated that the subsidiary route would be the preferred mode of presence for foreign banks and has proposed giving near national treatment based on the principles of reciprocity and subsidiary mode of presence. Recently, non-financial companies, particularly technology companies, are increasing their presence in the financial sector and are offering payment platforms and select services.

Commercial Banking Products and Services for Agricultural and Rural Customers

In our commercial banking operations for agricultural and rural customers, we face competition from public sector banks that have large branch networks in rural India. Other private sector banks and non-banking finance companies have also increased their focus on rural markets. We also face competition from specialized players such as rural-focused financial institutions and micro-finance companies. The Reserve Bank of India has issued licenses to specialized small finance banks, which have higher directed lending targets compared to banks and will compete in the rural and unorganized sectors. We seek to compete in this business based on our product strategy, technological capabilities and having multiple channels.

Commercial Banking Products and Services for Corporate Customers

In products and services for corporate customers, the public sector banks have an advantage considering their strong corporate relationships and long association with corporate financing. Public sector banks and certain private sector banks also have a traditional competitive advantage with respect to the government banking segment. In recent years, the corporate sector has been facing significant challenges which has led to a slowdown in lending to the sector by public sector banks. Private sector banks have, however, continued to increase their credit to corporate customers. We seek to compete in this segment based on our service and prompt turnaround time that we believe are significantly faster than public sector banks. We offer customized financial solutions to customers based on the changing macro-economic landscape. We seek to compete with the large branch networks of the public sector banks through our multi-channel distribution approach and technology-driven delivery capabilities. Traditionally, foreign banks have been active in providing treasury-related products and services, trade finance, fee-based services and other short term financing products to top-tier Indian corporations. We compete with foreign banks in cross-border trade finance based on our wider geographical reach relative to foreign banks and our customized trade financing solutions. We have established strong fee-based cash management services and leverage our balance sheet size, wider branch network, strong technology capabilities and our international presence to compete in treasury-related products and services.

Other new private sector banks will also compete in the corporate banking market on the basis of efficiency, service delivery and technology. However, we believe that our size, capital base, strong corporate relationships, wider geographical reach and ability to use technology to provide innovative, value-added products and services provide us with a competitive edge.

In project finance, our competitors are Indian banks and non-bank financial institutions. In recent years, the Indian banking sector has been facing challenges in project financing, particularly to the infrastructure sector, due to a rise in defaults by borrowers which has led to a significant increase in non-performing loans for the banking sector, including us. Several borrower accounts are under resolution and have been referred under the Insolvency and Bankruptcy Code. There are uncertainties with regard to the resolution and recovery in these loan accounts. Going forward, we intend to remain cautious in lending to projects.

Commercial Banking Products and Services for International Customers

Our international strategy is focused on India-linked opportunities. In our international operations, we face competition from Indian public sector banks with overseas operations, foreign banks with products and services targeted at non-resident Indians and Indian businesses and other service providers such as remittance services. Foreign banks have become more competitive in providing financing to Indian businesses leveraging their strength of access to lower cost foreign currency funds. We are seeking to position ourselves as an Indian bank offering globally-benchmarked products and services with an extensive distribution network in India to gain competitive advantage. We seek to leverage our technology capabilities developed in our domestic businesses to offer convenience and efficient services to our international customers. We also seek to leverage our strong relationships with Indian corporations in our international business.

Insurance and Asset Management

Our insurance and asset management businesses face competition from existing dominant public sector players as well as new private sector players. We believe that ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company and ICICI Prudential Asset Management Company have built strong product, distribution and risk management capabilities, achieving strong market positions in their respective businesses. We believe that the ability to leverage ICICI Bank's retail franchise and distribution network is a key competitive advantage for our insurance and asset management subsidiaries.

Employees

At June 30, 2018, we had 83,595 employees (including permanent employees, interns, sales executives and fixed-term employees and employees on probation), of whom approximately 43,937 employees were professionals with degrees in business management, accountancy, engineering, law, computer science or economics.

We dedicate a significant amount of senior management time to ensuring that employees remain highly motivated and are aligned to the organization's core employee proposition. Employee compensation is linked to performance and we encourage the involvement of our employees in the overall performance and profitability of the Bank. Performance appraisal and talent management systems have been instrumental in assisting management in career development and succession planning. Management believes that it has good working relationships with its employees.

ICICI Bank has an employee stock option scheme to encourage and retain high-performing employees. Pursuant to the employee stock option scheme, up to 10.0% of the aggregate of our issued equity shares at the time of grant of the stock options can be allocated under the employee stock option scheme. The stock options entitle eligible employees to apply for equity shares. Pursuant to Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, options are granted by the Board Governance, Remuneration & Nomination Committee and noted by the Board.

The eligibility of each employee is determined based on an evaluation including the employee's work performance and potential. ICICI Bank pays performance linked retention pay to its front-line employees and junior management and performance bonus to its middle and senior management. Performance linked retention pay 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 services. ICICI Bank also pays variable pay to sales officers and relationship manager in wealth management roles while monitoring that such pay-outs are in accordance with the compensation-related guidelines of the Reserve Bank of India. The Bank uses a higher proportion of variable pay at senior levels and lower variable pay at front-line staff and junior management levels. The quantum of bonus for an employee does not exceed a certain percentage of the total fixed pay in a year. Within this percentage, if the bonus exceeds a predefined percentage of the fixed pay, a part of the bonus is deferred and paid over a period. The deferred portion is subject to malus, under which ICICI Bank may 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 reasonable evidence of deterioration in financial performance. In such cases, variable pay already paid out may also be subject to clawback arrangements. See also *"Management—Compensation and Benefits to Directors and Officers—Employee Stock Option Scheme"*.

ICICI Bank has training centers, where various training programs designed to meet the changing skill requirements of its employees are conducted. These training programs include orientation sessions for new employees and management development programs for mid-level and senior executives. The training centers regularly offer courses conducted by faculty, both national and international, drawn from industry, academia and ICICI Bank's own organization. Training programs are also conducted for developing functional as well as managerial skills. Products and operations training are also conducted through web-based training modules.

In addition to basic compensation, employees of ICICI Bank are eligible to receive loans from ICICI Bank at subsidized rates and to participate in its provident fund and other employee benefit plans. The provident fund, to which both ICICI Bank and its employees contribute a defined amount, is a savings scheme, required by government regulation, under which ICICI Bank at present is required to pay to employees a minimum annual return as specified from time to time, which was specified at 8.55% for fiscal 2018. If such return is not generated internally by the fund, ICICI Bank is liable for the difference. ICICI Bank has also set up a superannuation fund to which it contributes defined amounts. The employees have been given an option to opt out of the superannuation fund and in such cases the defined amounts are paid as part of monthly salary. In addition, ICICI Bank contributes specified amounts to a gratuity fund set up pursuant to Indian statutory requirements.

Properties

Our registered office is located at ICICI Bank Tower, Near Chakli Circle, Old Padra Road, Vadodara 390 007, Gujarat, India. Our corporate headquarters are located at ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051, Maharashtra, India.

ICICI Bank had a principal network consisting of 4,867 branches and 14,394 ATMs at June 30, 2018 compared to 4,852 branches and 13,780 ATMs at June 30, 2017. These facilities are located throughout India. In addition to branches, extension counters and ATMs, ICICI Bank has 45 controlling or administrative offices, including our registered office at Vadodara and our corporate headquarters at Mumbai, 66 processing centers and 37 currency chests. At June 30, 2018, we had branches in Bahrain, Dubai International Financial Centre, Hong Kong, Qatar Financial Centre, Singapore, Sri Lanka, the United States, South Africa, China and representative offices in the United Arab Emirates, Bangladesh, Indonesia, and Malaysia. We also provide residential facilities to employees. At June 30, 2018, we owned 680 apartments for providing residential facilities to our employees.

Legal and Regulatory Proceedings

We are involved in various litigations and are subject to a wide variety of banking and financial services laws and regulations in each of the jurisdictions in which we operate. We are also subject to a large number of regulatory and enforcement authorities in each of these jurisdictions. We are involved in a number of legal proceedings and regulatory relationships in the ordinary course of our business, some of which have resulted in penalties imposed on and paid by us in the past.

The following penalties were imposed and paid by us since fiscal 2013:

- In June 2013, the Reserve Bank of India imposed a penalty of Rs. 10.0 million on ICICI Bank, along with penalties on other banks in India, pursuant to its investigation following a sting operation by a news website on branches of Indian banks and insurance companies.

- In July 2014, the Reserve Bank of India imposed a penalty on 12 Indian banks including us following its scrutiny of the loan and current accounts of one corporate borrower with these banks. The penalty imposed on us was Rs. 4.0 million.

- In December 2014, the Reserve Bank of India imposed penalties on two Indian banks, including us, for non-compliance with the Know Your Customer/Anti Money Laundering directions/guidelines issued by the Reserve Bank of India in respect of fraudulent opening of fictitious accounts with certain banks. The penalty imposed on us was Rs. 5.0 million.

- In February 2015, a penalty was imposed on several banks including ICICI Bank by the Financial Intelligence Unit, India for failure in reporting of attempted suspicious transactions, with respect to the incidents concerning the media sting operation in June 2013. The Bank was levied a penalty of Rs. 1.4 million which we had paid and filed an appeal against the penalty with the Appellate Tribunal. In June 2017, the Appellate Tribunal ruled that the penalty was not sustainable. The Tribunal asked the appellant banks to be careful and report such matters in future. See also "—Risk Management—Anti-Money Laundering Controls".

- In November 2017, an overseas regulator imposed a total sum of SGD 0.8 million (approximately Rs. 38.2 million) for non-adherence of rules under Anti-Money Laundering regulations at one of ICICI Bank's overseas branches, resulting from regulatory inspection conducted in 2013 and subsequently, pursuant to a consultant's review of records, relating to the period of May 2012 to April 2014. There were no dealings with sanctioned entities and the remediation primarily required improvement to the branch's anti-money laundering/ combating the financing of terrorism controls, which has since been undertaken. The overseas regulator in that jurisdiction has also acknowledged the efforts undertaken by the branch in addressing the issues identified above.

- In March 2018, the Reserve Bank of India imposed a monetary penalty of Rs. 589 million on ICICI Bank for non-compliance with directions/guidelines issued by the Reserve Bank of India. This penalty has been imposed in exercise of powers vested in the Reserve Bank of India under the provisions of Section 47A(1) (c) read with Section 46 (4)(i) of the Banking Regulation Act, 1949.

See also "Risk Factors—Risks Relating to our Business—We are involved in various litigations. Any final judgment awarding material damages against us could have a material adverse impact on our future financial performance and our stockholders' equity" and "Risk Factors—Risks Relating to our Business—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment".

At June 30, 2018, our contingent tax liability was assessed at an aggregate of Rs. 62.49 billion, mainly pertaining to income tax, sales tax and value added tax demands by the Government of India's tax authorities for past years. We have appealed against each of these tax demands. Based on consultation with counsel and favorable decisions in our own and other cases as set out below, management believes that the tax authorities are not likely to be able to substantiate their tax assessments and, accordingly, we have not provided for these tax demands for three months ended June 30, 2018. Disputed tax issues that are classified as remote are not disclosed as contingent liabilities by us. The overall contingent tax liability of Rs. 62.49 billion is detailed below:

- Rs. 62.49 billion relates to appeals filed by us or the tax authorities with respect to assessments mainly pertaining to income tax, VAT and service tax where we are relying on favorable precedent decisions of the appellate court and expert opinions. The key disputed liabilities are detailed below:

  - Rs. 20.87 billion relates to whether interest expenses can be attributed to earning tax-exempt dividend income. We believe that no interest can be allocated thereto as there are no borrowings earmarked for investment in shares/tax-free bonds and our interest free funds are sufficient to cover investments in the underlying shares. The Bank relies on a favorable opinion from counsel and favorable appellate decisions in the Bank's own case and other similar cases.

- Rs. 17.72 billion relates to the disallowance of marked-to-market losses on derivative transactions treated by the tax authorities as notional losses. The Bank relies on a favorable opinion from counsel and favorable appellate decisions in the Bank's own case and other similar cases, which had allowed the deduction of marked-to-market losses from business income.

- Rs. 3.89 billion relates to the disallowance of depreciation claims on leased assets by the tax authorities, who believe the lease transactions should be treated as loan transactions. The Bank relies on a favorable opinion from counsel and favorable appellate decisions in the Bank's own case and other similar cases.

- Rs. 3.11 billion relates to sales tax or value added tax assessments where we are relying on favorable decisions in our own and other precedent cases and opinions from counsel. The disputed issues mainly pertain to taxes on interstate or import leases by various state government authorities with respect to lease transactions entered into by the Bank, value added tax imposed on the sale of repossessed assets and bullion-related procedural issues such as the submission of statutory forms.

- Rs. 1.53 billion relates to two special reserve accounts maintained by us, which includes a special reserve created up to assessment year 1997-98. Withdrawals from the account were assessed as taxable by the tax authorities for assessment years 1998-99 to 2000-01. We have received favorable orders in respect of these assessment years, however, these are subject to further appeal by the income tax department.

- Rs. 2.30 billion relates to the disallowance of broken period interest paid on purchase of government securities considering it as capital in nature since the same have been classified under Held-to-Maturity category by the Bank. The Bank has relied on favorable appellate decisions in its own case and other similar cases.

- Rs. 2.01 billion relates to the disallowance of interest paid on perpetual bonds as it does not qualify as a borrowing and interest paid on these bonds is not admissible as deduction. The Bank has relied on the favorable opinion from its counsel in this regard.

- Rs. 2.80 billion relates to the disallowance of written-off amount for credit cards for claiming bad debt write-offs. It was disallowed by the tax authorities by treating the credit card business as not part of banking business or pertaining to money lending and hence did not fulfill conditions for claim of bad debt write off. The Bank has relied on the favourable opinion from its counsel in this regard.

Based on judicial precedents of our own and other cases, and upon consultation with tax counsel, management believes that it is more likely than not that our tax position will be sustained. Accordingly, no provision has been made in the accounts.

The contingent liability of Rs. 62.49 billion does not include Rs. 33.68 billion pertaining to short credit of taxes, the deduction of bad debts and levy of penalties in respect of debatable issues where quantum is decided in our favor, which are pending before appellate authorities, as these liabilities are considered remote, since they are covered by Supreme Court (the highest court in India) decisions in other cases and therefore are not required to be disclosed as contingent liabilities. The consequence of inquiries initiated by the tax authorities are not quantified, as we believe that such proceedings are likely to be dropped by the tax authorities or will not be upheld by judicial authorities.

We held a total provision of Rs. 302.1 million at June 30, 2018 for 380 cases with claims totaling to approximately Rs. 979.9 million, where an unfavorable outcome was deemed probable and in respect of which a reliable estimate could be made.

For cases where an unfavorable outcome is deemed to be reasonably possible but not probable, the amount of claims is included in contingent liabilities. At June 30, 2018, such claims amounted to a total of Rs. 1.06 billion relating to 94 cases. It was not possible to estimate the possible loss or range of possible losses for these cases due to the nature of the cases and other external factors. For cases where the possibility of an unfavorable outcome is deemed remote, we have not made a provision, nor have we included the amount of the claims in these cases in contingent liabilities.

In some instances, civil litigants have named our directors as co-defendants in lawsuits against ICICI Bank. There were 229 such cases at June 30, 2018.

Management believes, based on consultation with counsel, that the claims and counterclaims filed against us in the above legal proceedings are frivolous and untenable and their ultimate resolution will not have a material adverse effect on our results of operations, financial condition or liquidity. Based on a review of other litigations with legal counsel, management also believes that the outcome of such other matters will also not have a material adverse effect on our financial position, results of operations or cash flows.

At June 30, 2018, there were 77 ongoing litigations (including those where the likelihood of our incurring liability is assessed as "probable", "possible" and "remote"), each involving a claim of Rs. 10 million or more, with an aggregate amount of approximately Rs. 106.64 billion (to the extent quantifiable and including amounts claimed jointly and severally from us and other parties). The following are litigations where the amounts claimed are Rs. 1.0 billion or higher:

- The promoters and promoter group entities of Kingfisher Airlines Limited have filed a suit in the Bombay High Court against 19 lenders who had provided credit facilities to Kingfisher Airlines Limited seeking to declare void the corporate guarantee given by one of the entities to the lenders and restrain the lenders from acting in furtherance of the corporate guarantee as well as a personal guarantee of the promoter and invocation of pledge of shares held by the lenders, and claiming damages of Rs. 32.0 billion from the lenders towards sums invested by the promoter group in Kingfisher Airlines Limited. The Bombay High Court has not granted any interim relief restraining lenders from acting in furtherance of the invocation of pledge. ICICI Bank had assigned its exposure to Kingfisher Airlines Limited to a third party in September 2012 and thereby ceased to be a lender to the company. The cause of action for the suit arose subsequent to that date, and the securities mentioned in the suit were not securities held by ICICI Bank even when it was a lender to the company. Consequently, ICICI Bank believes the suit against it is not maintainable and has filed its written statement. The matter is pending before the court.

- In 1999, we filed a suit in the Debt Recovery Tribunal, Delhi against Esslon Synthetics Limited and its Managing Director (in his capacity as guarantor) for the recovery of amounts totalling Rs. 169 million due from Esslon Synthetics Limited. In May 2001, the guarantor filed a counterclaim for an amount of Rs. 1.0 billion against us and other lenders who had extended financial assistance to Esslon Synthetics on the grounds that he had been coerced by officers of the lenders into signing an agreement between LML Limited, Esslon Synthetics and the lenders on account of which he suffered, among other things, loss of business. Esslon Synthetics Limited filed an application to amend the counterclaim in January 2004. We have filed our reply to the application for amendment. The guarantor has also filed an interim application on the grounds that certain documents have not been exhibited, to which we have filed our reply stating that the required documents are neither relevant nor necessary for adjudicating the dispute between the parties. In the meantime, the Industrial Development Bank of India has challenged the order of the Debt Recovery Tribunal, Delhi, whereby the Debt Recovery Tribunal allowed LML Limited to be included in the list of parties. The Debt Recovery Appellate Tribunal, Delhi has passed an interim stay order against the Debt Recovery Tribunal proceedings. In the liquidation proceeding before the High Court at Allahabad, the official liquidator attached to the Allahabad High

Court sold the assets of Esslon Synthetics for Rs. 61 million in November 2002. We have filed our claim with the official liquidator attached to the Allahabad High Court for our dues. The official liquidator has informed us that the claim of the Bank has been allowed and that the amount payable to the Bank is Rs. 12 million. We have filed an affidavit before the official liquidator for disbursement of the amount and the official liquidator has released Rs. 9 million to the Bank and the balance amount will be disbursed after finalization of amounts due to the employees of Esslon Synthetics by the Company Court. Further, the guarantor has filed an insolvency proceeding before the insolvency court which is currently being opposed by the lenders including ICICI Bank. The matter is pending.

- UIC Udyog (the borrower) had availed loans from a consortium of banks including ICICI Bank. Subsequently, the loan of the borrower was restructured. However, the borrower failed to adhere to the terms and conditions of the restructuring plan and the restructuring package to the borrower was withdrawn by banks. ICICI Bank thereafter initiated recovery proceedings against the borrower by enforcing security against the loan. The matter is pending before the debt recovery tribunal. Further, the borrower has also filed a suit, claiming a total amount of Rs. 5.34 billion from the consortium banks, alleging that the banks did not, among other things, abide by the terms and conditions of the loan arrangement resulting in the losses to the borrower.

- ICICI Bank classified the loan given to Essar Power Jharkhand Limited as a non-performing asset and recalled the facilities at August 1, 2017. Further, ICICI Bank invoked the corporate guarantees provided by Essar Global Fund Limited, Essar Energy Limited and Essar Power Limited at August 11, 2017. Upon invocation of the corporate guarantees, Essar Energy Limited filed a suit in the Bombay High Court against ICICI Bank and Essar Power Jharkhand Limited disputing the validity of the corporate guarantee and seeking damages from ICICI Bank amounting to Rs. 42.34 billion. The matter is pending before the court.

- ICICI Bank had extended credit facilities to Shrenuj & Company Limited (the borrower). However, the borrower along with the guarantors/promoters defaulted on the amounts due. The Bank subsequently filed an Original Application for recovery of claims amounting to Rs. 1.65 billion plus applicable interest and expenses. The Bank also filed an interim application for appointment of a Court Receiver to take possession of the movables charged to the Bank in the Debt Recovery Tribunal of Mumbai in June 2016. The Tribunal vide its ex-parte order dated June 15, 2016 appointed an employee of ICICI Bank as Court Receiver to take physical possession of the movables available across various premises of the borrower in Mumbai. The Court Receiver and other officers of ICICI Bank duly took possession of the movable assets situated at different places. In the interim, ICICI Bank sold the loan assets of the borrower to an asset reconstruction company, JM Financial Asset Reconstruction Company Limited. Accordingly, the asset reconstruction company was duly substituted in place and stead of ICICI Bank in the original application. In January 2018, the borrower and its guarantors filed an interim application under the original application against ICICI Bank as proposed defendants making counter claims amounting to Rs. 18.62 billion on the grounds of misappropriation of moveable assets of the borrower. As at the date of the Offering Circular, while the application for impleading ICICI Bank is pending, the Bank is not a party to the original application.

We or our employees may be subject to regulatory investigations or enforcement proceedings in multiple jurisdictions in a variety of contexts. We have also experienced international expansion into banking in multiple jurisdictions which exposes us to a variety of regulatory and business challenges and risks, including cross-cultural risk, and which increased the complexity of our risks in a number of areas including currency risks, interest rate risks, compliance risk, regulatory risk, reputational risk and operational risk. Despite our best efforts at regulatory compliance and internal controls, we, or our employees, may from time to time, and as is common in the financial services industry, be the subject of confidential enquiries, examinations or investigations that might, or might not, lead to proceedings against us or our employees. In any such situation it is our policy to conduct an internal enquiry, co-operate with the regulatory authorities and, where appropriate, suspend or discipline employees, including terminating their services.

In response to two instances of whistleblower complaints and/or allegations in the media, the Audit Committee has initiated two investigation/enquiry. In each case, the subject of the investigation/enquiry is also the subject of one or more regulatory enquiries or investigations.

First, the Audit Committee of the Bank, under direction given by the Board of Directors, has instituted an independent enquiry, headed by a former Supreme Court Judge, Hon'ble Mr. Justice B. N. Srikrishna (Retd.), to consider various allegations relating to the former MD and CEO, Ms. Chanda Kochhar. The allegations have been levelled against Ms. Kochhar through media articles, a whistleblower complaint and complaints written by a private individual to senior government officials and regulators. The allegations include nepotism, quid pro quo and claims that Ms. Kochhar, by not disclosing conflicts of interest caused by certain transactions between certain borrowers of the Bank and entities controlled by Ms. Kochhar's spouse, committed infractions under applicable regulations and the Bank's Code of Conduct.

The independent enquiry is supported by an independent law firm and a forensic firm. The independent enquiry is under way.

In addition, SEBI issued a show-cause notice to Ms. Kochhar and to the Bank in May 2018 related to the allegations. The Bank has responded to the relevant allegations in the notice which pertain to the Bank. The Central Bureau of Investigation also initiated a preliminary enquiry against various individuals and firms including unknown officers and/or officials of the Bank.

Ms. Kochhar proceeded on a leave of absence following the institution of the independent enquiry. In the interim, Mr. Sandeep Bakhshi was appointed as wholetime Director and Chief Operating Officer and reported directly to the Board of Directors during her absence. On October 4, 2018, the Board of Directors of the Bank, accepted the request of Ms. Kochhar to seek early retirement from the Bank at the earliest. The Board accepted this request with immediate effect. The enquiry instituted by the Board will remain unaffected by this and certain benefits will be subject to the outcome of the enquiry. Ms. Kochhar will also relinquish office from the boards of the Bank's subsidiaries. The Board decided to appoint Mr. Sandeep Bakhshi as Managing Director and Chief Executive Officer. His appointment will be for a period of five years until October 3, 2023, subject to regulatory and other approvals. The other terms and conditions of his appointment, such as remuneration, would remain unchanged.

See also *"Risk Factors—Risks Relating to Our Business—The Audit Committee of the Bank has instituted an independent enquiry, headed by a former Supreme Court Judge, to consider various allegations relating to the former MD and CEO, Ms. Chanda Kochhar"*.

Second, the Bank became aware in March 2018 of an anonymous whistleblower complaint alleging incorrect asset classifications stemming from claimed irregular transactions in borrower accounts, incorrect accounting of interest income and non-performing asset recoveries as fees, and overvaluation of collateral securing corporate loans. The allegations related to fiscal 2016 and earlier. The Bank conducted an internal enquiry of these allegations under its Whistle Blower Policy, which was carried out by the Head of the Internal Audit Group and supervised directly by the Audit Committee, without the involvement of any other member of the Bank's senior management. The enquiry resulted in an Interim Report that was reviewed in detail by the Audit Committee and the statutory auditors before the finalization of the accounts for the year ended March 31, 2018 and has been submitted to the Reserve Bank of India. In certain accounts, transactions were observed that may have delayed the classification of the account as non-performing in earlier years. Further, the Bank reviewed certain additional accounts for any similar irregular transactions as alleged in the complaint. Based on the Interim Report and review undertaken for additional loan accounts, the Bank concluded that the likely impact of these allegations was not material to the financial statements for the year ended March 31, 2018 or earlier periods reported in this Offering Circular. The Bank has, since April 2016, implemented enhanced internal controls, relating to review of loan accounts which satisfy certain threshold parameters, primarily relating to size, credit rating and days-past-due, for identification of non-performing assets. The Bank also assessed and concluded that internal control over financial reporting was found to be effective as at March 31, 2018. The Bank, at the direction of the Audit Committee and with the assistance of external counsel, is continuing to investigate all of the allegations made by the whistleblower.

In addition, as a large and internationally active bank with operations and listing of its equity and debt instruments in multiple jurisdictions, the Bank is regularly engaged with regulators, including the SEC, on a range of matters, including regarding the March 2018 complaint. Even before this complaint, the Bank has been responding to requests for information from the SEC investigatory staff regarding an enquiry relating to the timing and amount of the Bank's loan impairment provisions taken under U.S. GAAP. The Bank evaluates loans for impairment under U.S. GAAP for the purpose of preparing the annual footnote reconciling the Bank's Indian GAAP financial statements to U.S. GAAP. The Bank has voluntarily complied with all requests of the SEC investigatory staff for information and interviews related to the Bank's U.S. GAAP loan impairment process.

See also *"Risk Factors—Risks Relating to Our Business—We are investigating certain allegations made in an anonymous whistleblower complaint that the Bank incorrectly classified certain assets due to claimed irregular transactions in borrower accounts, incorrectly accounted for interest income and non-performing asset recoveries as fees, and improperly valued loan collateral"*.

In addition, the Bank and ex-Compliance Officer had received a show cause notice from the Securities and Exchange Board of India on July 31, 2018 under Rule 4(1) of the Securities Contract (Regulations) (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005 relating to alleged delayed disclosure relating to merger of the erstwhile Bank of Rajasthan with the Bank. The Bank is in the process of responding to the Securities and Exchange Board of India.

In July 2018, our asset management company subsidiary received a letter from Securities and Exchange Board of India advising that it would be required to pay Rs. 2.4 billion, together with interest at 15% per annum, to five schemes of ICICI Prudential Mutual Fund, in connection with shares allotted to these schemes in the initial public offering of ICICI Securities Limited in March 2018. In addition, our asset management company subsidiary would be required to compensate the investors in these schemes, who have redeemed their units, for losses incurred since the March 2018 allotment, plus interest at 15% per annum. In accordance with the advice and with due approval, the relevant shares were sold in the secondary market and the difference of the sale proceeds of these shares and the allotment amount of such shares in the ICICI Securities Limited's initial public offering as well as interest at 15% per annum were paid by the asset management company subsidiary to the five schemes. Also, as advised, the asset management company subsidiary had compensated the investors in these schemes, who had redeemed their units for losses incurred in connection with the said shares, plus interest at 15% per annum. Further, in the same matter, an adjudication proceeding has been initiated by the Securities and Exchange Board of India. Our asset management company subsidiary is working towards closure of the matter.

See also "Risk Factors—Risks Relating to Our Business—Our asset management, insurance and securities subsidiaries are subject to extensive regulation and supervision which can lead to increased costs or additional restrictions on their activities that adversely impact the Bank".

We cannot predict the timing or form of any future regulatory or law enforcement initiatives, which we note are increasingly common for international banks, but we would expect to co-operate with any such regulatory investigation or proceeding.

DESCRIPTION OF ICICI BANK'S SINGAPORE BRANCH

Singapore Regulatory Guidelines

ICICI Bank Limited, Singapore Branch received its offshore banking license from the Monetary Authority of Singapore in August 2003 and was granted the Full Bank License with Qualified Full Bank privileges and Asian Currency Unit capabilities in of April 2010. For more details on regulations governing ICICI Bank's offshore branches, see *"Supervision and Regulation—Regulations Governing International Operations—Offshore Branches"*.

The Singapore Branch is regulated under the Banking Act (Chapter 19) of Singapore, Securities and Futures Act, Securities and Futures Regulations, Financial Advisers Act (Chapter 110) of Singapore, Financial Advisers Regulation, Companies Act (Chapter 50) of Singapore and relevant notices and circulars issued by the Monetary Authority of Singapore from time to time.

The Singapore Branch is also subject to the regulations and directives of the Reserve Bank of India that are applicable to the overseas branches of Indian banks. For more details on regulations governing ICICI Bank's offshore branches, see *"Supervision and Regulation—Regulations Governing International Operations—Offshore Branches"*.

The branch offered the following services:

Business Activities

The branch engages in corporate lending, participation in syndicated and bilateral lending, private banking, retail banking and trade finance. The branch's treasury function activities are mainly for assets and liabilities management purposes.

The branch proposed to arrange and underwrite bonds (Notes in Indian rupees or bonds in any other currency) in fiscal year 2017 and accordingly the regulator was notified regarding the same. The branch also approved a process note in Process Approval Committee regarding the same. The branch arranged two US$ bond issuances in fiscal year 2017 and proposed to take up more issuances in fiscal year 2018.

The following paragraphs are brief descriptions of the main divisions in the branch.

Corporate Banking

The corporate banking division deals with credit facilities, including bilateral and syndicated loans, mainly to India-based and regional corporate customers.

This division also provides transaction banking services as well as corporate deposits. The branch offers standard trade finance products to its corporate customers.

Trade finance

Trade finance products include confirming and advising letters of credit, export bills under letters of credit and discounting of bills.

Private Banking

The Singapore Branch acts as the booking center for the private banking business. The relationship managers are based at various ICICI Bank private banking marketing centers across multiple countries including the Singapore Branch. The products booked in the branch include fixed deposits, bonds, funds and structured products. The branch also offers credit facilities which are secured by deposits and other securities.

Treasury

The branch's treasury function encompasses the following:

- fund the loan book and manage the deposit base;
- trade and service customers' foreign exchange requirements in the spot market; and
- maintain an appropriate level of liquidity reserves to meet regulatory requirements.

The branch transacts in money market placements/deposits, bonds, interest rate swaps and forward rate agreements.

Retail Banking

The branch currently has two retail branches with two remittance kiosks at the branches. The main products and services offered are deposit taking and global remittances.

DESCRIPTION OF ICICI BANK'S DUBAI BRANCH

ICICI Bank obtained a license from the Dubai Financial Services Authority ("DFSA") on December 11, 2005 for establishing a branch in the Dubai International Financial Center ("DIFC") ("Dubai Branch") to engage in certain specified activities as a Category IV authorized firm, in accordance with DFSA regulations. On January 24, 2011, the Dubai Branch received a Category I license, which permits the Dubai Branch to engage in a wider range of corporate and commercial banking operations in or from the DIFC.

The Dubai Branch began its operations on January 5, 2007.

Under the Category IV license, the Dubai Branch is permitted to engage in the following activities:

- arranging credit or deals in investments; and
- advising on financial products or credit.

Under the Category I license, the Dubai Branch is additionally permitted to engage in the following activities:

- accepting deposits; and
- providing credit.

The Dubai Branch is also subject to the regulations and directives of the Reserve Bank of India as applicable to overseas branches of Indian banks.

DIFC is a premier financial center where many leading commercial banks and multinational corporations have established operations. ICICI Bank believes that Dubai's location, large trade flows with India, excellent infrastructure, investor-friendly regulatory environment and robust financial sector make it an ideal location for business in the United Arab Emirates ("UAE") and the larger Middle East/North Africa region ("MENA").

As a part of ICICI Bank's international banking strategy to focus on India-linked business, the Dubai Branch primarily offers banking services and products to meet the needs of nonresident Indians and partners with Indian companies in their global expansion. Under Category I license, the Dubai Branch leverages existing relationships to offer banking solutions for Indians overseas, facilitates overseas investments by Indian corporates and investment flows into India and builds relationships with international companies to service their India-linked trade or investment requirements.

Key Objectives of the DIFC Branch

The key objectives of the Dubai Branch are:

- providing comprehensive financial solutions to companies both in India and MENA;
- providing foreign currency loans to Indian and MENA regional corporates;
- arranging credit facilities/financial packages for the overseas projects of Indian companies;
- providing trade finance and services to support India's trade with United Arab Emirates, the Gulf Cooperation Council (GCC) and other countries in Africa and the Asia-Pacific region; and
- providing M&A finance and structured finance services to corporate clients.

Business Activities

The key business activities of the Dubai Branch are summarized below.

Corporate Banking

The Dubai Branch provides a range of commercial banking products and services to India's leading corporations and select local clients, including loan products, syndication, fee and commission-based products and services, deposits and foreign exchange and derivatives products.

Trade Finance

The trade finance business in the Dubai Branch is broadly classified into two categories:

- *Trade finance transactions with the corporations outside UAE*. Relationship and product managers based in India originate trade finance facilities for corporates based in India as well as in other countries. These facilities are then booked in the Dubai Branch. Products offered by the Dubai Branch also include, among others, buyers' credit, suppliers' credit, bank guarantees and documentary credit. While bank guarantee/documentary credit facilities are granted based on corporate risk, buyers' credit is generally (though not always) based on the risk of a bank.

- *Trade finance transactions with corporations in the UAE*. The Dubai Branch offers trade finance facilities for India-linked corporates in the UAE, including subsidiaries of Indian corporates based in the UAE, regional companies with a presence in India, and companies having substantial trade flows with India and select local corporations.

Treasury Activities

The Dubai Branch's treasury activities support its other activities.

Under Category I license, its treasury activities include operations in foreign exchange, interest rate, fixed income and credit derivative asset classes. The Dubai Branch treasury consists of an Asset Liability Management Group and a Global Markets Group.

Private Banking Business

The Dubai Branch offers investment products to its private banking customers, ranging from call and deposit accounts to investments in equity, bonds and other alternative asset classes. The Dubai Branch works closely with ICICI Bank's India-based centralized product team for these product offerings.

DESCRIPTION OF ICICI BANK'S HONG KONG BRANCH

The Hong Kong Branch was granted authorization from the Hong Kong Monetary Authority under Section 16(1)(a) of the Banking Ordinance to carry on banking business in Hong Kong on October 10, 2005. The branch commenced its business activities on November 14, 2005.

The Hong Kong Branch is also subject to the regulations and directives of the Reserve Bank of India as applicable to overseas branches of Indian banks.

Given the strong Indian linkages of a growing and prosperous global Indian community in Hong Kong and increasing business prospects for Indian companies in the North Asia region, ICICI Bank envisages the Hong Kong Branch as the regional hub of its business presence and activities in the North Asia region.

Key Objectives of the Hong Kong Branch

The key objectives of the branch in Hong Kong are as summarized below:

- to assist in fulfilling the global banking requirements of our domestic corporate customers (e.g., foreign currency borrowing requirements);
- to assist in securing a share of the business arising from India's trade flows with the North Asia region;
- to leverage Hong Kong's status as a leading international financial center and our enhanced value proposition to meet the requirements of the Indian community in Hong Kong;
- to build treasury operations in Hong Kong that will complement and support our international operations; and
- to facilitate the money transfer requirements of corporates and individuals.

Business Activities

The key business activities on which ICICI Bank's Hong Kong Branch focuses are summarized below.

Corporate Banking

The Hong Kong Branch seeks to fulfill the global banking requirements of corporate customers predominantly based in North Asia region. The branch is offering working capital solutions to facilitate trade transactions predominantly to capture markets within the India-China corridor and is also engaged in providing term financing to Indian corporations and by selective participation in the syndicated loan market.

Trade Finance

Hong Kong is a major hub for doing business in Asia and many Indian corporations and India-based businessmen are establishing operations in Hong Kong for facilitating their business activities in the region. The Hong Kong Branch endeavors to achieve a share of the business arising from India's commercial linkages with Hong Kong, China and other countries in the North Asia region.

Institutional Banking

The Hong Kong Branch offers correspondent banking facilities to banks for settling payments in U.S. dollar, Euro, HKD and RMB. In addition, the branch also acts as a reimbursement bank for the correspondents by offering a pre-debit advice facility for better liquidity management. The branch also offers trade finance products such as buyer's credit, suppliers' credit, bills rediscounting, documentary credit confirmation and documentary credit advising services to this segment of customers.

Treasury Activities

ICICI Bank's Hong Kong Branch offers foreign exchange and derivative products and services to its Indian and Hong Kong-based corporate clients in Hong Kong. The branch also offers debt securities, primarily Indian credits both sovereign and corporate, to non-individual professional investors in Hong Kong. The treasury operations in Hong Kong also mobilizes resources for supporting its operations and is responsible for ensuring adequacy of resources for its business activities and managing the Hong Kong Branch's asset-liability position.

Retail Banking Business

The Hong Kong branch provides retail banking products (current accounts and fixed deposits) and services (remittances) to HK residents and NRIs. The strategy of the branch is to focus on business banking by allowing companies from various industries to open annual fee based business current accounts and by increasing the focus on bulk remittance services to India. The branch is providing internet banking platform to its customer for making RTGS (within HK), IMT (transfer to India) and SWIFT (cross border) payments.

DESCRIPTION OF ICICI BANK'S NEW YORK BRANCH

ICICI Bank's New York Branch ("New York Branch") obtained its license for conducting banking operations in the United States of America on February 25, 2008 and commenced commercial operations on March 3, 2008.

The New York Branch is licensed by the Office of the Comptroller of the Currency ("OCC") under the federal laws of the United States. The New York Branch is subject to inspection by the OCC and is subject to U.S. banking laws and regulations applicable to a foreign bank that operates a federally licensed branch located in New York City.

Deposits accepted by the New York Branch are not insured by the Federal Deposit Insurance Corporation ("FDIC"). The New York Branch leverages its understanding of the Indian market to offer quality, tailor-made financial solutions to large corporations and growing businesses across the United States.

Business Activities

The key business activities that the New York Branch focuses on are summarized below.

Corporate Banking

The New York Branch seeks to fulfill the U.S. banking requirements of the ICICI Group's global corporate customers. The New York Branch offers corporate banking services to overseas subsidiaries of Indian companies as well as U.S. and global corporations with business interests in geographies where ICICI Group is present. The products offered by the New York Branch include term loans and working capital facilities, revolving credit facilities and receivable financing, among others. The New York Branch also participates in offering non-fund-based facilities in the form of letters of credit and stand-by letters of credit. The New York Branch aims to develop closer banking relationships with ICICI Bank's customers and cater to their U.S. and regional banking needs.

Trade Finance

The U.S. is an important trade partner of India and the trade between the two countries has been growing over the past few years. Many Indian entities are establishing operations in the U.S. to facilitate their business activities in the region. The New York Branch endeavors to cater to their needs by leveraging its existing relationships in India and offering export and import finance and buyers and suppliers credit, secured principally by bank risk.

Treasury Activities

The New York Branch treasury currently deals in foreign exchange and fixed income markets. The treasury activities include mobilization of resources to support its operations primarily from money market borrowings and lines of credit from international banks or financial institutions. One of its key goals is to develop closer banking relationships between the New York Branch and ICICI Bank's international correspondent banks and other financial institutions in North America. The New York Branch's treasury is responsible for ensuring adequate resources exist for its business activities, managing its asset-liability position and maintaining statutory reserves.

U.S. Federal Regulation

Under U.S. banking laws and regulations, the Bank must maintain a capital equivalency deposit with banks consisting of specified types of investment securities, U.S. dollar deposits, investment-grade certificates of deposit or other specified assets in an amount not less than the greater of (i) the amount of capital that would be required of a national bank organized at the New York Branch's location, (ii) 5% of the third party liabilities of the New York Branch (excluding liabilities to other offices, branches and subsidiaries of the Bank) or (iii) any other amount as requested by the regulator. Under U.S. banking laws and regulations, the OCC is empowered to require federally licensed branches of foreign banks to maintain certain assets for prudential, supervisory or enforcement reasons. The New York Branch Treasury and Financial Control Teams ensure that the Branch maintains the appropriate amount of the capital equivalency deposit.

New York

Under U.S. banking laws and regulations, the New York Branch, as a U.S. branch of a foreign bank, is subject to the same lending limits as national banks, except that limits are based on the U.S. dollar equivalent of the Bank's capital.

Because the Bank maintains a federally licensed branch in the United States, the OCC has the authority to take possession of all the property and assets of the Bank in the United States, including the New York Branch, if any creditor of the Bank has an unsatisfied judgment against the New York Branch or if the OCC determines that the Bank is insolvent. If the OCC does so, only claims of unaffiliated creditors against the New York Branch may be satisfied out of the property and assets of the Bank in the United States, and once those claims have been satisfied any remaining assets would be turned over to the head office of the Bank or, if applicable, its liquidator or receiver.

The New York Branch and the Bank are also subject to U.S. laws and regulations, primarily under the International Banking Act of 1978 (the "IBA"). Under the IBA, all branches and agencies of foreign banks in the United States are subject to reporting and examination requirements similar to those imposed on domestic banks that are owned or controlled by U.S. bank holding companies, and most U.S. branches and agencies of foreign banks, including the New York Branch, are subject to reserve requirements on deposits. Under the IBA, the Bank is restricted from opening new branches and establishing or acquiring subsidiary banks in states outside of its "home state", which is New York, unless permitted by state law. The IBA and the Bank Holding Company Act of 1956, as amended (the "BHCA"), also restrict the Bank's ability to engage in non-banking activities in the United States and require Federal Reserve Board approval for certain types of expansion of its U.S. operations.

Under the IBA, the Bank is a foreign banking organization that is subject to the BHCA and to the regulation and supervision of the Federal Reserve Board under the BHCA. The Bank is treated as a bank holding company under the BHCA, not treated as a financial holding company and is supervised by the Federal Reserve as a bank holding company.

Federal law authorizes the Federal Reserve Board to terminate the activities of a U.S. branch of a foreign bank if it determines that the foreign bank is not subject to comprehensive supervision on a consolidated basis in its home country, or that there is reasonable cause to believe that the foreign bank, or an affiliate, has violated the law or engaged in an unsafe or unsound banking practice in the United States, and as a result the continued operation of the branch would be inconsistent with the public interest or the purposes of the IBA or BHCA. If the New York Branch were to be closed by the Federal Reserve Board pursuant to the authority granted under federal law, or if the Bank were voluntarily to discontinue the operations of the New York Branch, the holders of the notes issued by the New York Branch would have recourse only against the Bank, subject to any arrangements made for the payment of the liabilities of the relevant branch by the relevant regulatory authorities.

DESCRIPTION OF ICICI BANK'S BANKING UNIT AT INTERNATIONAL FINANCIAL SERVICES CENTRE (IFSC)

ICICI Bank obtained a license from the Reserve Bank of India on October 23, 2015 for establishing an IFSC Banking Unit (the "IBU") at Gujarat International Finance Tec-City ("GIFT") in accordance with the IFSC guidelines. The IBU began its operations on February 18, 2016.

IFSC is an upcoming hub for the financial service industry where leading private and public sector banks, insurance companies, stock exchanges and corporates providing services outside India are in the process of setting up operations. IFSC is positioned to cater to the large external linkages of the Indian economy.

As a part of ICICI Bank's international banking strategy to focus on India-linked business, the IBU primarily seeks to offer banking services and products to meet the needs of Indian corporates and their nonresident group entities in their global expansion. The Bank will leverage existing corporate relationships to offer banking solutions to Indian corporates overseas, facilitate overseas investments by Indian corporates and investment flows into India and build relationships with Indian companies to service their international trade and financing requirements.

Key Objectives of the IBU

The key objectives of the IBU are:

- providing financial solutions to companies both in India and abroad;
- providing foreign currency loans to corporates in Indian and outside India;
- arranging credit facilities/financial packages for the overseas projects of Indian companies;
- providing trade finance and services to support India's trade with other countries;
- providing M&A finance and structured finance services to corporate clients; and
- provide clearing and settlement services and other related services approved by regulators for various exchanges set up at IFSC.

Business Activities

The key business activities of the IBU are summarized below.

Corporate Banking

The IBU provides a range of corporate and commercial banking products and services to India's leading corporates and growth-oriented middle market companies, including loan products and foreign exchange and derivatives products.

Transaction Banking

The IBU also caters to the international stock exchanges of BSE Limited and National Stock Exchange of India Limited and other exchange participants for their clearing and settlement-related transactions.

Trade Finance

The IBU offers trade finance facilities for corporate customers in India and overseas and to banks outside of India. It will also provide credit facilities to nonresident corporates for their India-linked requirements.

Products offered by the IBU includes import financing, bill discounting, trade credits, letters of credit confirmation and discounting, funded and unfunded risk participation.

Treasury Activities

The IBUs treasury activities support its other activities by way of managing the related risks. As the IBU deals with foreign currency its treasury activities include operations in foreign exchange, interest rate, fixed income and other related asset classes.

Markets Group Activities

The Markets Group activities at IBU include various types of Derivative and Forex transactions. Products offered by the IBU include swap, forwards and options.

Borrowings

The IBU raises its funds through current accounts (interest free deposits with branch), fixed deposits, bonds issuance, fund raising from banks abroad and Bankers Acceptance Facility (BAF) borrowings.

MANAGEMENT

Directors and Executive Officers

Our board of directors, consisting of 11 members as of October 5, 2018, is responsible for the management of our business. Our organizational documents provide for a minimum of three directors and a maximum of 21 directors, excluding the government director and the debenture director (defined below), if any. We may, subject to the provisions of our organizational documents and the Companies Act, change the maximum number of directors by a special resolution, subject to approval by our shareholders. Approval of a special resolution requires that the votes cast by members in favor of the resolution are not less than three times the number of the votes, if any, cast against the resolution. In addition, under the Banking Regulation Act 1949, the Reserve Bank of India may require us to convene a meeting of our shareholders for the purposes of appointing new directors to our Board of Directors.

The Banking Regulation Act requires that at least 51% of our directors should have special knowledge or practical experience in banking and areas relevant to banking including accounting, finance, agriculture and small scale industry. The Reserve Bank of India in November 2016 has broadened the fields of specialization to include information technology, payment and settlement systems, human resources, risk management and business management. As described below, all of our directors possess special knowledge in one or more of the areas specified in the Banking Regulation Act and applicable regulations. The appointment of the chairman and executive directors requires the approval of the Reserve Bank of India, in addition to the approval of our shareholders that is generally required for the appointment of all directors (other than the government director and the debenture director, if any). In classifying our directors as independent, we have relied on the declaration of independence provided by the independent directors as prescribed under the Companies Act and provided at the board meeting held in May 2018, applicable Reserve Bank of India guidelines and circulars and legal advice. The Companies Act excludes the government director from the definition of independent director. Our directors are also subject to 'fit and proper' criteria as prescribed by the Reserve Bank of India and to be considered while appointing persons as directors of banking companies. Our directors (other than the government director) are required to make declarations confirming their ongoing compliance of the 'fit and proper' criteria. Our Board Governance, Remuneration & Nomination Committee/Board of Directors has reviewed the declarations received from the directors in this regard and determined that all our directors satisfy the 'fit and proper' criteria. Further, pursuant to the Reserve Bank of India guidelines, a person is eligible for appointment as director if he or she is between 35 and 70 years of age.

Our organizational documents also provide that we may execute trust deeds in respect of our debentures under which the trustee or trustees may appoint a director, known as the debenture director. The debenture director is not subject to retirement by rotation and may only be removed as provided in the relevant trust deed. Currently, we do not have a debenture director on our Board of Directors.

Of our 11 directors, four directors are in our wholetime employment or executive directors, one is a government director and the remaining six directors are independent directors. The six independent directors include corporate executives, retired company executives, advisors and chartered accountants.

The Companies Act provides that an independent director shall not hold office for more than two consecutive terms of five years each provided that the director is re-appointed by passing a special resolution on completion of the first term of five consecutive years. To compute the period of five consecutive years, the tenure of every independent director was considered afresh from April 1, 2014. Pursuant to the provisions of the Banking Regulation Act, none of the directors other than the chairman and executive directors may hold office continuously for a period exceeding eight years. The Companies Act also provides that in respect of banking companies, the provisions of the Companies Act shall apply except in so far as they are inconsistent with the provisions of the Banking Regulation Act.

Pursuant to the provisions of the Companies Act, at least two-thirds of the total number of our non-independent directors are subject to retirement by rotation. The government director and the debenture director are not subject to retirement by rotation as per our organizational documents. One-third of the directors liable to retire by rotation must retire from office at each annual general meeting of shareholders. A retiring director is eligible for re-election.

The Board of Directors at its meeting held on June 18, 2018 appointed Mr. Sandeep Bakhshi as wholetime Director and Chief Operating Officer ("COO"), for a period of five years from the date of the Reserve Bank of India's approval. The Reserve Bank of India granted its approval for appointment of Mr. Sandeep Bakhshi for a period of three years effective July 31, 2018 up to July 30, 2021. Shareholders approved the appointment of Mr. Sandeep Bakhshi for a period of five years effective July 31, 2018 up to July 30, 2023 at the annual general meeting held on September 12, 2018. On October 4, 2018, Mr. Sandeep Bakhshi was appointed as MD & CEO designate for a period of five years, until October 3, 2023, subject to regulatory and other approvals.

Ms. Chanda Kochhar was appointed as Executive Director effective April 1, 2001, designated as Deputy Managing Director effective April 29, 2006 and Joint Managing Director and Chief Financial Officer effective October 19, 2007. She was appointed as Managing Director and CEO for a period of five years effective May 1, 2009. The shareholders at the annual general meeting held on June 24, 2013, approved the re-appointment of Ms. Chanda Kochhar for a period of five years effective April 1, 2014 up to March 31, 2019. The Reserve Bank of India also approved the re-appointment of Ms. Chanda Kochhar as Managing Director and CEO for the same period. Since June 19, 2018, Ms. Kochhar proceeded on a leave of absence following the institution of the independent enquiry to consider various allegations levelled against her through media articles, a whistleblower complaint and complaints written by a private individual to senior government officials and regulators.

In the interim, Mr. Sandeep Bakhshi was appointed as wholetime Director and Chief Operating Officer and reported directly to the Board of Directors during her absence. On October 4, 2018, the Board of Directors of the Bank, accepted the request of Ms. Kochhar to seek early retirement from the Bank at the earliest. The Board accepted this request with immediate effect. The enquiry instituted by the Board will remain unaffected by this and certain benefits will be subject to the outcome of the enquiry. Ms. Kochhar will also relinquish office from the boards of the Bank's subsidiaries. The Board decided to appoint Mr. Sandeep Bakhshi as Managing Director and Chief Executive Officer. His appointment will be for a period of five years until October 3, 2023, subject to regulatory and other approvals. The other terms and conditions of his appointment, such as remuneration, would remain unchanged. See also "*Description of ICICI Bank—Legal and regulatory proceedings*."

The Board of Directors at its meeting held on November 16, 2015 appointed Ms. Vishakha Mulye as Executive Director for a period of five years effective from the date of receipt of the Reserve Bank of India approval. Pursuant to approval granted by the Reserve Bank of India, Ms. 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 shareholders through postal ballot on April 22, 2016 approved the appointment of Ms. Vishakha Mulye for a period of five years effective January 19, 2016 up to January 18, 2021.

The Board of Directors at its meeting held on April 29, 2016 approved the appointment of Mr. Vijay Chandok as Executive Director for a period of five years effective from the date of receipt of approval of the Reserve Bank of India. The Reserve Bank of India approved the appointment of Vijay Chandok for a period of three years effective from July 28, 2016 up to July 27, 2019. The shareholders at the annual general meeting approved the appointment of Mr. Vijay Chandok as Executive Director for a period of five years effective July 28, 2016 up to July 27, 2021.

The Board of Directors at its meeting held on October 14, 2016 appointed Mr. Anup Bagchi as Executive Director for a period of five years effective from February 1, 2017 or the date of receipt of approval from the Reserve Bank of India, whichever is later. The Reserve Bank of India granted its approval for appointment of Mr. Anup Bagchi for a period of three years effective February 1, 2017 up to January 31, 2020. Shareholders at the annual general meeting held on June 30, 2017 approved the appointment of Mr. Anup Bagchi for a period of five years effective February 1, 2017 up to January 31, 2022.

Mr. Homi Khusrokhan and Mr. V. Sridar, independent directors, completed their maximum permissible tenure of eight years under the Banking Regulation Act on January 20, 2018 and ceased to be Directors effective January 21, 2018. Dr. Tushaar Shah, independent director, completed his maximum permissible tenure of eight years under the Banking Regulation Act on May 2, 2018 and ceased to be Director effective May 3, 2018.

Mr. N. S. Kannan ceased to be Executive Director effective close of business hours on June 18, 2018 pursuant to his appointment as the Managing Director & Chief Executive Officer of ICICI Prudential Life Insurance Company Limited.

The Board, at its meetings appointed Ms. Neelam Dhawan, Mr. Uday M. Chitale, Mr. Radhakrishnan Nair and Mr. M. D. Mallya as additional and independent Directors effective January 12, 2018, January 17, 2018, May 2, 2018 and May 29, 2018 respectively. Shareholders approved their appointments as the Independent Directors for a period of five years from the Board appointment dates at the annual general meeting held on September 12, 2018. Subsequently, Mr. M. D. Mallya resigned from the Board due to health reasons effective close of business hours on October 4, 2018 and the same was accepted.

Pursuant to the completion of term of office of Mr. M. K. Sharma as independent director and non-executive part-time Chairman, Mr. M. K. Sharma ceased to be Director and Chairman of the Bank effective close of business hours on June 30, 2018. Our Board at its meeting held on June 29, 2018 appointed Mr. Girish Chandra Chaturvedi as additional (independent) Director for a period of three years effective July 1, 2018 up to June 30, 2021, subject to approval of shareholders. The Board at the same meeting also approved the appointment of Mr. Girish Chandra Chaturvedi as Non-Executive (part-time) Chairman for a period effective from July 1, 2018 or date of receipt of the Reserve Bank of India approval, whichever is later up to June 30, 2021. The Reserve Bank of India granted its approval for appointment of Mr. Girish Chandra Chaturvedi as part-time Chairman of the Bank for a period of three years effective July 17, 2018 to June 30, 2021. Shareholders approved the appointment of Mr. Girish Chandra Chaturvedi as an Independent Director for a period of three years effective July 1, 2018 up to June 30, 2021 and as an Independent Non-Executive (part-time) Chairman effective July 17, 2018 up to June 30, 2021 at the annual general meeting held on September 12, 2018.

Mr. Lok Ranjan, Joint Secretary, Department of Personnel & Training, Ministry of Personnel, Public Grievances and Pensions, has been nominated as government nominee Director on the Board of ICICI Bank Limited in place of Mr. Amit Agrawal with effect from April 5, 2018.

In May 2017, the Reserve Bank of India issued guidelines on minimum qualifications and experience required while inviting applications for the position of Chief Financial Officer and Chief Technology Officer in banks.

Our Board of Directors had the following members at October 5, 2018:

Name, Designation and Profession	Age	Date of First Appointment	Particulars of Other Directorship(s) at October 5, 2018
Mr. Girish Chandra Chaturvedi Independent Non-Executive Director **Profession**: Advisor	65	July 1, 2018 (appointed as part-time Chairman effective July 17, 2018)	Infrastructure Leasing & Financial Services Limited

Name, Designation and Profession	Age	Date of First Appointment	Particulars of Other Directorship(s) at October 5, 2018
Mr. Uday M. Chitale Independent Non-Executive Director **Profession**: Advisor	68	January 17, 2018	**Director** Axis Mutual Fund Trustee Limited ICICI Lombard General Insurance Company Limited ICICI Prudential Pension Fund Management Company Limited India Infradebt Limited Indian Council for Dispute Resolution
Mr. Dileep Choksi Independent Non-Executive Director **Profession**: Advisor	68	April 26, 2013	**Director** Arvind Limited AIA Engineering Limited Lupin Limited Swaraj Engines Limited Tata Housing Development Company Limited Hexaware Technologies Limited Miramac Properties Private Limited ICICI Home Finance Company Limited Vardan Ceqube Advisors Private Limited Gujarat International Finance Tec-City Company Limited ICICI Prudential Life Insurance Company Limited
Ms. Neelam Dhawan Independent Non-Executive Director **Profession**: Advisor	58	January 12, 2018	**Member—Supervisory Board** Royal Philips N.V.
Mr. Radhakrishnan Nair Independent Non-Executive Director **Profession**: Advisor	63	May 2, 2018	**Director** ICICI Securities Primary Dealership Limited Touchstone Regulatory Advisors Private Limited ICICI Prudential Life Insurance Company Limited Inditrade Microfinance Limited Geojit Financial Services Limited JRG Fincorp Limited Inditrade Housing Finance Limited
Mr. V. K. Sharma Independent Non-Executive Director **Profession**: Chairman, Life Insurance Corporation of India	59	March 6, 2014	**Chairman** Life Insurance Corporation of India LIC Pension Fund Limited LIC Mutual Fund Asset Management Limited LIC Housing Finance Limited LIC Cards Services Limited LICHFL Asset Management Company Limited Life (International) B.S.C Bahrain Life Insurance Corporation (LIC) of Bangladesh Limited LIC (Lanka) Limited Life Insurance Corporation (Nepal) Limited Life Insurance Corporation (Singapore) Pte Ltd. **Director** ACC Limited Kenindia Assurance Company Limited Tata Steel Limited
Mr. Lok Ranjan Government Nominee Director **Profession**: Government Service	54	April 5, 2018	**Nominee Director** The New India Assurance Company Limited

Name, Designation and Profession	Age	Date of First Appointment	Particulars of Other Directorship(s) at October 5, 2018
Mr. Sandeep Bakhshi Managing Director and CEO designate **Profession**: Company Executive	58	June 18, 2018 (appointed as Managing Director and CEO until October 3, 2023, subject to regulatory and other approvals)	**Director**
Ms. Vishakha Mulye Executive Director **Profession**: Company Executive	49	January 19, 2016	**Director** ICICI Securities Limited ICICI Bank Canada
Mr. Vijay Chandok Executive Director **Profession**: Company Executive	50	July 28, 2016	**Chairman** ICICI Investment Management Company Limited **Director** ICICI Bank UK Plc. ICICI Bank Canada
Mr. Anup Bagchi Executive Director **Profession**: Company Executive	48	February 1, 2017	**Chairman** ICICI Home Finance Company Limited **Director** Comm Trade Services Limited

Our executive officers at October 5, 2018, were as follows:

Name	Age	Designation and Responsibilities	Years of Work Experience	Total remuneration in Fiscal 2018 (in Rupees)(1)	Bonus Paid in Fiscal 2018 (in Rupees)(2)	Stock Options Granted during Fiscal 2017(3)	Stock Options Granted during Fiscal 2018(3)	Total Stock Options Granted through August 31, 2018(4)	Total Stock Options Outstanding at August 31, 2018(4)	Shareholdings at August 31, 2018(5)
Mr. Sandeep Bakhshi(7)(9)	58	Managing Director and CEO designate	35	—	—	—	—	7,154,950	6,226,750	452,755
Ms. Vishakha Mulye	49	Executive Director	25	44,846,834	—	753,500	753,500	5,554,863	4,119,500	839,987
Mr. Vijay Chandok	50	Executive Director	27	44,337,218	1,271,214	544,500	753,500	6,908,550	5,940,850	10,750
Mr. Anup Bagchi(9)	48	Executive Director	26	38,847,674	—	—	753,500	4,896,925	4,023,250	—
Mr. Sandeep Batra(8)(9)	52	President	30	—	—	—	—	3,098,150	2,047,150	30,000
Mr. Rakesh Jha	46	CFO	22	29,904,225	10,015,833	303,050	365,750	4,775,375	3,803,800	58,850

(1) Includes salary and other benefits and ICICI Bank's contribution to superannuation fund, provident and gratuity fund paid for fiscal 2018 and excludes bonus.

(2) Represents amounts paid during fiscal 2018. For executive directors, the variable pay is paid after approvals are received from the Reserve Bank of India. The bonus amounts reported for executive directors are the deferred portion of bonus approved in earlier years and paid during fiscal 2018. (For fiscal 2017: Rs. 2.6 million for Mr. Vijay Chandok). Ms. Vishakha Mulye and Mr. Anup Bagchi had no deferred payouts in fiscal 2017 and fiscal 2018 as they were moved to the Bank from group companies in fiscal 2016 and fiscal 2017 respectively. For fiscal 2018, Rs. 90.4 million of variable pay pertaining to executive directors was accrued and is subject to approvals from the Reserve Bank of India and Rs. 11.5 million of variable pay was accrued for our Chief Financial Officer.

(3) Includes options granted to Executive Directors during the year post approval from the Reserve Bank of India.

(4) Excludes 2,942,400 options approved by the Board Governance Remuneration and Nomination Committee of the Bank on May 7, 2018 which are subject to regulatory approvals.

(5) Each stock option, once exercised, is equivalent to one equity share of the Bank. The Bank granted these stock options to its executive officers at no cost. See also "*—Compensation and Benefits to Directors and Officers—Employee Stock Option Scheme*" for a description of the other terms of these stock options.

(6) Executive officers and directors (including non-executive directors) as a group held about 0.07% of the Bank's equity shares as of August 31, 2018.

(7) Mr. Sandeep Bakhshi was appointed as wholetime Director and Chief Operating Officer of the Bank effective July 31, 2018. On October 4, 2018, Mr. Bakhshi was appointed as Managing Director and Chief Executive Officer designate for a period of five years, until October 3, 2023, subject to regulatory and other approvals.

(8) Mr. Sandeep Batra has been appointed as President—Corporate Centre in the Bank effective July 12, 2018.

(9) Total stock options granted to Mr. Sandeep Bakhshi, Mr. Anup Bagchi and Mr. Sandeep Batra include stock options of the Bank granted while they were directors in group companies.

Mr. Sandeep Bakhshi grew up in a defense services family and attended several schools and colleges across India before completing his management studies from XLRI in Jamshedpur. He has been with the ICICI Group for 32 years and has handled various assignments in ICICI Limited, ICICI Lombard General Insurance, ICICI Bank and ICICI Prudential Life Insurance. He was appointed Wholetime Director & Chief Operating Officer, ICICI Bank effective July 31, 2018. On October 4, 2018, Mr. Bakhshi was appointed as Managing Director and Chief Executive Officer designate for a period of five years, until October 3, 2023, subject to regulatory and other approvals.

Ms. Vishakha Mulye is a chartered accountant and joined ICICI in 1993. She has worked in the areas of strategy, finance, treasury and markets, structured finance, corporate and project finance, insurance and private equity. She was the Chief Financial Officer of ICICI Bank from 2005 to 2007, Executive Director of ICICI Lombard General Insurance Company from 2007 to 2009, and Managing Director and Chief Executive Officer of ICICI Venture Funds Management Company from 2009 to 2015. She was appointed as an Executive Director of ICICI Bank effective January 19, 2016 and is responsible for the wholesale banking and strategic solutions groups.

Mr. Vijay Chandok is a post-graduate in management from Narsee Monjee Institute of Management Studies, Mumbai. He joined ICICI in 1993 and has worked in the areas of corporate banking, small enterprises business, international banking and retail banking. He was appointed as an Executive Director of ICICI Bank effective July 28, 2016 and is responsible for the commercial banking group, small and medium-sized enterprises business, international banking and treasury.

Mr. Anup Bagchi has a management degree from the Indian Institute of Management, Bangalore and an engineering degree from the Indian Institute of Technology, Kanpur. Mr. Bagchi joined the ICICI Group in 1992 and has worked in the areas of retail banking, corporate banking, treasury, capital markets and investment banking. From 2011 to 2016, Mr. Anup Bagchi was the Managing Director and Chief Executive Officer of ICICI Securities Limited. He was appointed as an Executive Director effective February 1, 2017 and is responsible for retail, rural and inclusive banking, operations and corporate branding.

Mr. Sandeep Batra is a chartered accountant and a company secretary by qualification. He joined the ICICI Group in 2000 in ICICI Prudential Life Insurance Company Limited and worked with the company as Chief Financial Officer until 2006. From November 2006 to December 2013, he was Group Compliance Officer of the Bank. From January 2014, he was an Executive Director of ICICI Prudential Life Insurance Company Limited. The Bank appointed him as President—Corporate Centre effective July 12, 2018. His responsibilities include corporate legal, secretarial, corporate communications and government and strategic relations. The compliance, internal audit and risk management functions have administrative reporting to Mr. Batra.

Mr. Rakesh Jha is an engineering graduate from the Indian Institute of Technology at Delhi and a post-graduate in management from the Indian Institute of Management, Lucknow. He joined ICICI in 1996 and has worked in various areas including planning, strategy, finance and treasury. He was designated the Deputy Chief Financial Officer of ICICI Bank in May 2007 and Chief Financial Officer in October 2013. His responsibilities include financial reporting, planning and strategy and asset-liability management.

Corporate Governance

Our corporate governance policies recognize the accountability of the Board and the importance of making the Board transparent to all our constituents, including employees, customers, investors and the regulatory authorities, and for demonstrating that our shareholders are the ultimate beneficiaries of our economic activities.

Our corporate governance framework is based on an effective majority independent Board, the separation of the Board's supervisory role from the executive management and the constitution of Board committees, generally comprising a majority of independent Directors and most of the Committees being chaired by independent Directors, to oversee critical areas and functions of executive management.

Our corporate governance philosophy encompasses regulatory and legal requirements, such as the compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, aimed at a high level of business ethics, effective supervision and enhancement of value for all stakeholders.

Our Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of monitoring corporate performance, the functions of our Board include:

- approving corporate philosophy and mission;
- participating in the formulation of strategic and business plans;
- reviewing and approving financial plans and budgets;
- monitoring corporate performance against strategic and business plans, including overseeing operations;
- ensuring ethical behavior and compliance with laws and regulations;
- reviewing and approving borrowing limits;
- formulating exposure limits; and
- keeping shareholders informed regarding plans, strategies and performance.

To enable our Board of Directors to discharge these responsibilities effectively, executive management provides detailed reports on its performance to the Board on a quarterly basis.

Our Board functions either as a full board or through various committees constituted to oversee specific operational areas. These Board committees meet regularly. The constitution and main functions of the various committees as on October 5, 2018 are given below.

Audit Committee

The Audit Committee comprises three independent Directors—Mr. Uday M. Chitale, Mr. Dileep Choksi, and Mr. Radhakrishnan Nair. The Audit Committee is chaired by Mr. Uday M. Chitale, an independent Director. Mr. Dileep Choksi, an independent Director, is the alternate Chairman. Mr. Uday M. Chitale and Mr. Dileep Choksi are chartered accountants qualifies as Audit Committee financial experts.

The Audit Committee provides direction to the audit function and monitors the quality of internal and statutory audit. The responsibilities of the Audit Committee include examining the financial statements and auditors' report and overseeing the financial reporting process to ensure fairness, sufficiency and credibility of financial statements, review of the quarterly and annual financial statements before submission to the Board, recommendation of appointment, terms of appointment, fixing remuneration and removal of central and branch statutory auditors and chief internal auditor, approval of payment to statutory auditors for other permitted services rendered by them, review and monitor with the management the auditor's independence, performance and effectiveness of audit process, approval of transactions with related parties or any subsequent modifications, review of statement of significant related party transactions, review of functioning of the whistle blower policy, review of the adequacy of internal control systems and the internal audit function, review of compliance with inspection and audit reports and reports of statutory auditors, review of the findings of internal investigations, review of management letters/letters on internal control weaknesses issued by statutory auditors, reviewing with the management the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take steps in this matter, discussion on the scope of audit with external auditors, examination of reasons for substantial defaults, if any, in payment to stakeholders, valuation of undertakings or assets, evaluation of risk management systems and 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 and 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 Chief Financial Officer (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.

All audit and non-audit services to be provided by our principal accountants are pre-approved by the Audit Committee before such services are provided to us.

Board Governance, Remuneration & Nomination Committee

The Board Governance, Remuneration & Nomination Committee comprises four independent directors—Ms. Neelam Dhawan, Mr. Dileep Choksi, Mr. V. K. Sharma and Mr. Girish Chandra Chaturvedi. Ms. Neelam Dhawan, an independent director, is the Chairperson of the Committee.

The functions of the Committee include (i) recommending appointments of Directors to the Board, (ii) 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, (iii) formulating 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, (iv) recommending to the Board a policy relating to the remuneration for the Directors, key managerial personnel and other employees, (v) recommending to the Board the remuneration (including performance bonus and perquisites) to wholetime Directors, commission and fee payable to non-executive Directors subject to applicable regulations, (vi) 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 and deciding on the grant of the Bank's stock options to employees and wholetime Directors of the Bank and its subsidiary companies.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises three directors—Mr. Radhakrishnan Nair, Mr. Dileep Choksi and Mr. Anup Bagchi. Mr. Radhakrishnan Nair, an independent Director, is the Chairman of the Committee.

The functions of the Committee include review of corporate social responsibility initiatives undertaken by the ICICI Group and the ICICI Foundation for Inclusive Growth, formulation and recommendation to the Board of a corporate social responsibility 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 corporate social responsibility plan to the Board, making recommendations to the Board with respect to the corporate social responsibility initiatives, policies and practices of the ICICI Group, monitoring the corporate social responsibility activities, implementation and compliance with the corporate social responsibility policy and reviewing and implementing, if required, any other matter related to corporate social responsibility initiatives as recommended/suggested by the Reserve Bank of India or any other body.

Credit Committee

The Credit Committee comprises three directors—Mr. Radhakrishnan Nair, Mr. Sandeep Bakhshi and Ms. Vishakha Mulye. The Chairperson would be an Executive Director as determined at each meeting.

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

Customer Service Committee

The Customer Service Committee comprises four directors—Mr. Uday M. Chitale, Ms. Neelam Dhawan, Mr. Sandeep Bakhshi and Mr. Anup Bagchi. Mr. M. D. Mallya, former independent Director, was the Chairman of the Committee. Mr. M. D. Mallya resigned from the Board due to health reasons effective close of business hours on October 4, 2018, and the same was accepted. At the time of filing of the Offering Circular, the Committee is expected to be re-constituted at a subsequent Board meeting.

The functions of the 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.

Fraud Monitoring Committee

The Fraud Monitoring Committee comprises five directors—Mr. Dileep Choksi, Mr. Uday M. Chitale, Ms. Neelam Dhawan, Mr. Sandeep Bakhshi and Mr. Anup Bagchi. Mr. Dileep Choksi, an independent Director, is the Chairman of the Committee.

The Committee monitors and reviews all the frauds involving an amount of Rs. 10 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 the Reserve Bank of India 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 putting in place other measures as may be considered relevant to strengthen preventive measures against frauds.

Information Technology Strategy Committee

The Information Technology Strategy Committee comprises four directors—Ms. Neelam Dhawan, Mr. Dileep Choksi, Mr. Sandeep Bakhshi and Mr. Anup Bagchi. Ms. Neelam Dhawan, an independent Director, is the Chairperson of the Committee.

The functions of the Committee are to approve the strategy for information technology and policy documents, ensure that the information technology strategy is aligned with business strategy, review information technology risks, ensure the proper balance of information technology investments for sustaining the Bank's growth, oversee the aggregate funding of information technology at Bank-level, ascertain if the management has resources to ensure the proper management of information technology risks, review the contribution of information technology to our business and oversee the activities of the digital council.

Risk Committee

The Risk Committee comprises three directors—Mr. Dileep Choksi, Mr. V. K. Sharma and Mr. Sandeep Bakhshi. Mr. Dileep Choksi, an independent Director, is the Chairman of the Committee.

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 framework, risk appetite framework, stress testing framework, Internal Capital Adequacy Assessment Process 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.

Stakeholders Relationship Committee

The Stakeholders' Relationship Committee comprises two directors—Mr. Uday M. Chitale and Mr. Anup Bagchi. Mr. M. D. Mallya, former independent Director, was the Chairman of the Committee. Mr. M. D. Mallya resigned from the Board due to health reasons effective close of business hours on October 4, 2018 and the same was accepted. At the time of filing of the Offering Circular, the Committee is expected to be re-constituted at a subsequent Board meeting.

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.

Review Committee for Identification of Willful Defaulters/Non Co-operative Borrowers

The Managing Director and CEO is the Chairperson of this Committee and any two independent directors comprise the remaining members.

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

Code of Ethics

We have adopted a Group Code of Business Conduct and Ethics for our directors and all our employees. This code aims at ensuring consistent standards of conduct and ethical business practices across the constituents of the Company and is reviewed on an annual basis. We have not granted a waiver from any provision of the code to any of our directors or executive officers. See also "*Description of ICICI Bank—Legal and regulatory proceedings*".

Compensation and Benefits to Directors and Officers

Remuneration

Under our organizational documents, each of our non-executive directors, except our government director, is entitled to receive remuneration for attending each meeting of our Board or of a Board committee. The amount of remuneration payable to non-executive Directors is set by our Board from time to time in accordance with limits prescribed by the Companies Act and the rules thereunder. The Board of Directors has approved the payment of Rs. 100,000 as sitting fee for each meeting of the Board and Audit Committee and Rs. 50,000 as sitting fee for each meeting of any other Committee. The Reserve Bank of India has permitted the payment of profit-related commission up to Rs. 1,000,000 per annum for non-executive Directors (other than non-executive part-time Chairman), which guidelines have been approved by our shareholders (who also excluded our Government Nominee Director) effective in fiscal 2016. In addition, we reimburse our directors for travel and related expenses in connection with attending Board and Committee meetings and related matters. If a director is required to perform services for us beyond attending meetings, we may remunerate the director as determined by our Board of Directors which remuneration may be either in addition to or as substitution for the remuneration discussed above. We have not paid any remuneration to non-executive Directors other than the remuneration for attending each meeting of our Board or of a Board committee and profit related commission to the non-executive Directors (other than the Chairman). Non-executive directors are not entitled to the payment of any benefits at the end of their terms of office.

In addition to the basic salary and supplementary allowance, our executive directors are entitled to certain perquisites (evaluated pursuant to Indian Income-Tax rules wherever applicable and otherwise at actual cost to the Bank), including 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, 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, our executive directors are also eligible for housing loans subject to the approval of the Reserve Bank of India.

There are no service contracts with our executive directors providing for benefits upon termination of their employment.

The total compensation paid by the Bank to its executive directors and executive officers during fiscal 2018 was Rs. 281.8 million.

Bonus

Each year, our Board of Directors awards discretionary bonuses to employees and executive directors on the basis of performance and seniority. The performance of each employee is evaluated through a performance management appraisal system. The aggregate amount of bonuses and performance linked retention pay to all eligible employees of ICICI Bank for fiscal 2018 was Rs. 6.1 billion. This amount was paid in fiscal 2019, excluding the payment of bonuses to executive directors which require the approval of the Reserve Bank of India.

Employee Stock Option Scheme

The Bank has an Employee Stock Option Scheme to encourage and retain high-performing employees and Directors. Pursuant to the stock option scheme as amended, up to 10.0% of the aggregate of issued equity shares of the Bank at the time of the grant of stock options could be allocated under the employee stock option scheme. At August 31, 2018, this 10% limit was equivalent to 643.42 million shares, of which the Bank has granted about 512.11 million options under the Employee Stock Option Scheme (excludes options granted to wholetime Directors of ICICI Bank and its subsidiaries pending regulatory approvals). Employees and Directors of the Bank, its subsidiaries and its holding company are eligible employees for grants of stock options. The Bank has no holding company. The maximum number of options granted to any eligible employee in a year is restricted to 0.05% of the Bank's issued equity shares at the time of the grant.

Options granted after April 1, 2014 vest in a graded manner over a three-year period, with 30%, 30% and 40% of the options vesting on the first, second and third anniversaries of the grant date respectively, except as follows:

- For the 275,000 options granted in April 2014, 50% vested on April 30, 2017 and 50% vested on April 30, 2018.

- For the options granted in September 2015, 50% vested on April 30, 2018 and the balance of 50% would vest on April 30, 2019. The unvested options will lapse on the termination of employment, including retirement (whether in the normal course or pursuant to any early/voluntary retirement scheme).

- 300,000 options granted in January 2018, would vest to the extent of 100% at the end of four years from the date of grant.

- Of the 188,800 options granted in May 2018, 50% would vest on May 7, 2021 and the balance of 50% will vest on May 7, 2022. 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 on each of the first four anniversaries of the grant date, except as follows:

- 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.

- For the options granted in February 2011, 50% of the options vested on April 30, 2014 and 50% vested on April 30, 2015.

- Options granted in September 2011 vested in a graded manner over a five-year period with 15%, 20%, 20% and 45% of the grant vesting in each year, commencing from the end of 24 months from the date of grant.

The price for options granted is equal to the closing price on the stock exchange which recorded the highest trading volume preceding the date of grant of options. Options granted in February 2011 were granted at an exercise price which was approximately 3.0% below the closing price preceding the date of grant of options.

Pursuant to the approval of shareholders in June 2017, the exercise period is such period not exceeding ten years from the date of vesting of options as may be determined by the Board of Governance, Remuneration & Nomination Committee for each grant. Pursuant to the approval of shareholders in September 2018, the exercise period is such period not exceeding five years from the date of vesting of options as may be determined by the Board Governance, Remuneration & Nomination Committee for each grant. The following table sets forth certain information regarding the stock option grants made to employees under the Employee Stock Option Scheme as of August 31, 2018. The Bank granted all of these stock options at no cost to its employees. Options granted include grants to wholetime directors and employees of the Bank and its subsidiaries post regulatory approvals. The Bank has not granted any stock options to its non-executive directors. Pursuant to the Board and shareholders' approval received with respect to issue of bonus equity shares of the Bank in June 2017, the stock options in table below have been adjusted to include the impact of the bonus stock options granted and the exercise price stated herein is the revised exercise price after making proportionate adjustments.

The following table sets forth certain information regarding the options summary of ICICI Bank at August 31, 2018.

Particulars	ICICI Bank
Options granted[1] (net of lapsed)	512,105,645
Options vested	447,980,056
Options exercised	257,611,128
Options forfeited/lapsed	84,985,119
Extinguishment or modification of options	—
Amount realized by exercise of options	Rs. 21,568,028,147
Total number of options in force	254,494,517
Weighted average exercise price of options in force	Rs. 230.92

Note:

(1) Excludes options granted to wholetime Directors of ICICI Bank and its subsidiaries awaiting regulatory approvals.

See also "Consolidated financial statements—Schedules forming part of the consolidated financial statements—Additional notes—Note 17" under U. S. GAAP included herein.

OVERVIEW OF THE INDIAN FINANCIAL SECTOR

Introduction

The Reserve Bank of India, the central banking and monetary authority of India, is the central regulatory and supervisory authority for the Indian financial system. A variety of financial intermediaries in the public and private sectors participate in India's financial sector, including the following:

- commercial banks;
- co-operative banks;
- non-banking finance companies, including housing finance companies;
- other specialized financial institutions, and state-level financial institutions;
- insurance companies; and
- mutual funds.

This discussion presents an overview of the role and activities of the Reserve Bank of India and of each of the major participants in the Indian financial system, with a focus on commercial banks. This is followed by a brief summary of the banking reform process and key reform measures announced or proposed in recent years. Finally, measures announced by the Reserve Bank of India in recent monetary policy statements are briefly reviewed.

The Reserve Bank of India

The Reserve Bank of India, established in 1935, is the central banking and monetary authority in India. The Reserve Bank of India manages the country's money supply and foreign exchange and also serves as a bank for the Government of India and for the country's commercial banks. In addition to the traditional central banking roles, the Reserve Bank of India undertakes certain developmental and promotional roles.

The Reserve Bank of India issued guidelines on exposure limits, income recognition, asset classification, provisioning for non-performing and restructured assets, investment valuation and capital adequacy for commercial banks, long-term lending institutions and non-bank finance companies. The Reserve Bank of India requires these institutions to furnish information relating to their businesses to it on a regular basis. The Reserve Bank of India can issue directions to banking companies on the resolution of stressed assets when required. For further discussion regarding the Reserve Bank of India's role as the regulatory and supervisory authority of India's financial system and its impact on us, see *"Supervision and Regulation"*.

Commercial Banks

Commercial banks in India meet the short-term financial needs, or working capital requirements, of industry, trade and agriculture, provide long-term financing to sectors like infrastructure and provide retail loan products. At June 30, 2018, there were 149 scheduled commercial banks in the country, with a network of 140,613 branches serving approximately Rs. 115.07 trillion in deposit accounts. Scheduled commercial banks are banks that are listed in the second schedule of the Reserve Bank of India Act, 1934, and are further categorized as public sector banks, private sector banks and foreign banks. Scheduled commercial banks have a presence throughout India, with approximately 62.7% of bank branches located in rural or semi-urban areas of the country.

Public Sector Banks

Public sector banks make up the largest category in the Indian banking system. They include the State Bank of India, 20 nationalized banks and 56 regional rural banks. Excluding the regional rural banks, the remaining public sector banks have 91,326 branches, and accounted for 61.8% of the outstanding gross bank credit and 67.0% of the aggregate deposits of scheduled commercial banks at June 30, 2018. The State Bank of India is the largest bank in India in terms of total assets. In one of the largest consolidations in the Indian banking industry, the State Bank of India merged its five associate banks and the Bharatiya Mahila Bank effective from April 1, 2017. In September 2018, the Government of India announced the amalgamation of three public sector banks, of which one bank was under the Reserve Bank of India's prompt corrective action framework.

Regional rural banks were established from 1976 to 1987 by the Indian central government, state governments and sponsoring commercial banks jointly with a view to develop the rural economy. Regional rural banks provide credit to small farmers, artisans, small entrepreneurs and agricultural laborers. The National Bank for Agriculture and Rural Development is responsible for supervising the functions of the regional rural banks. At June 30, 2018, there were 56 regional rural banks and they had 21,721 branches, and accounted for 3.4% of aggregate deposits and 2.9% of gross bank credit outstanding of scheduled commercial banks.

Private Sector Banks

After the first phase of bank nationalization was completed in 1969, public sector banks made up the largest portion of Indian banking. In July 1993, as part of the banking reform process and as a measure to induce competition in the banking sector, the Reserve Bank of India permitted entry of the private sector into the banking system. This resulted in the introduction of private sector banks, including us. These banks are collectively known as the "new" private sector banks. At June 30, 2018, there were eight "new" private sector banks, including the latest licensed IDFC Limited and Bandhan Financial Services Private Limited that began operations in fiscal 2016. In September 2015, the Reserve Bank of India granted in-principle licenses to 10 small finance banks and to 11 payments banks in the private sector. Ten small finance banks and six payments banks have begun operations and three payments banks licensees have surrendered or announced their decision to surrender their licenses. See also *"—Structural Reforms—Differentiated Licenses"*. In addition, 13 old private sector banks existing prior to July 1993 were operating at March 31, 2018.

At June 30, 2018, private sector banks, including the small finance banks, accounted for approximately 25.6% of aggregate deposits and 31.0% of gross bank credit outstanding of the scheduled commercial banks. Their network of 27,281 branches accounted for 19.4% of the total branch network of scheduled commercial banks in the country.

Foreign Banks

There were 45 foreign banks operating in India. At June 30, 2018, foreign banks had 285 branches and accounted for 4.2% of aggregate deposits and 4.4% of outstanding gross bank credit of scheduled commercial banks. As part of the liberalization process, the Reserve Bank of India has permitted foreign banks to operate more freely, subject to requirements largely similar to those imposed on domestic banks. The primary activity of most foreign banks in India has been in the corporate segment. However, some of the larger foreign banks have made retail banking a significant part of their portfolios. Most foreign banks operate in India through branches of the parent bank. Certain foreign banks also have wholly owned non-bank finance company, investment banking, securities broking, insurance and asset management subsidiaries or joint ventures for both corporate and retail lending.

In a circular dated July 6, 2004, the Reserve Bank of India stipulated that banks should not acquire any fresh stake in another banks' equity shares, if by such acquisition, the investing bank's holding exceeded 5.0% of the investee bank's equity capital. This also applies to holdings of foreign banks with a presence in India, in Indian banks. The Reserve Bank of India issued a notification on "Roadmap for presence of foreign banks in India" on February 28, 2005, announcing the following measures with respect to the presence of foreign banks:

- During the first phase (up to March 2009), foreign banks were allowed to establish a presence by setting up wholly owned subsidiaries or by converting existing branches into wholly owned subsidiaries.

- In addition, during the first phase, foreign banks were allowed to acquire a controlling stake in a phased manner only in private sector banks that are identified by the Reserve Bank of India for restructuring.

- For new and existing foreign banks, it was proposed to go beyond the existing World Trade Organization commitment of allowing increases of 12 branches per year. A more liberal policy will be followed for areas with a small number of banks.

- During the second phase (scheduled to be from April 2009 onwards), after a review of the first phase, foreign banks would be allowed to acquire up to 74.0% in private sector banks in India.

However, in view of the deterioration in the global financial markets during fiscal 2009, the Reserve Bank of India decided to put on hold the second phase until there was greater clarity over the economic recovery as well as the reformed global regulatory and supervisory architecture.

In November 2013, the Reserve Bank of India issued a scheme for the establishment of wholly owned subsidiaries by foreign banks in India. The scheme envisages that foreign banks which commenced business in India after August 2010, or will do so in the future, will be permitted to do so only through wholly owned subsidiaries if certain specified criteria apply to them. These criteria include incorporation in a jurisdiction which gives legal preference to home country depositor claims, among others. Further, a foreign bank that has set up operations in India through the branch mode after August 2010 will be required to convert its operations into a subsidiary if it is considered to be systemically important. A bank would be considered to be systemically important if the assets on its Indian balance sheet (including credit equivalent of off-balance sheet items) exceed 0.25% of the assets of the Indian banking system. Establishment of a subsidiary would require approval of the Reserve Bank of India and for this purpose, the Reserve Bank of India would take into account various factors including economic and political relations with the country of incorporation of the parent bank and reciprocity with the home country of the parent bank. The regulatory framework for a subsidiary of a foreign bank would be substantially similar to that applicable to domestic banks, including with respect to management, directed lending, investments and branch expansion. Wholly owned subsidiaries of foreign banks may, after further review, be permitted to enter into mergers and acquisition transactions with Indian private sector banks, subject to adherence to the foreign ownership limit of 74% applicable to Indian private sector banks. The Reserve Bank of India, in its second quarter monetary policy review announced in October 2013 has also proposed near national treatment for foreign banks, based on the principles of reciprocity and subsidiary mode of presence.

In July 2012, the Reserve Bank of India revised priority sector lending norms and mandated foreign banks with 20 branches or more in India to meet priority sector lending norms as prescribed for domestic banks. In April 2015, revised priority sector lending guidelines were issued by the Reserve Bank of India, and require foreign banks with less than 20 branches to also meet priority sector lending norms in a phased manner by fiscal 2020. Further, from fiscal 2019, foreign banks with 20 branches or above will also be required to meet the priority sector lending sub-targets towards small and marginal farmers and micro enterprises.

Long-Term Lending Institutions

The long-term lending institutions were established to provide medium-term and long-term financial assistance to various industries for setting up new projects and for the expansion and modernization of existing facilities. The primary long-term lending institutions included Industrial Development Bank of India (now a bank), IFCI Limited, and the Industrial Investment Bank of India, as well as ICICI prior to the merger. Pursuant to the recommendations of the Narasimham Committee II and the Khan Working Group, a working group created in 1999 to harmonize the role and operations of long-term lending institutions and banks. In fiscal 2000, the Reserve Bank of India announced that long-term lending institutions would have the option of transforming themselves into banks subject to compliance with the prudential norms as applicable to banks. In April 2001, the Reserve Bank of India issued guidelines on several operational and regulatory issues, which needed to be addressed, and laid down a path for how long-term lending institutions can transition into universal banks. In April 2002, ICICI merged with ICICI Bank. The Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003 converted the Industrial Development Bank of India into a banking company incorporated under the Companies Act, 1956. IDBI Bank Limited, a new private sector bank that was a subsidiary of the Industrial Development Bank of India, was merged with the Industrial Development Bank of India in April 2005. The long-term funding needs of Indian companies are met primarily by banks, Life Insurance Corporation of India and specialized non-bank finance companies. Indian companies also issue bonds to institutional and retail investors.

Co-operative Banks

Co-operative banks cater to the financing needs of agriculture, small industry and self-employed businessmen in urban and semi-urban areas of India. The state land development banks and the primary land development banks provide long-term credit for agriculture. In light of the liquidity and insolvency problems experienced by some co-operative banks in fiscal 2001, the Reserve Bank of India undertook several interim measures, pending formal legislative changes, including measures related to lending against shares, borrowings in the call market and term deposits placed with other urban co-operative banks. Presently, the Reserve Bank of India is responsible for the supervision and regulation of urban co-operative banks, and the National Bank for Agriculture and Rural Development (NABARD) for state co-operative banks and district central co-operative banks. The Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004 provides for the regulation of all co-operative banks by the Reserve Bank of India.

With a view to strengthen the capital structure of co-operative banks, the Reserve Bank of India announced a minimum capital adequacy requirement of 9.0% for state and central co-operative banks in January 2014 to be achieved in a phased manner over a period of three years. The guidelines prescribe a minimum capital adequacy ratio of 7.0% by March 31, 2015 and 9.0% with effect from March 31, 2017. Co-operative banks have also been allowed to issue long-term deposits and perpetual debt instruments in order to be able to meet the prescribed capital adequacy requirements.

The Reserve Bank of India announced measures to enable well-managed co-operative banks to expand their business. Financially sound urban co-operative banks having a minimum net worth of Rs. 1.0 billion and technology enabled systems have been allowed to issue credit cards. State co-operative banks have been permitted to set up offsite automated teller machines (ATMs) and mobile ATMs without the prior approval of the Reserve Bank of India. Co-operative banks fulfilling specific requirements like core banking solution, capital adequacy of above 10.0% and net worth of above Rs. 250 million have been allowed to offer internet banking facilities to their customers and to issue open system prepaid payment instruments. In fiscal 2019, the Reserve Bank of India proposed to allow large urban co-operative banks meeting specific criteria to voluntarily convert into small finance banks.

Non-Banking Finance Companies

There were 11,469 non-banking finance companies in India at September 30, 2017, mostly in the private sector. Of these, 172 were deposit-taking non-banking finance companies, and the rest were non-deposit taking entities. All non-banking finance companies are required to register with the Reserve Bank of India. Non-banking finance companies are categorized on the following basis: (i) in terms of the type of liabilities into deposit and non-deposit accepting non-banking finance companies; (ii) non-deposit taking non-banking finance companies by their size into systemically important companies with asset size above Rs. 1.0 billion and other non-deposit holding companies; and (iii) by the kind of activity they conduct. The companies that take public deposits are subject to strict supervision and capital adequacy requirements, similar to banks, by the Reserve Bank of India. Non-banking financial companies are broadly classified into eight categories—asset finance companies, loan companies, investment companies, infrastructure finance companies, infrastructure debt funds, microfinance companies, factors and core investment companies. In fiscal 2017, the Reserve Bank of India introduced a new type of non-banking finance company, account aggregators, which will consolidate, organize and present financial information pertaining to a customer either to the customer or to any other person as instructed by the customer. They cannot offer any financial services or support financial transactions. At March 31, 2017, the asset base of deposit taking non-banking financial companies and non-deposit taking systemically important non-banking financial companies combined was Rs. 19.67 trillion, with a net credit outstanding of Rs. 14.85 trillion and borrowings of Rs. 13.76 trillion.

ICICI Securities Limited, our subsidiary, is a non-banking finance company that does not accept public deposits, and ICICI Home Finance Company, our subsidiary, is a non-banking finance company that accepts public deposits. The primary activities of the non-banking finance companies are consumer credit (including automobile finance, home finance and consumer durable products finance, wholesale finance products such as bill discounting for small and medium companies), and infrastructure finance, and fee-based services, such as investment banking and underwriting. In November 2011, the Reserve Bank of India issued guidelines on the establishment of infrastructure debt funds in the form of mutual funds or non-banking finance companies. In fiscal 2013, we in partnership with other domestic and international banks and financial institutions launched India’s first infrastructure debt fund set up in the form of a non-banking finance company. We along with our wholly owned subsidiary have a shareholding of 38.1% in this company.

The Reserve Bank of India issues guidelines with regard to lending, exposure, provisioning requirements and restructuring of loans for the various categories of non-banking finance companies. In August 2011, the Reserve Bank of India released a working group report on issues and concerns in the non-banking finance companies sector. In March 2015, the Reserve Bank of India issued the final regulatory framework for non-banking finance companies in line with the recommendations of the working group. Some key recommendations include a minimum asset size of Rs. 500 million with a minimum net owned fund of Rs. 20 million for registering as a non-banking finance company, a minimum Tier 1 capital of 12.0%, introduction of liquidity ratios, more stringent asset classification norms and provisioning norms and limits on exposure to real estate. Deposit accepting non-banking finance companies should have a minimum investment grade rating to accept public deposits. In the event of a downgrade below investment grade, the company would have to stop accepting new deposits and cannot renew existing deposits. Further, deposit accepting non-banking finance companies had to achieve a minimum Tier 1 capital of 8.5% by March 31, 2016, and 10.0% by March 31, 2017. In February 2018, deposit accepting non-banking finance companies were also required to comply with the provisions under the Ombudsman Scheme for handling customer complaints.

In July 2015, the Reserve Bank of India issued guidelines relating to acquisition or transfer of control of non-banking finance companies. According to the guidelines, any change in the management of a non-banking finance company either by way of a takeover or acquisition of control, change in shareholding or change in the management with at least 30% newly appointed directors, cannot be initiated without the prior permission of the Reserve Bank of India. A public notice of at least 30 days would also have to be given before the occurrence of these events.

Non-banking finance companies raise money by issuing capital or debt securities including debentures, by way of public issue or private placement. Non-deposit-taking non-banking financial companies can issue perpetual debt instruments which are eligible for inclusion as Tier 1 capital to the extent of 15.0% of total Tier 1 capital at March 31 of the previous accounting year. Further, with regard to private placement of debentures by non-banking finance companies, the Reserve Bank of India issued guidelines in June 2013, which states that issue of debentures should necessarily be for deployment of funds on its own balance sheet, and not for facilitating resources for group companies. The guidelines also prescribe a minimum time gap of six months between two private placements, a limit on the number of investors to 49, and restrict non-banking finance companies from extending loans against the security of its own debentures.

In the past, the Reserve Bank of India has issued banking licenses to non-banking finance companies. In 2003, Kotak Mahindra Finance Limited was granted a banking license by the Reserve Bank of India and converted itself into Kotak Mahindra Bank. In April 2014, the Reserve Bank of India issued in-principle banking licenses to two non-banking finance companies, IDFC Limited and Bandhan Financial Services Private Limited. Both began operations during fiscal 2016. In September 2015, the Reserve Bank of India granted in-principle licenses to 10 applicants for small finance banks, most of which are microfinance non-banking finance companies. The 10 small finance banks have begun operations. In July 2016, IDFC Bank acquired a microfinance company, making it the first acquisition of a microfinance company by a bank. In fiscal 2018, IndusInd Bank acquired Bharat Financial Inclusion Limited, a microfinance company.

Housing Finance Companies

Housing finance companies form a distinct sub-group of the non-banking finance companies. As a result of the various incentives given by the Government of India for investing in the housing sector, the scope of this business has grown substantially. Housing Development Finance Corporation Limited is a leading provider of housing finance in India. In recent years, several other players, including banks, have entered the housing finance industry. We also have a housing finance subsidiary, ICICI Home Finance Company. The National Housing Bank and the Housing and Urban Development Corporation Limited are the two major financial institutions instituted through acts of Parliament to improve the availability of housing finance in India. The National Housing Bank Act, 1987 provides for securitization of housing loans, foreclosure of mortgages and setting up of the Mortgage Credit Guarantee Scheme.

Microfinance Institutions

In fiscal 2012, the Reserve Bank of India introduced a new category of non-banking financial company called microfinance institutions. Microfinance institutions should have a minimum net worth of Rs. 50 million and maintain a minimum capital adequacy ratio of 15.0% of risk weighted assets. There are specific regulations with regard to pricing of credit by microfinance institutions. The margin above the cost of funds that can be charged on a loan is capped at 10.0% for microfinance institutions having a loan portfolio exceeding Rs. 1.0 billion and 12.0% for others.

Further, the interest rate on individual loans is capped at the lower of the following two: 1) cost of funds plus margin, and 2) the average base rate of the five largest commercial banks by assets (as informed by the Reserve Bank of India on a quarterly basis) multiplied by 2.75. Further, the average interest on loans during a year cannot exceed the cost of borrowing during the financial year plus the prescribed margin. This was later revised in February 2017 to a quarterly basis by the Reserve Bank of India, as per which the average interest rate on loans sanctioned during a quarter cannot exceed the average cost of borrowing during the preceding quarter plus the prescribed margin.

Other Financial Institutions

Specialized Financial Institutions

In addition to the long-term lending institutions, there are various specialized financial institutions which cater to the specific needs of different sectors. These include the National Bank for Agricultural and Rural Development, Export Import Bank of India, Small Industries Development Bank of India, Tourism Finance Corporation of India Limited, National Housing Bank and India Infrastructure Finance Company. Further, India's first quasi-sovereign wealth fund, the National Investment and Infrastructure Fund, was set up to support investments in infrastructure, technology and asset reconstruction.

State Level Financial Institutions

State financial corporations operate at the state level and form an integral part of the institutional financing system. State financial corporations were set up to finance and promote small and medium-sized enterprises. The state financial institutions are expected to achieve balanced regional socio-economic growth by generating employment opportunities and widening the ownership base of industry. At the state level, there are also state industrial development corporations, which provide finance primarily to medium-sized and large enterprises.

Insurance Companies

At March 31, 2018, there were 53 insurance companies in India, of which 24 were life insurance companies and 29 general insurance companies. Of the 24 life insurance companies, 23 were in the private sector and one is in the public sector. Among the general insurance companies, 23 in the private sector and six (including the Export Credit Guarantee Corporation of India Limited and the Agriculture Insurance Company of India Limited) are in the public sector. General Insurance Corporation of India, a reinsurance company, is in the public sector. Life Insurance Corporation of India, General Insurance Corporation of India and public sector general insurance companies also provide long-term financial assistance to the industrial and infrastructure sectors. In the Union Budget for fiscal 2019, the Government of India has proposed the merger of three large public sector general insurance companies into a single entity which will subsequently be publicly listed.

The insurance sector in India is regulated by the Insurance Regulatory and Development Authority of India. In December 1999, the Indian Parliament passed the Insurance Regulatory and Development Authority Act, 1999, which also amended the Insurance Act, 1938. This opened up the Indian insurance sector for foreign and private investors. The Insurance Act, 1938 currently allows foreign equity participation in new insurance companies of up to 49.0%. A new company should have minimum paid-up equity capital of Rs. 1.0 billion to carry on the business of life insurance or general insurance and of Rs. 2.0 billion to carry on exclusively the business of reinsurance.

In fiscal 2001, the Reserve Bank of India issued guidelines governing the entry of banks and financial institutions into the insurance business. The guidelines permit banks and financial institutions to enter the business of insurance underwriting through joint ventures provided they meet stipulated criteria relating to their net worth, capital adequacy ratio, profitability track record, level of non-performing loans and the performance of their existing subsidiary companies. According to the guidelines, the promoters of insurance companies had to divest in a phased manner their shareholding in excess of 26.0% after a period of 10 years from the date of commencement of business or within such period as may be prescribed by the Government of India. However, the Insurance Laws (Amendment) Act, 2015 passed by both houses of the Parliament and enacted in March 2015 removed the requirement that requires the promoters to dilute their stake to 26.0%. The Insurance Act, 1938, as amended, also increased the foreign equity participation limit in insurance companies from 26.0% to 49.0%.

In the general insurance sector, gross premiums underwritten by general insurance companies moderated in fiscal 2008 and fiscal 2009 owing to the de-tariffing of the general insurance sector. Until January 1, 2007, almost 70.0% of the general insurance market was subject to price controls under a tariff regime. With the commencement of a tariff-free regime effective January 1, 2007, the resultant competitive pricing led to a significant decrease in premium rates across the industry leading to moderate premium growth during fiscal 2009 and fiscal 2010. See also "*Supervision and Regulation—Regulations Governing Insurance Companies*".

During fiscal 2018, the new business weighted individual premium underwritten by the life insurance sector increased by 19.3% year-on-year from Rs. 532.2 billion during fiscal 2017 to Rs. 634.7 billion during fiscal 2018. The share of the private sector increased from 53.9% during fiscal 2017 to 56.2% during fiscal 2018. The gross premium underwritten in the general insurance sector (excluding specialized insurance institutions) amounted to Rs. 1,416.4 billion during fiscal 2018 as against Rs. 1,198.8 billion during fiscal 2017, recording a year-on-year growth of 18.2% (excluding the Export Credit Guarantee Corporation of India Limited and the Agriculture Insurance Company of India Limited). The share of the private sector increased from 46.5% during fiscal 2017 to 48.9% during fiscal 2018. We have a joint venture in the life insurance sector and our life insurance subsidiary, ICICI Prudential Life Insurance Company Limited, is the second largest private sector company in the life insurance sector in India in terms of new business retail weighted received premium. Our subsidiary in the general insurance sector was set up as a joint venture with Fairfax Financial Holdings (through its affiliate). The joint venture was terminated on July 3, 2017 following the decision by us and our joint venture partner to sell a part of our shareholding in our general insurance subsidiary through an initial public offering. The Bank continues to hold more than 50.0% shareholding in the general insurance subsidiary post the initial public offer. See also "*Description of ICICI Bank—Overview of Our Products and Services—Insurance*". Our general insurance subsidiary, ICICI Lombard General Insurance Company, is the largest private sector company in the general insurance sector in India in terms of gross written premium.

The financial inclusion initiatives of the Government of India include providing insurance cover for people belonging to low-income or below poverty segments and are enrolled through the Government of India's financial inclusion program. A life insurance cover and accident insurance cover of up to Rs. 200,000 each are provided to the beneficiaries at very low premiums. The Government of India has also launched separate schemes for providing pension and insurance products to the larger population. In the Union Budget for fiscal 2019, the Government of India announced a flagship National Health Protection Scheme which will cover over 100 million families from underprivileged segments. The Scheme will provide health cover of up to Rs. 500,000 per family per year for secondary and tertiary care hospitalization. This is expected to be the world's largest government funded health care programme.

See also *"Risk Factors—Risks Relating to Our Business—While our insurance businesses are an important part of our business, there can be no assurance of their future rates of growth or level of profitability*" and "*Description of ICICI Bank—Overview of Our Products and Services—Insurance"*.

Mutual Funds

There were 41 mutual funds in India with assets under management at March 31, 2018 of Rs. 21,360.4 billion. Average assets under management of all mutual funds increased by 26.0% to Rs. 23,052.1 billion during the three months ended March 31, 2018 from Rs. 18,295.8 billion during the three months ended March 31, 2017. From year 1963 to 1987, Unit Trust of India was the only mutual fund operating in the country. It was set up in 1963 at the initiative of the Government of India and the Reserve Bank of India. From 1987 onwards, several other public sector mutual funds entered this sector. These mutual funds were established by public sector banks, the Life Insurance Corporation of India and General Insurance Corporation of India. The mutual funds industry was opened up to the private sector in 1993. The industry is regulated by the Securities and Exchange Board of India (Mutual Fund) Regulation, 1996. Our asset management joint venture, ICICI Prudential

Asset Management Company, was the largest mutual fund in India in terms of average assets under management for the three months ended March 31, 2018, with an overall market share of about 13.3%.

To enhance marketability and access to mutual fund schemes, the Securities and Exchange Board of India in November 2009 permitted the use of stock exchange terminals to facilitate transactions in mutual fund schemes. As a result, mutual funds units can now be traded on recognized stock exchanges. While this facility was available to stock brokers and clearing members initially, it was widened to include mutual fund distributors in October 2013. In June 2009, the Securities and Exchange Board of India removed the entry load and upfront charges deducted by mutual funds, for all mutual fund schemes and required that the up-front commission to distributors should be paid by the investor to the distributor directly. In February 2010, the Securities and Exchange Board of India introduced guidelines for the valuation of money market and debt securities, with a view to ensuring that the value of money market and debt securities in the portfolio of mutual fund schemes reflects the current market scenario. The valuation guidelines were effective from August 1, 2010. Further, the Union Budget for fiscal 2014 allowed mutual fund distributors to become members on the mutual fund segment of stock exchanges to enable them to leverage the stock exchange network to improve the reach and distribution of mutual fund products. In the Union Budget for fiscal 2019, the Government of India has introduced a tax of 10.0% on the distributed income by equity oriented mutual funds.

Pension Sector

Currently, the pension schemes operating in India can be broadly classified in the following categories: pension schemes for the Government of India's employees, the employees' provident fund and employees' pension schemes for employees in the organized sector, voluntary pension schemes and the new pension scheme. In case of pension schemes for the Government of India's employees, the Government of India pays its employees a defined periodic benefit upon their retirement. Further, the contribution towards the pension scheme is funded solely by the Government of India and not matched by a contribution from the employees. The Employees Provident Fund, established in 1952, is a mandatory program for employees of certain establishments. It is a contributory program that provides for periodic contributions of 10% to 12% of the basic salary by both the employer and the employees. The contribution is invested in prescribed securities and the accumulated balance in the fund (including the accretion thereto) is paid to the employee as a lump sum on retirement. Besides these, there are voluntary pension schemes administered by the Government of India (the Public Provident Fund to which contribution may be made up to a maximum of Rs. 150,000 per year) or offered by insurance companies, where the contribution may be made on a voluntary basis. Such voluntary contributions are often driven by tax benefits offered under the scheme. The new pension scheme (NPS) was launched in January 2004 and offers a defined contribution based pension scheme with the individual having the option to decide where to invest the funds. The subscribers to the new pension scheme also have the option to partially withdraw funds from their accounts for higher education or setting up a business.

The Government of India initially made it mandatory for its new employees (excluding defense personnel) to join the new pension scheme where both the Government of India and the employee would make monthly contributions of 10% of the employee's basic salary. In 2009, the Government of India extended the New Pension System to all citizens of India on a voluntary basis, effective from May 1, 2009. With a view to encourage people to invest towards old age security, the Government of India launched a pension scheme in fiscal 2016, called the Atal Pension Yojana. The scheme focuses on individuals in the unorganized sector to join the National Pension System.

The Government of India set up the Pension Fund Development and Regulatory Authority to regulate the pension industry in August 2003. In October 2013, the Pension Fund Regulatory and Development Authority Act, 2011 was enacted giving powers to the Pension Fund Development and Regulatory Authority to regulate pension schemes and funds and frame investment guidelines for pension funds. Foreign direct investments in the pension sector are allowed up to 49%. Private sector participation in managing pension assets was permitted for the first time in fiscal 2009, and six private sector companies have been issued licenses, including us. The minimum net worth requirement for asset management companies is Rs. 500 million. See also *"Description of ICICI Bank—Overview"*.

Legislative Framework for Recovery of Debts due to Banks

In fiscal 2003, the Indian Parliament passed the SARFAESI Act. The SARFAESI Act provides that a secured creditor may, in respect of loans classified as non-performing in accordance with the Reserve Bank of India guidelines, give notice in writing to the borrower requiring it to discharge its liabilities within 60 days, failing which the secured creditor may take possession of the assets constituting the security for the loan, and exercise management rights in relation thereto, including the right to sell or otherwise dispose of the assets. The SARFAESI Act also provides for the setting up of asset reconstruction companies regulated by the Reserve Bank of India to acquire assets from banks and financial institutions. The Reserve Bank of India has issued guidelines for asset reconstruction companies in respect of their establishment, registration and licensing by the Reserve Bank of India, and operations. Asset Reconstruction Company (India) Limited, set up by us, Industrial Development Bank of India, State Bank of India and certain other banks and institutions, received registration from the Reserve Bank of India and commenced operation in August 2003. Foreign direct investment of up to 100% through the automatic route is now permitted in the equity capital of asset reconstruction companies and investment by Foreign Institutional Investors registered with the Securities and Exchange Board of India is permitted in security receipts issued by asset reconstruction companies, subject to certain conditions and restrictions. Since April 2017, the Reserve Bank of India has prescribed a minimum net worth of Rs. 1.0 billion on an ongoing basis for asset reconstruction companies.

In November 2004, the Government of India issued an ordinance amending the SARFAESI Act and subsequently passed this ordinance as an Act. This Act, as amended, provided that a borrower may make an objection or representation to a secured creditor after a notice is issued by the secured creditor to the borrower under such Act demanding payment of dues. The secured creditor has to give reasons to the borrower for not accepting the objection or representation. Further, this Act permits a lender to take over the business of a borrower under the SARFAESI Act under certain circumstances (unlike the earlier provisions under which only assets could be taken over).

In fiscal 2017, amendments were made to the SARFAESI Act and the debt recovery acts to further strengthen the recovery process. The Enforcement of Security Interest and Recovery of Debts Law Amendment Act, 2016, was enacted in this regard. As per the Act, it requires the process of possession of collateral by banks, in the event of a default, to be completed by the district magistrate within 30 days. It also empowers the district magistrate to assist banks in taking over the management of the company, where the bank has converted the debt into equity and holds 51.0% or more in the company. A central registry has been created to maintain records of transactions related to secured assets, known as the Central Registry of Securitisation Asset Reconstruction and Security Interest. See also "*Supervision and Regulation—Regulations Relating to Sale of Assets to Asset Reconstruction Companies*". However, considering the procedures involved in legal litigations and with borrowers having the option to appeal the decision of the debt recovery tribunal, the process of recovery of loans is delayed.

Resolution of Stressed Assets

The Reserve Bank of India has periodically announced mechanisms for the resolution of stressed accounts, particularly with a view to address the stress faced by the Indian corporate sector and the increase in non-performing and restructured corporate loans in the Indian banking sector. This included the Corporate Debt Restructuring (CDR) system and the Joint Lenders' Forum under which schemes like Strategic Debt Restructuring and the Scheme for Sustainable Structuring of Stressed Assets were announced. Subsequently the Indian Parliament passed the Insolvency and Bankruptcy Code in May 2016 providing a legal and time bound resolution framework for corporations under stress. Further, the

Banking Regulation Act, 1949 was amended empowering the Reserve Bank of India to participate in the resolution of stressed assets and authorizing it to intervene where required. Following this amendment, the Reserve Bank of India instructed banks to initiate insolvency proceedings with respect to certain stressed corporate accounts under the Insolvency and Bankruptcy Code. During fiscal 2018, banks referred several large stressed accounts for resolution under the Insolvency and Bankruptcy Code. In view of a strong institutional mechanism for resolution being established with the operation of the Insolvency and Bankruptcy Code, the Reserve Bank of India decided to withdraw the earlier announced mechanisms for resolution of stressed accounts, including the Corporate Debt Restructuring system and the Joint Lenders' Forum. In February 2018, a Revised Framework for Resolution of Stressed Assets was announced by the Reserve Bank of India.

Corporate Debt Restructuring Forum

The Reserve Bank of India had devised the corporate debt restructuring system designed to ensure a timely and transparent mechanism for the restructuring of corporate debts of viable entities facing problems, outside the purview of debt recovery tribunals and other legal proceedings. This framework aimed to preserve viable corporations that were affected by certain internal and external factors and minimize the losses to the creditors and other stakeholders through an orderly and coordinated restructuring program. The corporate debt restructuring system was a non-statutory mechanism and a voluntary system based on debtor-creditor and inter-creditor agreements.

Joint Lenders' Forum

The Framework for Revitalising Distressed Assets in the Economy was announced by the Reserve Bank of India in January 2014. The framework outlined a corrective action plan for early identification of problem loans, timely restructuring of accounts which were considered to be viable, and steps for recovery or sale of unviable accounts. Banks were required to identify accounts that showed signs of stress at an early stage and categorize them into 'special mention accounts' based on specified criteria. These accounts had to be reported to a central repository maintained by the Reserve Bank of India. This repository is called the Central Repository of Information on Large Credits.

Banks were required to mandatorily form a committee called the Joint Lenders' Forum for accounts where the aggregate exposure of lenders to the account exceeded Rs. 1.0 billion and with repayments overdue by 60 days and the account reported by any of the lenders to the central repository. The Joint Lenders' Forum could explore options for early resolution of stress in the account which could include rectification to regularize the account, restructuring either through the corporate debt restructuring forum or by the joint lenders' forum itself, or decide on an appropriate recovery process.

If the corrective action plan failed, the Joint Lenders' Forum had the option to initiate strategic debt restructuring to effect change in management. The decision by the Joint Lenders' Forum was made binding on all member banks. Further, under the strategic debt restructuring, banks were allowed to classify the asset as standard on divesting 26.0% of the shares of the company. To avoid a sudden increase in provisioning in case the strategic debt restructuring fails, the guidelines required banks to increase provisions on such accounts to up to 15.0% by the end of the 18-month standstill period, to be made in equal instalments over four quarters.

Banks were also allowed to undertake structuring of projects that have commenced commercial operations under the Scheme for Sustainable Structuring of Stressed Assets. The scheme allowed the Joint Lenders' Forum to segregate the debt into the sustainable portion that could be serviced with existing cash flows over the tenor of the loan, and the unsustainable portion that could be restructured by converting it either into equity or preference shares. A two-member Oversight Committee was set up to oversee cases either under the Scheme for Sustainable Structuring of Stressed Assets or outside the Scheme. See also *"Supervision and Regulation—Loan Loss provisions and Non-performing Assets"*.

Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code, 2016, was passed in May 2016 and provides a time bound revival and rehabilitation mechanism. The insolvency resolution process can be initiated at the occurrence of a single instance of default of over Rs. 100,000 by the creditors. It classifies the creditors into financial creditors and operational creditors, which include creditors that provide financial loans and loans arising from the operational nature of the debtor, respectively. Other key features include the provision of a 180-day timeline which may be extended by 90 days when dealing with insolvency resolution applications. Subsequently, the insolvency resolution plan prepared by the insolvency professionals has to be approved by 75.0% of financial creditors, which requires approval by the adjudicating authority and, if rejected, the adjudicating authority will pass an order for liquidation. The National Company Law Tribunal has been set up as the adjudicating authority, the National Company Law Appellate Tribunal has been set up to hear appeals on the orders of the adjudicating authority with jurisdiction over companies and limited liability entities, and the Insolvency and Bankruptcy Board of India has been set up as the new insolvency regulator overseeing insolvency professionals, information utilities and promote transparency. On November 23, 2017, an ordinance amending the Insolvency and Bankruptcy Code was promulgated, to prevent willful defaulters and entities from bidding for the assets of a company under a resolution plan. The newly included Section 29A of the ordinance makes certain persons, including willful defaulters and those who have their accounts classified as non-performing assets for one year or more, ineligible to be a resolution applicant under a resolution plan. However, a further amendment to the Insolvency and Bankruptcy Code was promulgated through an ordinance in June 2018, permitting promoters of micro, small and medium-sized enterprises to bid for their assets undergoing the resolution process. It also provides home buyers the status of financial creditors and gives them the power to refer real estate developers for resolution under the Insolvency and Bankruptcy Code.

The Banking Regulation (Amendment) Ordinance, 2017

In May 2017, the Government of India issued an ordinance amending the Banking Regulation Act, 1949 which empowers the Reserve Bank of India to participate in the resolution of stressed assets. The Banking Regulation (Amendment) Ordinance, 2017 was promulgated on May 4, 2017. The Ordinance amended section 35A of the Banking Regulation Act, 1949 and inserted two new sections 35AA and 35AB. Through this amendment, the Reserve Bank of India is authorized to intervene and instruct banks to resolve specific stressed assets and initiate insolvency resolution process where required. The Reserve Bank of India is also empowered to issue other directions for resolution, and appoint or approve for appointment, authorities or committees to advise banking companies for resolution of stressed assets.

The Reserve Bank of India constituted an Internal Advisory Committee comprising its independent board members to advise on stressed accounts. On the recommendations of the Committee, in June 2017 the Reserve Bank of India issued directions to banks to file for resolution under the Insolvency and Bankruptcy Code with the National Company Law Tribunal in respect of 12 large stressed accounts. With respect to other identified stressed accounts, the banks are required to finalize a resolution plan within six months. In cases where a viable resolution plan is not agreed upon within six months, banks shall be required to file for insolvency proceedings under the Insolvency and Bankruptcy Code. Further, in August 2017, the Reserve Bank of India identified an additional list of stressed accounts and directed banks to initiate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code by December 31, 2017 if a resolution plan where the residual debt is rated investment grade by two external credit rating agencies is not implemented by December 13, 2017.

Revised Framework for Resolution of Stressed Assets

In February 2018, the Reserve Bank of India announced a revised framework for resolution of stressed assets aimed at time-bound resolution of non-performing and stressed borrowers, withdrawal of earlier resolution schemes like the Strategic Debt Restructuring and the Scheme for Sustainable Structuring of Stressed Assets, and commencement of proceedings under the Insolvency and Bankruptcy Code in respect of borrowers where a resolution satisfying specified criteria could not be achieved within a prescribed timeframe. According to the guidelines, banks would have to implement a resolution plan within 180 days in respect of any overdue account where aggregate exposure of the lenders is Rs. 20 billion or more, failing which the borrower would have to be referred to the National Company Law Tribunal under the Insolvency and Bankruptcy Code. The resolution plan should have a minimum credit rating from one or two rating agencies depending on the size of exposure. Certain borrowers and industry associations representing affected firms filed petitions challenging the Reserve Bank of India's revised framework for resolution of stressed assets dated February 12, 2018 in various High Courts. Subsequently, the Reserve Bank of India petitioned the Supreme Court to transfer all such petitions filed before various High Courts to the Supreme Court. On September 11, 2018, the Supreme Court, while allowing the Reserve Bank of India's transfer petition, passed an order transferring all such petitions pending before various High Courts to itself and requiring status quo as on that date to be maintained. The next hearing date in the Supreme Court will be November 14, 2018.

Other measures proposed for resolution of stressed assets

In June 2018, the Ministry of Finance had set up a committee comprising the heads of public sector banks to examine measures for faster resolution of stressed assets. This was called project Sashakt. In July 2018, the committee submitted its report and recommended a five-prong approach to the resolution of assets under stress depending on the size of the exposure of the banking system. For exposures of below Rs. 500 million which are typically to the small and medium-sized enterprises, the committee has proposed that banks should individually create a separate vertical for management of stress in these cases, should have an SME steering committee that will validate the schemes, complete the resolution in a time-bound manner within 90 days and have clear escalation metrics for breach in timelines.

For resolution of exposures between Rs. 500-5,000 million where multiple banks would have lent, banks would enter into an inter-creditor agreement to authorize the lead bank to implement a resolution within 180 days. The lead bank would prepare the resolution plan, empanel experts for turnaround in the asset and would be responsible for executing the plan. The resolution plan would have to be approved by lenders holding at least 66.0% of the debt. In case the resolution plan is not implemented within the required timelines, the assets would be referred under the Insolvency and Bankruptcy Code.

For exposures above Rs. 5,000 million, the committee has proposed a resolution mechanism through the involvement of asset reconstruction companies, asset management companies and alternate investment funds. As per the process, the asset management company/alternate investment fund would enter into an agreement with an asset reconstruction company that will then participate in the open auction of stressed assets. This ensures the banks would receive the market price for the assets. On acquiring the asset, the asset reconstruction company would then restructure and transfer the same to the asset management company/alternate investment fund which will then work on turning around the asset. The payment received by the asset reconstruction company following the transfer of assets would be utilized to pay the banks. The security receipts issued by the asset reconstruction companies to banks at the time of taking over the asset will have to be redeemed within 60 days.

Apart from the above, banks can continue to refer cases to the National Company Law Tribunal under the Insolvency and Bankruptcy Code. The committee has also proposed creating an asset trading platform for both performing and non-performing assets.

In other efforts being made for the resolution of stressed assets, specific schemes for resolving stress in power sector assets have been proposed. According to a scheme proposed for power projects that are substantially completed and have a power purchase agreement, banks would convert their loans into equity and will auction 51.0% of that to a new investor/asset management company/ alternate investment fund. In another proposal for power projects that do not have power purchase agreements, the assets would be taken over by an asset management and rehabilitation company that would be set up for the purpose through participation from public sector enterprises, National Investment and Infrastructure Fund and financial investors. The company would manage the operations and eventual sale of the assets.

Structural Reforms

Amendments to the Banking Regulation Act

In December 2012, the Indian Parliament amended the laws governing the banking sector. The amendment to the Banking Regulation Act was enacted in January 2013. The main amendments were as follows:

- permit all private banking companies to issue preference shares that will not carry any voting rights;
- make prior approval by the Reserve Bank of India mandatory for the acquisition of more than 5.0% of a banking company's paid-up capital or voting rights by any individual or firm or group, and empower the Reserve Bank of India to impose conditions while granting approval for such acquisition;
- empower the Reserve Bank of India, after consultations with the Indian central government, to supersede the board of a private sector bank for a total period not exceeding 12 months, during which time the Reserve Bank of India will have the power to appoint an administrator to manage the bank;
- give the Reserve Bank of India the right to inspect affiliates of enterprises or banking entities (affiliates include subsidiaries, holding companies or any joint ventures of banks); and
- ease the restrictions on voting rights by making them proportionate to the shareholding up to a cap of 26% in the case of private sector banks from the earlier 10%, and 10% in the case of public sector banks from the earlier 1%. In March 2015, the Reserve Bank of India, in exercise of powers conferred by the Banking Regulation Act, has notified a ceiling on voting rights of 15.0% for a single shareholder.

Discussion Paper on Banking Structure

In August 2013, the Reserve Bank of India released a discussion paper "Banking Structure in India—the way forward". The paper envisages a re-orientation of the banking structure with a view to addressing specific issues like enhancing competition, financing higher growth, providing specialized services and further increasing financial inclusion. The discussion paper proposes a differentiated licensing policy for different types of banks for niche business areas. It advocates a continuous licensing policy for entry of new banks compared to the current system of intermittently issuing licenses. To promote financial inclusion, the paper proposes setting up small banks with geographical limitations for catering to the rural and unorganized segments.

Differentiated licenses

In November 2014, the Reserve Bank of India issued guidelines on licensing of small banks and payments banks as differentiated banks, with the purpose of promoting financial inclusion. These banks would have a minimum capital requirement of Rs. 1.0 billion, and would be limited in their product offering and geographical area of operation. According to the guidelines, payments banks are permitted to accept only demand deposits not exceeding Rs. 100,000 per individual customer, required to invest 75.0% of deposits in government securities of up to one-year maturity and are allowed to sell credit products of other banks as business correspondents. Small finance banks can provide all basic banking products with at least 50.0% of their portfolio constituting loans up to Rs. 2.5 million and must meet a priority sector lending requirement of 75.0% of adjusted net bank credit. Forty-one applications for payments bank licenses and 72 applications for small finance bank licenses were submitted. In September 2015, the Reserve Bank of India granted in-principle licenses to 10 small finance banks and 11 payments banks. Ten small finance banks and six payments banks have begun operations and three payments banks have surrendered, or announced their intention to surrender, their licenses. ICICI Bank is a shareholder in FINO PayTech Limited, which has received a payments bank license and began operations on June 30, 2017. Further, in April 2017, a discussion paper on wholesale and long-term finance banks as differentiated banks was released by the Reserve Bank of India. These banks will focus on lending to infrastructure and core industries which require long-term funding. As per the discussion paper, these banks will have a minimum paid-up equity capital of Rs. 10.0 billion and will be allowed to raise funds through current deposits and term deposits and through issuance of bonds.

On-tap Licensing of Universal Banks

In August 2016, the Reserve Bank of India released guidelines for continuous licensing of universal banks in the private sector. According to the guidelines, the minimum net worth for these banks will be Rs. 5.0 billion and the promoters will be required to hold a minimum of 40.0% of the paid-up capital, which will be locked-in for five years and brought down to 15.0% over a period of 12 years. Eligible promoters include non-banking finance companies, individuals with 10 years of experience in banking and finance, and entities/groups in the private sector that have total assets of at least Rs. 50.0 billion with non-financial business accounting for less than 40% of total assets. Foreign shareholding of up to 74.0% is allowed. Promoting entities that have other group entities shall set up the bank only through the non-operative financial holding company structure. Specialized banking activities can be conducted through a separate entity held under the holding company.

Further, considering there are significant differences in the corporate structure permissible to banks for setting up financial services entities, depending upon the timing of their licensing, the Reserve Bank of India in its annual report for fiscal 2018 has indicated that it would harmonise these differences under a common set of guidelines.

Report on Governance of Boards of Banks in India

In May 2014, the Committee to Review the Governance of Boards of Banks in India submitted its report. The committee recommended a new governance structure for public sector banks and a reduction in the Government of India's stake in banks to less than 50.0%. It proposed bringing public sector banks under the purview of the Companies Act and repealing other statutes that govern public sector banks. It also envisaged creation of a Bank Investment Company which would be the de facto holding company of equity stake in banks on behalf of the Government of India with the powers to govern the public sector banks. A phased transition towards empowering the boards of public sector banks was also proposed which eventually should lead to the Government of India only acting as an investor rather than exercising ownership functions. With regard to governance in private sector banks, the committee recommended allowing certain types of investors to take larger stakes and permit creation of Authorized Bank Investors comprising of funds that would be permitted to hold a 20.0% equity stake without regulatory approval or 15.0% if the Bank has a seat on the bank's board. Further, other financial investors should be permitted to hold an equity stake of up to 10.0% from the current limit of 5.0% stake.

Some recommendations of the committee have already been implemented. In fiscal 2015, the Government of India decided to separate the functions of non-executive chairman and managing director in public sector banks. Further, the Bank Board Bureau has been constituted which is responsible for deciding appointments of senior officials in public sector banks. This replaces the earlier structure where the appointments were decided by a committee led by the Governor of the Reserve Bank of India. The Bank Board Bureau comprises of seven members, and apart from appointment of senior officials, it will also guide public sector banks on strategies for raising capital, dealing with issues of stressed assets, and mergers and consolidation.

Insurance Laws (Amendment) Act, 2015

The Insurance Laws (Amendment) Act, 2015, was passed by the Indian Parliament and notified in March 2015. The Act, among other things, raised the foreign investment limit in the insurance sector from 26.0% to a composite limit of 49.0%, and, eliminated the requirement that promoters of an insurance company reduce their stake to 26.0% after ten years.

Credit Policy Measures

The Reserve Bank of India issues an annual policy statement setting out its monetary policy stance and announcing various regulatory measures in April of every financial year. Subsequent monetary policy statements are issued on a bimonthly basis during the year. During fiscal 2017, a committee-based approach was adopted for monetary policy decisions compared to the prior approach to decision-making strictly by the Reserve Bank of India. In June 2016, the Government of India notified amendments to the Reserve Bank of India Act, 1934, approved by the Indian parliament, for constituting a six-member Monetary Policy Committee comprising members from the Reserve Bank of India and the Government of India. The Committee is responsible for inflation targets and monetary policy decisions. The first meeting of the Monetary Policy Committee was held in October 2016.

Credit Policy During Fiscal 2017

During fiscal 2017, the repo rate was reduced by 50 basis points, with a 25-basis point reduction from 6.75% to 6.50% in April 2016 and another 25-basis point reduction to 6.25% in October 2016. Further, in April 2017, the Reserve Bank of India also narrowed the policy rate corridor for determining the marginal standing facility and the reverse repo rate from 100 basis points to 50 basis points. Accordingly, the reverse repo rate was adjusted to 5.75% and the marginal standing facility rate was revised to 6.75% in October 2016. In subsequent monetary policy announcements, the repo rate was kept unchanged. The Reserve Bank of India also revised the liquidity framework indicating progressive lowering of the average liquidity deficit in the system towards neutrality.

In November 2016, the Government of India decided to withdraw legal tender status for high denomination currency notes and to be replaced with new currency notes. This led to a surge in deposits in the Indian banking system leading to a significant increase in liquidity. In line with the objective of maintaining liquidity at near neutrality, the Reserve Bank of India announced an incremental cash reserve ratio of 100.0% of the increase in net demand and time liabilities between September 16, 2016 and November 11, 2016 effective the fortnight beginning November 26, 2016. Later, to facilitate liquidity management operations by the Reserve Bank of India, the Government of India revised the ceiling for issue of securities under the Market Stabilisation Scheme to Rs. 6.0 trillion on December 2, 2016. Subsequently, on December 7, 2016, the Reserve Bank of India withdrew the incremental cash reserve ratio requirement effective the fortnight beginning December 10, 2016. During the three months ended March 31, 2017, the Reserve Bank of India adopted reverse repo transactions and issued securities under the Market Stabilisation Scheme to absorb the surplus liquidity in the system. In the resolution of the Monetary Policy Committee announced in April 2017, the policy rate corridor was narrowed further from 50 basis points to 25 basis points. Accordingly, the reverse repo rate was revised from 5.75% to 6.0% and the marginal standing facility rate from 6.75% to 6.50%. The Reserve Bank of India has also proposed the introduction of a Standing Deposit Facility that will eliminate the requirement of collateral for absorbing liquidity.

Other policy announcements during fiscal 2017 included a reduction in the minimum daily maintenance of cash reserve ratio from 95.0% of net demand and time liabilities to 90.0%. In the resolution of the Monetary Policy Committee in February 2017, the policy stance was changed from accommodative to neutral, while the policy rate was kept on hold.

Credit Policy During Fiscal 2018

During fiscal 2018, the repo rate was lowered once by 25 basis points from 6.25% to 6.0% in August 2017. Accordingly, the reverse repo rate was adjusted to 5.75% and the marginal standing facility rate was revised to 6.25%. The repo rate was kept unchanged in all subsequent reviews. Other policy announcements during fiscal 2018 included a reduction in the statutory liquidity ratio by 100 basis points with a 50 basis points reduction from 20.5% of net demand and time liabilities to 20.0% effective from the fortnight of June 24, 2017 and a further 50 basis points reduction to 19.5% of net demand and time liabilities from the fortnight starting October 14, 2017. The Reserve Bank of India also reduced the ceiling on statutory liquidity ratio holdings under the held-to-maturity category from 20.5% to 20.0% by December 2017 and further to 19.5% by March 31, 2018.

Credit Policy During Fiscal 2019

The Monetary Policy Committee kept the policy rate unchanged at 6.0% in the bimonthly monetary policy statement announced in April 2018. Considering the risks of inflation due to the increase in global crude oil prices, uncertainties in global financial markets and other domestic factors including the likely increase in minimum support price for farm products and increase in house rent allowances by state governments, the repo rate was increased by an aggregate of 50 basis points with a 25 basis points increase to 6.25% in the monetary policy review in June 2018 and another 25 basis points increase to 6.5% in August 2018. Accordingly, the reverse repo rate was adjusted to 6.25% and the marginal standing facility rate was revised to 6.75%. In the monetary policy review on October 5, 2018, the policy rate was kept unchanged.

SUPERVISION AND REGULATION

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to us. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information.

The main legislation governing commercial banks in India is the Banking Regulation Act. The provisions of the Banking Regulation Act are in addition to and not, save as expressly provided in the Banking Regulation Act, in derogation of the Companies Act and any other law currently in force. Other important laws include the Reserve Bank of India Act, 1934, the Negotiable Instruments Act, 1981, FEMA and the Bankers' Books Evidence Act, as amended from time to time. Additionally, the Reserve Bank of India, from time to time, issues guidelines to be followed by banks. Compliance with all regulatory requirements is evaluated with respect to financial statements under Indian GAAP. Banking companies in India are also governed by the provisions of the Companies Act and if such companies are listed on a stock exchange in India, then various regulations of the Securities and Exchange Board of India additionally apply to such companies.

Reserve Bank of India Regulations

Commercial banks in India are required under the Banking Regulation Act to obtain a license from the Reserve Bank of India to carry on banking business in India. This license is subject to such conditions as the Reserve Bank of India may choose to impose. Before granting the license, the Reserve Bank of India must be satisfied that certain conditions are complied with, including, but not limited to (i) that the bank has the ability to pay its present and future depositors in full as their claims accrue; (ii) that the affairs of the bank will not be or are not likely to be conducted in a manner detrimental to the interests of present or future depositors; (iii) that the bank has adequate capital and earnings prospects; (iv) that the public interest will be served if such license is granted to the bank; (v) that the general character of the proposed management of the bank will not be prejudicial to the public interest or the interest of its depositors; (vi) that having regard to the banking facilities available in the proposed principal area of operations of the bank, the potential scope for expansion of banks already in existence in the area and other relevant factors the grant of the license would not be prejudicial to the operation and consolidation of the banking system consistent with monetary stability and economic growth; and (vii) any other condition, the fulfillment of which would, in the opinion of the Reserve Bank of India, be necessary to ensure that the carrying on of banking business in India by the bank will not be prejudicial to the public interest or the interests of the depositors. The Reserve Bank of India can cancel the license if the bank, at any point, fails to meet the above conditions or if the bank ceases to carry on banking operations in India.

ICICI Bank, because it is licensed as a banking company, is regulated and supervised by the Reserve Bank of India. The Reserve Bank of India requires us to furnish statements and information relating to our business. It has issued, among others, guidelines for commercial banks relating to banking activities and prudential guidelines relating to recognition of income, classification of assets, provisioning, exposure norms on concentration risk, valuation of investments and maintenance of capital adequacy. The Reserve Bank of India carries out its risk assessment of banks, under its risk-based supervision exercise, on an annual basis. The Reserve Bank of India has also set up a Board for Financial Supervision, under the chairmanship of the Governor of the Reserve Bank of India. The appointment of the statutory auditors of banks is subject to the approval of the Reserve Bank of India. In July 2017, the Reserve Bank of India advised that an audit firm, after completing its four year tenure in a particular private/foreign bank, will not be eligible for appointment as statutory central auditors of the same bank for a period of six years. The Reserve Bank of India can direct a special audit in the interest of the depositors or in the public interest. From June 2018, the Reserve Bank of India has put in place a graded enforcement action framework to enable appropriate action in respect of statutory auditors where any lapses in conducting a bank's statutory audit have been observed. Lapses that would be considered for invoking the enforcement framework include misstatement of a bank's financial statement, wrong certifications, wrong information given in the Long Form Audit Report, and variances in audited financial statements found during the Reserve Bank of India's inspection and non-adherence to instructions and guidelines issued by the Reserve Bank of India.

Regulations Relating to the Opening of Branches

Opening of branches and shifting of existing branches are governed by the provisions of Section 23 of the Banking Regulation Act. The Reserve Bank of India may cancel a branch license for violations of the conditions under which the branch license is granted.

The Reserve Bank of India has substantially liberalized the branch authorization policy for scheduled commercial banks since fiscal 2014. In May 2017, the description of a branch was broadened to include all service delivery points of a bank, including branches and business correspondent outlets. The guidelines define a banking outlet as a fixed point service delivery unit, manned by either a bank's staff or its business correspondent, and where services of acceptance of deposits, encashment of checks/cash withdrawal or lending of money are provided for a minimum of four hours per day for at least five days a week. The bank should have a regular off-site and on-site monitoring of the banking outlet to ensure proper supervision, uninterrupted service delivery and timely addressing of customer grievances.

The branch authorization policy is based on the classification of centers into six tiers based on the population size according to the 2011 census. Banks are permitted to open banking outlets in all centers without the prior approval of the Reserve Bank of India, subject to certain requirements. Banks are mandated to allocate 25.0% of the total number of new banking outlets opened during a year to unbanked rural centers. An unbanked rural center is defined as an area classified as Tier 5 and Tier 6 centers that does not have core banking system enabled banking outlets. Restrictions on opening banking outlets in Tier 1 centers, which are mainly metropolitan cities, was removed in May 2017 compared to the earlier norm that branches opened in Tier 1 centers during a year cannot exceed the total number of branches opened in Tier 2 to Tier 6 centers during a year. Banks having general permission may shift, merge or close all banking outlets (except rural outlets and sole semi-urban outlets) at their discretion without the approval of the Reserve Bank of India. Banking outlets can be shifted to locations in centers within the same or lesser population categories. The Reserve Bank of India can withhold the general permission granted with respect to branch opening and impose penal measures on banks that fail to meet the requirements. Banks are allowed to set up onsite/offsite Automated Teller Machines (ATMs) at centers/places identified by them, including SEZs.

Capital Adequacy Requirements

We are required to comply with the Reserve Bank of India's capital adequacy guidelines. The Reserve Bank of India has implemented the Basel III framework in India effective April 1, 2013. The implementation of the Basel III framework is being phased in over several years and will be fully implemented by March 31, 2019.

The total capital of a bank is classified into Tier 1 capital comprising of common equity Tier 1 and Additional Tier 1, and Tier 2 capital. Under the Reserve Bank of India's Basel III guidelines, common equity Tier 1 capital is comprised of paid-up equity capital, reserves consisting of any statutory reserves, other disclosed free reserves, capital reserves representing surplus arising out of sale proceeds of assets, discounted value of revaluation reserves and foreign currency translation reserves. Additional Tier 1 capital includes perpetual debt instruments, perpetual non-cumulative preference shares and any other type of instrument generally notified by the Reserve Bank of India from time to time for inclusion in additional Tier 1 capital. Tier 2 capital, inter alia, includes general provisions and loss reserves, debt capital instruments classified into Tier 2 any other type of instrument generally notified by the Reserve Bank of India from time to time for inclusion in Tier 2 capital.

The Reserve Bank of India's Basel III guidelines prescribes a minimum common equity Tier 1 risk-based capital ratio of 5.5% and a minimum Tier 1 risk-based capital ratio of 7.0% and a minimum total risk-based capital ratio of 9.0%. The guidelines require banks to maintain a common equity Tier 1 capital conservation buffer of 2.5% of risk-weighted assets above the minimum requirements to avoid restrictions on capital distributions and discretionary bonus payments; prescribes more stringent adjustments to and deductions from regulatory capital; provide for limited recognition of minority interests in the regulatory capital of a consolidated banking group; provide for additional capital requirements for derivative exposures; and impose a 4.5% leverage ratio (the ratio of Tier 1 capital to exposure) measure till a final ratio is stipulated by the Basel Committee by the end of 2017. The capital conservation buffer has been introduced in a phased manner from March 31, 2016. The leverage ratio is being disclosed on a quarterly basis since April 1, 2015 on a consolidated basis. Credit value adjustment risk capital charges for over-the-counter derivatives were effective from April 1, 2014. In November 2016, the Reserve Bank of India permitted banks to issue perpetual debt instruments that can qualify for inclusion as additional Tier 1 capital and debt capital instruments that can qualify for inclusion as Tier 2 capital, and long-term bonds for financing infrastructure and affordable housing by way of rupee denominated bonds in the overseas market. From fiscal 2019, banks are required to create an Investment Fluctuation Reserve of an amount equal to 2.0% of the total investments in the held-for-trading and available-for-sale categories so as to build buffers against a sharp increase in government bond yields. The Investment Fluctuation Reserve is eligible for inclusion in Tier 2 capital.

The Basel III guidelines stipulate that additional Tier 1 and Tier 2 capital instruments must have loss absorbency characteristics, which require them to be written down or be converted into common equity at a pre-specified trigger event. The guidelines prescribe two trigger points for instruments issued before March 31, 2019: a common equity Tier 1 ratio of 5.5% of risk-weighted assets before March 31, 2019; and a common equity Tier 1 ratio of 6.125% of risk-weighted assets on and after March 31, 2019. Instruments issued on or after March 31, 2019 must have a pre-specified trigger at common equity Tier 1 ratio of 6.125% of risk-weighted assets. Capital instruments that no longer qualify as additional Tier 1 or Tier 2 capital are being phased out from April 1, 2013, with their recognition capped at 90.0% of the outstanding at December 31, 2012 from April 1, 2013 and reduced by 10 percentage points in each subsequent year. The Reserve Bank of India has permitted temporary write-down features for non-equity capital instruments. The guidelines also permit call options on perpetual debt instruments and non-cumulative preference shares after five years. Banks can issue Tier 2 capital instruments with a minimum maturity of five years. Additionally, banks are allowed to issue additional Tier 1 and Tier 2 capital instruments to retail investors subject to approval of their boards and adherence to investor protection requirements.

Coupons on Basel III instruments are required to be paid out of current year profits, and if current year's profits are insufficient coupon may be paid out of revenue reserves. With regard to payment of coupon on additional Tier 1 capital instruments, if current year profits are not sufficient, coupon payment may be paid through profits carried forward from previous years, and/or reserves representing appropriation of net profits including statutory reserves. However, this would exclude share premiums, revaluation reserves, foreign currency translation reserves, investment reserves and reserves created on amalgamation. Appropriation from the statutory reserve shall be the last option when all other profit pools/reserves fall short of the coupon amount.

Apart from capital requirements, Basel III also prescribes two new liquidity requirements, the liquidity coverage ratio and the net stable funding ratio. The Reserve Bank of India has issued final guidelines on the liquidity coverage ratio effective from January 1, 2015 in a phased manner, starting with a minimum liquidity coverage ratio requirement of 60.0%, increasing to 100.0% from January 1, 2019. The Reserve Bank of India has also defined categories of assets qualifying as high quality liquid assets. The Reserve Bank of India issued draft guidelines on the net stable funding ratio in May 2015 and final guidelines were issued in May 2018. See also "*—Regulations on Asset Liability Management*" and "*—Legal Reserve Requirements*". The Reserve Bank of India has issued guidelines on capital disclosure requirements in addition to the existing Pillar 3 guidance. The guidelines prescribe reconciliation of all regulatory capital elements with the published financial statements and other disclosure requirements.

In July 2014, the Reserve Bank of India released the framework for domestic systemically important banks. Banks identified as systemically important based on their size, complexity, cross-jurisdictional activities and inter-connectedness in the financial sector would be required to maintain additional common equity Tier 1 capital ranging from 0.2% to 0.8% of risk-weighted assets. This requirement is in addition to the capital conservation buffer. The higher capital requirement for domestic systemically important banks is being implemented in a phased manner from April 1, 2016 to April 1, 2019. The names of banks classified as domestic systemically important banks would be disclosed in the month of August every year. In August 2015, the Reserve Bank of India announced that State Bank of India (with an additional common equity Tier 1 capital ratio requirement of 0.6% of the risk weighted assets) and ICICI Bank (with an additional common equity Tier 1 capital ratio requirement of 0.2% of the risk weighted assets to be phased in) were domestic systemically important banks. We continued to be categorized as systemically important in fiscal 2018. The additional common equity Tier 1 requirement for us is 0.10% and 0.15% of risk-weighted assets as at March 31, 2018 and June 30, 2018 respectively.

In February 2015, the Reserve Bank of India released the final guidelines on implementation of the counter-cyclical capital buffer for Indian banks. These guidelines would impose higher capital requirements on banks during periods of high economic growth. The counter-cyclical capital buffer would range from 0% to 2.5% of risk-weighted assets of a bank, based on the variation in the credit-to-GDP ratio from its long-term trend and other parameters. The Reserve Bank of India would pre-announce the buffer at least four quarters prior to implementation. The Reserve Bank of India will also announce guidance regarding the treatment of the surplus capital when the counter-cyclical capital buffer returns to zero. The Reserve Bank of India has stated that at present the economic conditions do not warrant activation of the counter-cyclical capital buffer. See also "*Operating and Financial Review and Prospects—Capital Resources—Regulatory Capital*" and "*Risk Factors—Risks Relating to Our Business—We are subject to capital adequacy and liquidity requirements stipulated by the Reserve Bank of India, including Basel III, and any inability to maintain adequate capital or liquidity due to changes in regulations, a lack of access to capital markets, or otherwise may impact our ability to grow and support our businesses*".

With respect to computation of risk-weighted assets for capital adequacy purposes, we follow the standardized approach for the measurement of credit and market risks and the basic indicator approach for the measurement of operational risk. In the measurement of risk-weighted assets on account of credit risk, degrees of credit risk expressed as a percentage weighting have been assigned to various balance sheet asset items and off-balance sheet items. The credit equivalent value of off-balance sheet items is determined by applying conversion factors to the notional amount of the off-balance sheet items. The value of each item is multiplied by the relevant risk weight (and conversion factor for off-balance sheet items) to produce risk-adjusted values of assets and off-balance sheet items. Consumer credit exposures have a risk weight of 125.0% and other exposures meeting the qualifying criteria of regulatory retail, defined by the Reserve Bank of India, have a risk weight of 75.0%. Loans secured by residential property have differential risk weights ranging from 35.0% to 75.0% based on the size of the loan and the loan-to-value ratio. Since October 2015, residential housing loans of up to Rs. 3.0 million with a loan-to-value ratio of less than 80% and loans between Rs. 3.0 million and Rs. 7.5 million with a loan-to-value of less than 75.0% were risk weighted at 35.0% compared to 50% earlier. Loans of up to Rs. 3.0 million with a loan-to-value ratio greater than 80.0% but less than 90.0% and loans between Rs. 3.0 million and Rs. 7.5 million with a loan-to-value between 75.0% and 80.0% were risk weighted at 50.0%. Loans greater than Rs. 7.5 million with a loan-to-value of less than 75.0% were risk weighted at 75.0%. In June 2017, as a counter-cyclical measure, the risk weights for residential housing loans in some categories were revised. The maximum loan-to-value for loans between Rs. 3.0 million and Rs. 7.5 million was reduced to 80.0%, from the earlier 90.0%. The risk weight on loans greater than Rs. 7.5 million with a loan-to-value of less than 75.0% was revised from 75.0% to 50.0%.

Credit exposures to commercial real estate are risk weighted at 100.0%, other than residential housing which is risk weighted at 75.0%. Further, restructured housing loans have an additional risk weight of 25.0%. Credit exposures to rated corporations other than specified categories such as commercial real estate, non-deposit taking systemically important non-banking financial companies, venture funds and capital markets are risk weighted based on the external credit ratings at a facility level, with the risk weight ranging from 20% to 150% and unrated corporate exposures being risk weighted at 100.0%. Credit exposures to non-deposit taking systemically important non-banking finance companies are risk-weighted at 100.0%. The risk weights on externally unrated exposures to corporate sector and asset financing and infrastructure financing non-banking finance companies were increased in August 2016. Where the exposure of the banking system exceeds Rs. 2.0 billion, the risk weight is proposed to be increased from 100.0% to 150.0%. This was to be effective from June 30, 2017. However, the Reserve Bank of India has deferred the same till March 31, 2019. Aggregate exposure of more than Rs. 1.0 billion that was initially rated but subsequently became unrated has been assigned a risk weight of 150.0% since August 2016. Exposures to capital markets are risk weighted at 125.0% and exposures to venture capital funds are risk weighted at 150.0%. Further, equity shares of corporations acquired by banks as part of a strategic debt restructuring of loans are risk weighted at 150.0%. Capital requirements for market risk are applicable to the trading book exposure (including derivatives) and securities included in the available-for-sale and held-for-trading categories, open gold positions, open foreign exchange position limits, trading positions in derivatives and derivatives entered into for hedging trading book exposures. Capital requirements for operational risk are computed based on 15.0% of average of gross income for the previous three financial years. Central counterparties are treated as financial institutions for the purpose of capital adequacy. Capital requirements are defined based on the nature of the central counterparty, and a bank may consider holding capital in excess of the minimum requirement if the exposures are riskier or there is no clarity on the nature of the central counterparty.

The Reserve Bank of India issued guidelines in November 2016, for computing counterparty credit risk arising from derivative transactions and a framework for the capital treatment of bank exposures to central counterparties. The guidelines are based on the framework finalized by the Basel Committee on Banking Supervision and captures the risk arising from over-the-counter and centrally cleared derivative transactions. These guidelines were to come into effect on April 1, 2018. However, the Reserve Bank of India after reviewing the status of implementation of these standards across various jurisdictions decided to defer the implementation of the guidelines until further notice.

The Reserve Bank of India has issued a timetable for the migration of Indian banks to the advanced approaches under the Basel II framework. Banks intending to migrate to the internal models approach for market risk and the standardized approach for operational risk were required to apply to the Reserve Bank of India after April 1, 2010. Banks intending to migrate to the advanced measurement approach for operational risk and internal ratings-based approaches for credit risk are required to apply to the Reserve Bank of India after April 1, 2012. In addition, in December 2011, the Reserve Bank of India issued guidelines on the internal ratings-based approach for calculating capital charges for credit risk. These guidelines prescribe the minimum loss given default levels to be considered for capital adequacy computation and treat restructured assets as non-performing assets for capital adequacy purposes. ICICI Bank is in the process of implementing various projects for migrating to the advanced approaches.

Under Pillar 2 of the Basel framework, banks are required to develop and put in place, with the approval of their boards, an Internal Capital Adequacy Assessment Process commensurate with their size, level of complexity, risk profile and scope of operations. The Reserve Bank of India has also issued guidelines on stress testing to advise banks to put in place appropriate stress testing policies and frameworks, including "sensitivity tests" and "scenario tests", for the various risk factors, the details and results of which are included in the Internal Capital Adequacy Assessment Process. The Reserve Bank of India issued updated guidelines on stress testing in December 2013. According to the guidelines, banks have to carry out stress tests for credit risk and market risk to assess their ability to withstand shocks. The guidelines relate to the overall objectives, governance, design and implementation of stress-testing program. Banks are required to carry out risk factor-based stress testing, scenario-based stress testing and stress testing by employing shocks on a bank's portfolio at a standalone and group level. In addition, banks are also required to create a reverse stress testing framework. Banks are classified into three categories based on size of risk-weighted assets. Complex and severe stress testing would be carried out by banks with risk-weighted assets of more than Rs. 2,000.0 billion.

Loan Loss Provisions and Non-Performing Assets

The Reserve Bank of India consolidated its instructions and guidelines relating to income recognition, asset classification and provisioning standards in the Master Circular on "Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances". The principal features of the Reserve Bank of India guidelines, which have been implemented with respect to our loans, debentures, lease assets, hire purchases and bills in our Indian GAAP financial statements, are set forth below.

Asset Classification

A non-performing asset is an asset in respect of which any amount of interest or principal is overdue for more than 90 days. In particular, an advance is a non-performing asset where:

- interest and/or installment of principal remains overdue for a period of more than 90 days in respect of a term loan;
- the account remains "out-of-order" (as defined below) in respect of an overdraft or cash credit;
- the bill remains overdue for a period of more than 90 days in case of bills purchased and discounted;
- installment of principal or interest remains overdue for two crop seasons for short duration crops or for one crop season for long duration crops;
- the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in accordance with the Reserve Bank of India guidelines on securitization issued on February 1, 2006;
- in respect of derivative transactions, the overdue receivables related to positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment; or
- in respect of credit card transactions, if the minimum amount due, as mentioned in the statement, remains overdue for a period of more than 90 days from the payment due date mentioned in the statement.

An account is treated as "out-of-order" if the outstanding balance remains continuously in excess of the approved drawing limit for 90 days. In circumstances where the outstanding balance in the principal operating account is less than the approved drawing limit, but (i) there are no credits continuously for a period of 90 days as of the date of the balance sheet of the bank or (ii) the credits are not sufficient to cover the interest debited during the same period, these accounts are treated as "out-of-order".

Interest in respect of non-performing assets is not recognized or credited to the income account unless collected.

Non-performing assets are classified as described below.

Sub-Standard Assets. Assets that are non-performing assets for a period not exceeding 12 months. Such an asset has well-defined credit weaknesses that jeopardize the liquidation of the debt and are characterized by the distinct possibility that the bank will sustain some loss, if deficiencies are not corrected.

Doubtful Assets. Assets that are non-performing assets for more than 12 months. A loan classified as doubtful has all the weaknesses inherent in assets that are classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.

Loss Assets. Assets on which losses have been identified by the bank or internal or external auditors during the performance of their audit procedures or during the Reserve Bank of India inspection but the amount has not been written off fully.

There are 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 failed 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 failed to commence operations within 12 months from the documented date of commencement. During the three months ended December 31, 2015, against the backdrop of continuing challenges in the corporate sector, the Reserve Bank of India articulated an objective of early and conservative recognition of stress and provisioning, and held discussions with and asked a number of Indian banks, including us, to review certain loan accounts and their classification over the six months ended March 31, 2016. As a result of the challenges faced by the corporate sector and the discussions with and review by the Reserve Bank of India, non-performing assets and provisions of a number of Indian banks, including us, increased significantly during the second half of fiscal 2016. See also "*Risk Factors—Risks Relating to Our Business—If regulatory and legal changes continue to impose increasingly stringent requirements regarding non-performing loans and provisioning for such loans, our business will suffer*" and "*Description of ICICI Bank—Classification of Loans*".

In April 2017, banks were mandated to make additional disclosures in their financial statements where there is a material divergence in the asset classification and provisioning by banks as compared to that prescribed by the regulator. According to the guidelines, where the additional provisioning requirements assessed by the Reserve Bank of India exceed 15.0% of the published net profits after tax for the reference period, and/or the additional gross non-performing assets identified by the Reserve Bank of India exceed 15.0% of the published incremental gross non-performing assets for the reference period, the same will have to be disclosed in the notes to accounts section of the annual report. The Reserve Bank of India, under its risk-based supervision exercise, carries out the risk assessment of banks on an annual basis. As a part of this assessment, the Reserve Bank of India separately reviews asset classification and provisioning of credit facilities given by banks to its borrowers. This assessment is initiated subsequent to the completion of the annual audit and the publication of audited financial statements for the given financial year. The divergences, if any, in classification or provisioning arising out of the supervisory process are given effect to in the financial statements in subsequent periods after conclusion of the exercise. In the annual report for fiscal 2018, no disclosure pertaining to such divergences has been reported by the Bank with regard to the assessment for fiscal 2017. We have made disclosures pertaining to such divergences for the assessment for fiscal 2016.

Following the implementation of the goods and services tax system in fiscal 2018, and with a view to ease the transition for micro, small and medium-sized enterprises, banks were allowed to temporarily classify exposures to such enterprises with aggregate credit facilities of up to Rs. 250 million from the banking system per the 180 day past due criterion. Accordingly, loans to micro, small and medium-sized enterprises which were classified as standard as at August 31, 2017 may continue to be classified as standard so long as the payments due as at September 1, 2017 and falling due thereafter up till December 31, 2018 are paid no later than 180 days from its original due date.

Restructured loans

The Reserve Bank of India has separate guidelines for restructured loans. Up to year-end fiscal 2015, a fully secured standard loan (other than in specified categories such as personal loans, capital market exposures and commercial real estate exposures) could be restructured by rescheduling the principal repayment and/or the interest element without being classified as non-performing subject to compliance with prescribed conditions, but separately disclosed as a standard restructured loan. The classification of restructured loans as standard restructured loan was subject to compliance with certain conditions such as the loans being fully secured by the promoter's contribution, including additional funds brought in, comprising at least 20.0% of a bank's sacrifice or 2.0% of the restructured debt, whichever is higher. Accounts restructured after April 1, 2015, are required to be classified as non-performing, except for restructuring of project loans on account of delay in commencement of operations (as discussed below) and accounts where the restructuring was proposed prior to April 1, 2015 but effected subsequent to that date.

With regard to restructuring of project loans, any extension in repayment of the loan beyond the prescribed period (two years for infrastructure projects and one year for non-infrastructure projects) of the date of commencement of commercial operations from the originally planned date is treated as a restructuring of the account. In cases where projects under implementation have been stalled primarily due to inadequacies of the existing promoters and there is a change in the ownership and management of the borrowing entity, a further period of extension of the date of commencement of commercial operations is permitted by two years.

Standard restructured loans are subject to higher standard asset provisioning requirements and higher risk weights for capital adequacy purposes. The higher standard asset provisioning requirements continue for two years from the commencement of the first payment of interest or principal, whichever is later on the credit facility with the longest period of moratorium. The higher risk weights continue until satisfactory performance under the revised payment schedule has been established for one year from the date when the first payment of interest/principal falls due under the revised schedule. Restructured loans continue to be classified as such until they cease to be subject to the higher standard asset provisioning and/or risk weight requirements. If the restructured account is overdue as per the revised schedule for a period beyond the minimum period prescribed for classification of a loan as non-performing, it is required to be downgraded to non-performing status with reference to the pre-restructuring payment schedule.

In light of the increasing stress in the Indian corporate sector and the rising pool of restructured loans and non-performing loans in the Indian banking sector, the Reserve Bank of India issued several guidelines for enabling resolution of stressed accounts, including the Strategic Debt Restructuring, Change in Ownership of Borrower Accounts Outside Strategic Debt Restructuring and the Scheme for Sustainable Structuring of Stressed Assets. These schemes were withdrawn in February 2018 and were replaced by a Revised Framework for Resolution of Stressed Assets. See also, "*Overview of the Indian Financial Sector—Legislative Framework for Recovery of Debts due to Banks—Resolution of Stressed Assets*".

1. In June 2015, the Reserve Bank of India issued guidelines on strategic debt restructuring providing banks with enhanced capabilities to initiate change of ownership in accounts which failed to achieve the projected viability milestones. The guidelines provided for conversion of debt into equity and acquisition of majority ownership of the borrower by banks. On conversion of debt into equity, banks were allowed to continue with the existing asset classification for an 18-month period (stand-still benefit) during which the loan could continue to be classified as standard even if the default in payment of interest or principal would otherwise have required the loan to be classified as non-performing. Interest on the loan during this period was not accrued, and was recognized only if received in cash. On transfer of ownership to a new sponsor, the asset could be upgraded to the standard category and refinancing of the debt was allowed without such refinancing being treated as

a restructuring. However, in the event a new sponsor was not identified within the 18-month period, the bank had to revert to the earlier asset classification norm as was applicable prior to the stand-still in asset classification. In September 2015, the Reserve Bank of India allowed banks to upgrade the credit facilities extended by banks to standard category even in the event of a change in ownership of the borrower outside strategic debt restructuring. Considering the change in risk profile following the change in management, banks were allowed to refinance the existing debt without treating it as restructuring subject to the bank making provisions for any diminution in fair value of the existing debt. To avoid a sudden increase in provisioning in the event that the strategic debt restructuring were to fail, the guidelines required 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 instalments over four quarters. It was further clarified that the benefit of 'stand-still' in asset classification would apply from the reference date (i.e., date of decision of strategic debt restructuring) itself. However, if the targeted conversion of debt into equity shares does not take place within 210 days from the review of achievement of milestones/critical conditions, the benefit would cease to exist.

2. As an additional measure to strengthen the ability of banks to deal with large stressed assets, in June 2016 the Reserve Bank of India issued guidelines introducing the Scheme of Sustainable Structuring of Stressed Assets, which was discontinued in fiscal 2018. Projects that had commenced commercial operations and had aggregate borrowings (including interest) of over Rs. 5.0 billion were eligible to be structured under the scheme. As per the guidelines, the sustainable debt level could not be less than 50.0% of current funded liabilities. The Joint Lenders' Forum had to assess the sustainable debt that could be serviced over the tenor of the loan at current levels of cash flows. The portion assessed as unsustainable had to be converted into equity or redeemable cumulative optionally convertible preference shares or convertible debentures. The guidelines also required higher provision to be made for the unsustainable portion of the debt. The scheme allowed the current promoter to continue with majority shareholding, or bring in a new promoter, or lenders could acquire majority shareholding through conversion of debt into equity. In November 2016, the Reserve Bank of India revised the guidelines allowing the sustainable portion of the debt to be treated as standard at the time of implementation of the resolution, subject to provisions made upfront, covering the higher of 25.0% of the total outstanding or 50.0% of the unsustainable portion of debt.

In May 2017, the Government of India promulgated the Banking Regulation (Amendment) Ordinance, 2017 which was later enacted by Parliament in August 2017. The regulation is intended to facilitate timely resolution of stressed assets by empowering the Reserve Bank of India. It authorizes the Reserve Bank of India to direct banks to resolve specific stressed assets. It amended section 35A of the Banking Regulation Act, 1949 and authorized the Reserve Bank of India to intervene and instruct banks to resolve specific stressed assets and initiate an insolvency resolution process where required. The Reserve Bank of India was also empowered to issue other directions for resolution, and could appoint authorities or committees to advise banking companies on the resolution of stressed assets. Subsequently, to facilitate timely decision making under the Joint Lenders' Forum, the Reserve Bank of India issued guidelines directing banks to adhere to timelines and any resolution plan approved by 60.0% of the creditors by value and 50.0% of the creditors by number at the Joint Lenders' Forum was made binding on all members. The Overseeing Committee, which was set up to oversee resolution under the Scheme for Sustainable Structuring of Stressed Assets, was reconstituted and expanded and the scope of cases to be referred to the Overseeing Committee to include cases other than under the Scheme for Sustainable Structuring of Stressed Assets having aggregate banking system exposure greater than Rs. 5.00 billion.

Further, in June 2017, the Reserve Bank of India issued directions to banks to file for resolution under the Insolvency and Bankruptcy Code with the National Company Law Tribunal in respect of 12 large stressed accounts. In August 2017, the Reserve Bank of India identified an additional list of stressed accounts and directed banks to initiate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code by December 31, 2017 if a resolution plan where the residual debt was rated investment grade by two external credit rating agencies was not implemented by December 13, 2017. The Reserve Bank of India directed banks to make a provision for the identified cases to the extent of 50.0% of the secured portion and 100.0% of the unsecured portion of the outstanding loans or as per the existing guidelines of Reserve Bank of India, whichever was higher, by March 31, 2018. The provision requirement was later revised from 50.0% of the secured portion of the debt to 40.0% by March 2018 and 50.0% by June 30, 2018. See also "*Overview of the Indian Financial Sector—Legislative Framework for Recovery of Debts due to Banks*". Subsequently, amendments have been made to the Insolvency and Bankruptcy Code to streamline the process of resolution. In November 2017, an ordinance amending the Code was promulgated, to prevent willful defaulters and promoters of entities classified as non-performing from bidding for the assets of a company under a resolution plan. A new section 29A has been included that makes certain persons, including willful defaulters and those who have their accounts classified as non-performing assets for one year or more, ineligible to be a resolution applicant under a resolution plan. The amendments were approved later by Parliament and enacted in January 2018. In another amendment promulgated in June 2018, home buyers have been given the status of financial creditors and allowed to refer real estate developers to the National Company Law Tribunal under the Insolvency and Bankruptcy Code. Further, micro, small and medium-sized enterprises have been given special dispensation, allowing promoters of such enterprises to bid for their enterprise undergoing a resolution, provided the promoter is not a willful defaulter. The Government of India has also been empowered to announce further dispensations with regard to the micro, small and medium-sized enterprises if required.

In February 2018, the Reserve Bank of India announced a Revised Framework for Resolution of Stressed Assets. The new framework aims at a time-bound resolution of non-performing and stressed borrowers and commencement of proceedings under the Insolvency and Bankruptcy Code in respect of borrowers where a resolution satisfying specified criteria could not be achieved within a prescribed timeframe. According to the guidelines, banks must implement a resolution plan within 180 days in respect of any overdue account where aggregate exposure of the lenders is Rs. 20.0 billion or more, failing which the borrower must be referred to the National Company Law Tribunal under the Insolvency and Bankruptcy Code. The resolution plan should have a minimum credit rating from one or two rating agencies depending on the size of exposure. The revised framework withdrew the earlier resolution schemes including the Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long-Term Project Loans, Strategic Debt Restructuring, Change in Ownership Outside Strategic Debt Restructuring and the Scheme for Sustainable Structuring of Stressed Assets. The Joint Lenders' Forum was discontinued and the stand-still benefits in asset classification of borrowers where any of the Reserve Bank of India announced resolution schemes had been initiated but not implemented was also withdrawn. However, loans granted to projects under implementation continue to enjoy forbearance in terms of restructuring due to a delay in implementation of the project (up to specified periods) and classification of assets subject to fulfilling certain conditions stipulated by the Reserve Bank of India.

Loans classified as sub-standard and doubtful assets can also be restructured. Non-performing accounts on restructuring can be upgraded only when all the outstanding loans or facilities in the account perform satisfactorily for a period of at least one year from the commencement of the first payment of interest or principal, whichever is later, on the credit facility with the longest period of moratorium.

Since fiscal 2014, banks have been mandated to disclose further details on accounts restructured in their annual reports. This includes disclosing accounts restructured on a cumulative basis excluding the standard restructured accounts which cease to attract higher provision and/or higher risk weight, the provisions made on restructured accounts under various categories and details of movement of restructured accounts.

Provisioning and write-offs

Provisions under Indian GAAP are based on guidelines specific to the classification of the assets. The following guidelines apply to the various asset classifications:

Standard Assets: The allowances on the performing portfolios are based on guidelines issued by the Reserve Bank of India. The provisioning requirement is a uniform rate of 0.4% for all standard assets except:

- direct advances to agricultural and the small and micro enterprise sectors, which attract a provisioning requirement of 0.25%,

- advances to commercial real estate non-residential sectors which attract a provisioning requirement of 1.0%,

- advances to commercial real estate residential sector which attract a provisioning requirement of 0.75% and

- housing loans, where such loans are made at comparatively lower interest rates for the first year of the loan after which the rates are reset at higher rates, which attract a provisioning requirement of 2.0%.

An additional provision between 0% and 0.8% is required from April 1, 2014 on standard loans to entities having unhedged foreign currency exposure. Standard loans require a higher provision of 5.0% if any director of the company appears more than once in the list of willful defaulters. In case of fraud accounts, 100.0% provisioning has to be made with the option to make the provision over a period of four quarters. The provision requirement pertaining to fraud accounts is computed after adjusting for any financial collateral that may be available and is eligible under Basel III capital adequacy computation.

In a guideline issued in April 2017, the Reserve Bank of India requires banks to maintain provisions for standard assets at rates higher than the regulatory requirement in respect of advances to stressed sectors of the economy. Banks have to put in place a Board-approved policy for making higher provisions based on evaluation of risk and stress in various sectors. The policy will have to be reviewed on a quarterly basis. As an immediate step, the Reserve Bank of India required banks to review the telecom sector by June 30, 2017. Further for assets referred to the National Company Law Tribunal under the Insolvency and Bankruptcy Code, banks have to make provisions to the extent of 50.0% of the secured portion and 100.0% of the unsecured portion of the outstanding loans.

- *Sub-standard Assets*: A provision of 15.0% is required for all substandard assets as compared to the previous requirement of 10.0%. A provision of 25.0% is required for accounts that are unsecured. Unsecured infrastructure loan accounts classified as substandard require provisioning of 20.0%.

- *Doubtful Assets*: A 100.0% provision/write-off is required against the unsecured portion of a doubtful asset and is charged against income. With effect from fiscal 2012, for the secured portion of assets classified as doubtful, a 25.0% provision is required for assets that have been classified as doubtful for a year, a 40.0% provision is required for assets that have been classified as doubtful for one to three years (compared to a 30.0% provision required through fiscal 2011) and a 100.0% provision is required for assets classified as doubtful for more than three years. The value assigned to the collateral securing a loan is the amount reflected on the borrower's books or the realizable value determined by third-party appraisers.

- *Loss Assets*: The entire asset is required to be written off or provided for.

Restructured loans

The provision on restructured loans is required to be equal to the difference between the fair value of the loan before and after restructuring. The fair value of the loan before restructuring is computed as the present value of cash flows representing the interest at the existing rate charged on the loan before restructuring and the principal. The fair value of the loan after restructuring is computed as the present value of cash flows representing the interest at the rate charged under the loan's restructured terms and the principal. Both sets of cash flows are discounted at the bank's base rate as on the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of restructuring. In July 2015, the Reserve Bank of India issued guidelines on the discount rate for computing the present value of future cash flows of a restructured account. The guidelines prescribe that a rate equal to the actual interest rate charged to the borrower before restructuring should be used to discount the future cash flows for the purpose of determining the diminution in fair value of the loan on restructuring. A weighted average interest rate may be used as the discounting rate for accounts having multiple credit facilities with varying interest rates.

The Reserve Bank of India has issued prudential norms on income recognition, asset classification and provisioning pertaining to advances which covers norms relating to creation and utilization of floating provisions (i.e., provisions which are not made in respect of specific non-performing assets or are made in excess of regulatory requirements for provisions for standard assets). The floating provisions outstanding at year-end can be used only for contingencies under extraordinary circumstances for making specific provisions against non-performing accounts after obtaining approval from the board of directors and with the prior permission of the Reserve Bank of India. Extraordinary circumstances refer to losses which do not arise in the normal course of business and are exceptional and non-recurring in nature, such as natural calamities, civil unrest, collapse of currency, general meltdown in the markets affecting the entire financial system and exceptional credit losses. Floating provisions for advances and investments must be held separately and cannot be reversed by credit to the profit and loss account. Until utilization of such provisions, they can be netted off from gross non-performing assets to compute the net non-performing assets. Alternatively, floating provisions could be treated as part of Tier 2 capital within the overall ceiling of 1.25% of total risk-weighted assets.

In October 2009, the Reserve Bank of India advised Indian banks to increase their total provisioning coverage ratio, including floating provisions and prudential/technical write-offs, to 70.0% by September 30, 2010. The Reserve Bank of India allowed the banks to include prudential/technical write-off in both the gross non-performing assets and the provisions held in the calculation of provisioning coverage ratio. The Reserve Bank of India permitted us to achieve the stipulated level of provisioning coverage of 70.0% in a phased manner by March 31, 2011. We reached the required 70.0% in December 2010. In April 2011, the Reserve Bank of India stipulated that banks would be required to maintain their provisioning coverage ratios with reference to their gross non-performing assets position at September 30, 2010 and not on an ongoing basis. The Reserve Bank of India further clarified that any surplus provisioning should not be written back but should be segregated into a "counter-cyclical provisioning buffer" and that banks will be allowed to use this buffer to make specific provisions for non-performing assets during a system-wide downturn, with the prior approval of the Reserve Bank of India. For instance, considering the slowdown in economic growth and rising asset quality concerns during fiscal 2014, as a countercyclical measure, the Reserve Bank of India allowed banks to utilize up to 33.0% of the countercyclical provisioning buffer or floating provisions held as at March 31, 2013, for making specific provisions towards non-performing assets during fiscal 2014, as approved by the board of directors of the bank. Further, in March 2015, the Reserve Bank of India increased the limit to 50.0% of the countercyclical provisioning buffer or floating provisions held as at December 31, 2014, for making accelerated or additional provisions towards non-performing assets during fiscal 2015. See also "*Risk Factors—Risks Relating to Our Business—If regulatory and legal changes continue to impose increasingly stringent requirements regarding non-performing loans and provisioning for such loans, our business will suffer*".

To limit the volatility of loan loss provisioning over the course of an economic cycle, the Reserve Bank of India released a discussion paper on a dynamic loan loss provisioning framework in March 2012. The framework proposes to replace the existing general provisioning standards and recommends that banks make provisions on their loan book every year based on historical loss experience in various categories of loans. In those years where the bank's actual provisions are higher than the computed dynamic provisions requirement, the bank can draw down from existing dynamic provisions to the extent of the difference, subject to the retention of a specified minimum level of dynamic provisions. The final guidelines on the dynamic provisioning framework and its implementation have not been issued. The Reserve Bank of India indicated in early 2014 that the framework would be implemented as economic conditions improve along with an improvement in the banking system. In the meantime, banks are expected to develop necessary capabilities to compute their long-term average annual expected loss for different asset classes in a step towards switching to the dynamic provisioning framework.

Under the Banking Regulation Act, banking companies in India are required to comply with the directions of the Reserve Bank of India, including guidelines issued with respect to asset identification, asset classification and provisioning by banking companies. While preparing the financial statements under Indian GAAP, banking companies are required to comply with all regulatory requirements, including such directions issued by the Reserve Bank of India. The Reserve Bank of India has issued a circular on February 11, 2016, instructing all scheduled commercial banks in India to comply with the Indian Accounting Standards ("Ind AS") for financial statements for accounting periods beginning April 1, 2018, subject to any guideline or direction issued by the Reserve Bank of India in this regard. In April 2018, the Reserve Bank of India deferred the implementation of Ind AS by one year to begin on April 1, 2019, considering that there were legislative amendments to be made to the format of financial statements prescribed in the Third Schedule to Banking Regulation Act as well as the level of preparedness of many banks. Therefore, beginning with the financial statements in fiscal 2020, all asset identification, asset classification and provisioning by banking companies will be based on Ind AS, subject to any further guideline or direction issued by the Reserve Bank of India.

Guidelines on Sale and Purchase of Non-Performing Assets

In order to provide banks with option to resolve their non-performing assets, the Reserve Bank of India issued guidelines on the sale and purchase of non-performing assets among banks, financial institutions and non-banking finance companies. As per these guidelines, the board of directors of a bank must establish a policy for the purchase and sale of non-performing assets. Purchases and sales of non-performing assets must be without recourse to the seller and on a cash basis, with the entire consideration being paid upfront. The purchasing bank must hold the non-performing asset on its books for at least 12 months before it can sell the asset to another bank. The asset cannot be sold back to the original seller.

Guidelines Relating to Use of Recovery Agents by Banks

In April 2008, the Reserve Bank of India issued guidelines for banks engaging recovery agents. The Reserve Bank of India has asked banks to put in place a due diligence process for the engagement of recovery agents, structured to cover, among others, individuals involved in the recovery process. Banks are expected to communicate details of recovery agents to borrowers and have in place a grievance redressal mechanism pertaining to the recovery process. The Reserve Bank of India has advised banks to initiate a training course for current and prospective recovery agents to support prudent recovery practices. In case of persistent complaints received by the Reserve Bank of India regarding violation of the guidelines, the Reserve Bank of India may consider imposing a ban on the bank from engaging recovery agents.

Regulations Relating to Sale of Assets to Asset Reconstruction Companies

The SARFAESI Act, provides for the sale of financial assets by banks and financial institutions to asset reconstruction companies. The Reserve Bank of India has issued guidelines to banks on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank may sell financial assets to an asset reconstruction company provided the asset is a non-performing asset. These assets are to be sold on a "without recourse" basis, only. A bank may sell a standard asset only if the borrower has a consortium or multiple banking arrangements, at least 75.0% by value of the total loans to the borrower are classified as non-performing and at least 75.0% by value of the banks and financial institutions in the consortium or multiple banking arrangements agree to the sale. In fiscal 2015, the Reserve Bank of India had also permitted banks to sell standard loans overdue for more than 60 days and reported as special mention accounts to asset reconstruction companies. The banks selling financial assets should seek to ensure that there is no known liability devolving on them and that they do not assume any operational, legal or any other type of risks relating to the financial assets sold. Further, banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realization. However, banks may sell specific financial assets with an agreement to share in any surplus realized by the asset reconstruction company in the future. While each bank is required to make its own assessment of the value offered in the sale before accepting or rejecting an offer for purchase of financial assets by an asset reconstruction company, in consortium or multiple banking arrangements where more than 75.0% by value of the banks or financial institutions accept the offer, the remaining banks or financial institutions are obliged to accept the offer. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass-through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets.

Banks can also invest in security receipts or pass-through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets. The Reserve Bank of India has also issued guidelines governing the affairs of securitization and reconstructions companies. The guideline provides norms relating to period of realization of assets by securitization and reconstruction company, mandatory holding of security receipts, period for formulating plan of recovery, etc.

Banks are also allowed to reverse the excess provision in case a non-performing asset is sold to asset reconstruction companies at a value which is higher than the net book value subject to realization in cash and necessary disclosures. The quantum of excess provision reversed to the profit and loss account is limited to the extent to which cash received exceeds the net book value of the non-performing assets sold. In the event the sale value is lower than the net book value, banks are allowed to spread over the shortfall from the sale of non-performing assets over a period of two years as per guidelines issued in May 2015. This dispensation was available for non-performing assets sold up to March 31, 2016. However, as per guidelines issued in June 2016 by the Reserve Bank of India, the dispensation was extended up to March 31, 2017, and the period to spread over the shortfall was restricted to four quarters from the quarter in which the sale took place. For assets sold to asset reconstruction companies during fiscal 2017, in case full provisioning remains to be made as at March 31, 2017, on close of financial year, banks should debit the "other reserves" component of the balance sheet (which are reserves created for the un-provided amount at the end of the financial year). Banks should proportionately reverse the debits to "other reserves" and complete the provisioning by debiting profit and loss account, in the subsequent quarters of the next financial year. Further, securitization companies and asset reconstruction companies are not permitted to acquire any non-performing financial assets from their sponsor banks on a bilateral basis. However, they may participate in auctions of non-performing assets by their sponsor banks.

Pursuant to the powers conferred on the Government of India under section 20 of the SARFAESI Act, the Ministry of Finance established the central electronic registry known as the Central Registry of Securitisation Asset Reconstruction and Security Interest, which became operational on March 31, 2011. Henceforth, all transactions relating to securitization, reconstruction of financial assets and the transactions relating to mortgage by deposit of title deeds to secure any loan or advances granted by banks and financial institutions are to be registered in the central electronic registry within 30 days of such transaction. The records will be available for search by any lender or any other person interested in dealing with the property and are designed to prevent frauds involving multiple lending against the same security as well as to prevent fraudulent sale of property without disclosing any existing security interest over such property.

In September 2016, the Reserve Bank of India issued revised guidelines relating to sale of non-performing assets by banks to securitization companies/reconstruction companies. Key features of the revised guidelines include allowing banks to sell such assets to non-banking finance companies, while earlier only sale to securitization companies/asset reconstruction companies were allowed. The framework requires using an e-auction platform and has introduced a floor of provisioning for investment in security receipts backed by stressed assets. The provisioning is at the rate applicable to the underlying loans, assuming that the loans will notionally continue in the books of the bank, because more than 50.0% of the security receipts are held by the bank that sold loans since April 1, 2017. The threshold on security receipts held by the bank that is selling loans has been reduced to 10.0% from April 2018. The framework also prescribes additional disclosure requirements and offering first right of refusal to securitization companies/asset reconstruction companies which have already acquired a significant share of the asset through the auction process.

Framework for Early Identification of Stress and Information Sharing

In February 2014, the Reserve Bank of India issued a "Framework for Revitalizing Distressed Assets in the Economy." The framework outlined an action plan for early identification of problem cases, creating a central repository of information on large credits, timely restructuring of accounts which were considered to be viable, and taking prompt steps by banks for recovery or sale of unviable accounts. Accounts have to be categorized into "special mention accounts" based on specified criteria. Banks are required to have three sub-categories of special mention accounts depending on the classification of accounts between the standard category and the sub-standard category. SMA-0 category includes accounts where the principal or interest payment is not overdue for more than 30 days but are showing incipient signs of stress; SMA-1 includes accounts where the principal or interest payment is overdue between 31-60 days; and SMA-2 which includes accounts where the principal or interest payment is overdue between 61-90 days.

The framework required Joint Lenders' Forums to be formed to formulate corrective action plans within stipulated timelines, and in case the forum failed to agree on an action plan, it would result in accelerated provisioning. A requirement for independent evaluation of large value restructuring proposals had also been specified. An independent evaluation of large value restructuring with a focus on viability and fair sharing of gains and losses between promoters and creditors was mandated. The framework was effective from April 1, 2014 till February 2018. In February 2018, the Reserve Bank of India announced a revised framework for resolution of stressed assets and withdrew the Joint Lenders' Forum mechanism. The sub-categories for special mention accounts was revised to include a single day overdue account in the SMA-0 category. See also "*Overview of the Indian Financial Sector—Legislative Framework for Recovery of Debts due to Banks—Joint Lenders' Forum*" and "*Overview of the Indian Financial Sector—Legislative Framework for Recovery of Debts due to Banks—The Banking Regulation (Amendment) Ordinance, 2017*".

The Reserve Bank of India issued guidelines in May 2015 providing 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 Rs. 500 million. The guidelines also require reporting frauds on the Reserve Bank of India's central repository of information on large credits for dissemination to other banks and enabling decision-making among banks in case of consortium or multiple banking arrangements. The framework also illustrates checks/investigations during the different stages of the loan life cycle and timelines have been defined to complete the due diligence for evaluation of an account. Restructuring or grant of additional facilities would not be available in case of fraud or red-flagged accounts. There are provisioning guidelines relating to fraud accounts that require banks to make a provision for the entire amount due to the bank over a period of four quarters. Where the provisioning is being made in more than one financial year, banks have to debit "other reserves" for the amount remaining un-provided at the end of the financial year, and accordingly reverse the amount in the quarters of the next financial year.

In February 2018, the Reserve Bank of India announced a Revised Framework for Resolution of Stressed Assets. The guidelines require banks to identify stressed accounts immediately on default, classify these accounts as special mention accounts depending on the period of default, report them to the Reserve Bank of India's large credit database and begin resolution. The framework aims at a time-bound resolution of non-performing and stressed borrowers and commencement of proceedings under the Insolvency and Bankruptcy Code. According to the guidelines, banks would have to implement a resolution plan within 180 days in respect of any overdue account where aggregate exposure of the lenders is Rs. 20.0 billion or more, failing which the borrower would have to be referred to the National Company Law Tribunal under the Insolvency and Bankruptcy Code. The resolution plan should have a minimum credit rating from one or two rating agencies depending on the size of exposure. The revised framework withdrew the earlier resolution schemes including the Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long-Term Project Loans, Strategic Debt Restructuring, Change in Ownership Outside Strategic Debt Restructuring and the Scheme for Sustainable Structuring of Stressed Assets. It also discontinued the Joint Lenders' Forum.

Regulations Relating to Advancing Loans

The provisions of the Banking Regulation Act govern the advancing of loans by banks in India. The Reserve Bank of India also issues directions covering the loan activities of banks. These directions and guidelines issued by the Reserve Bank of India have been consolidated annually in the Master Circular on "*Loans and Advances—Statutory and Other Restrictions*."

Banks are free to determine their own lending rates but each bank must disclose its minimum interest rate which takes into consideration all elements of lending rates that are common across borrowers. The base rate replaced the benchmark prime lending rate as the standard on July 1, 2010 and was applicable for loans made up to March 31, 2016. During the period when the base rate was applicable as the minimum rate for loans, banks were not permitted to lend below the base rate except for differential rate of interest advances, loans to banks' own employees and retired employees and loans to banks' depositors against their own deposits. Banks could determine their final lending rates on loans and advances with reference to the base rate and by including such other customer specific charges as they consider appropriate. Until such time that loans linked to the benchmark prime lending rate existed, banks had to announce both the benchmark prime lending rate and the base rate.

In April 2014, the Reserve Bank of India's Working Group on Pricing of Credit submitted its report proposing to increase transparency and fairness in credit pricing. The committee recommended that banks should compute the base rate on the basis of marginal cost of funds and there should be a board approved policy delineating the various components that determine the spread that is charged to a customer. It was further recommended that the spread charged to a customer cannot be increased except when the credit risk profile of the customer deteriorates. Also, the periodicity of the interest rate reset should be notified in advance at the time of sanctioning the loan, and any change in interest rates can be made only on pre-specified dates irrespective of the changes made in the base rate. Banks should be able to demonstrate to the Reserve Bank of India the rationale of the pricing policy. Based on the recommendations of the committee, in January 2015, the Reserve Bank of India revised the guidelines on the methodology for calculation of base rate. Banks had the flexibility to choose the methodology for calculating the cost of funds, the basis for which could include the average cost of funds or marginal cost of funds. The interest rate on deposits forming part of the calculation, should be chosen for the tenor having the largest share in the deposit base of the bank. Further, banks were required to review the methodology every three years against the earlier requirement of five years. These guidelines were effective from February 19, 2015.

In December 2015, the Reserve Bank of India issued final guidelines on the computation of lending rates based on marginal cost of funds. The Marginal Cost of Funds based Lending Rate is applicable on incremental lending from April 1, 2016 and is a tenor linked benchmark. The guidelines clarify the methodology to compute the marginal cost of funds based lending rate, which comprises of marginal cost of funds, negative carry on account of cash reserve ratio, operating costs and tenor premium. The guidelines 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 preannounced date for different maturities ranging from overnight rate 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. Interest rates for all floating rate loans and fixed rate loans (including the fixed rate portion of hybrid loans) of tenor up to three years cannot be less than the marginal cost of funds based lending rate. Further, in September 2017, the Reserve Bank of India released for public comment a report of an internal study group set up to review the working of the marginal cost of funds based lending rate system. The report included a proposed revision to the methodology for the pricing of bank loans, and recommended referencing lending rates to an external benchmark, increasing the periodicity of reset of interest rates to once a quarter and that banks should migrate all existing lending rates to the new benchmark without any additional charges for switchover within one year from the introduction of the external benchmark. Final guidelines in this regard are awaited. Further, in February 2018, in its bi-monthly monetary policy statement, the Reserve Bank of India proposed to harmonize the methodology of determining benchmark rates by linking the base rate to the marginal cost of funds based lending rate. Necessary instructions in this regard are also awaited.

Under Section 20(1) of the Banking Regulation Act, a bank cannot grant any loans and advances against the security of its own shares and a banking company is prohibited from entering into any commitment for granting any loans or advances to or on behalf of any of its directors, or any firm in which any of its directors is interested as partner, manager, employee or guarantor, or any company (not being a subsidiary of the banking company or a company registered under Section 25 of the Companies Act or a government company) of which, or the subsidiary or the holding company of which any of the directors of the bank is a director, managing agent, manager, employee or guarantor or in which he holds substantial interest, or any individual in respect of whom any of its directors is a partner or guarantor. There are certain exemptions in this regard as the explanation to the section provides that "loans or advances" shall not include any transaction which the Reserve Bank of India may specify by general or special order as not being a loan or advance for the purpose of this section.

There are guidelines on loans against equity shares in respect of amount, margin requirement and purpose. The Reserve Bank of India has issued guidelines requiring banks to put in place a policy for exposure to real estate with the approval of their boards. The policy should include exposure limits, collaterals to be considered, collateral cover and margins and credit authorization. The Reserve Bank of India has also permitted banks to extend financial assistance to Indian companies for acquisition of equity in overseas joint ventures or wholly owned subsidiaries or in other overseas companies, new or existing, as strategic investment. Banks are not permitted to finance acquisitions by companies in India. With regard to mortgages, the Reserve Bank of India has imposed a ceiling of 75.0% on the loan-to-value ratio in respect of housing loans exceeding Rs. 7.5 million. However, small value loans of less than Rs. 3.0 million are permitted to have a loan-to-value ratio not exceeding 90.0% subject to appropriate risk weight and loans from Rs. 3.1 million to Rs. 7.5 million can have a loan-to-value ratio of 80% subject to appropriate risk weight.

For loans where the cost of the house/dwelling unit is less than Rs. 1.0 million, the Reserve Bank of India has allowed banks to include stamp duty, registration and other documentation charges to the cost of the house/dwelling unit for the purpose of calculating the loan-to-value ratio from March 2015.

In November 2012, the Reserve Bank of India issued instructions regarding sharing of information relating to credit, derivatives and unhedged foreign currency exposures among banks and to put in place an effective mechanism for information sharing. Also, from January 1, 2013, sanction of fresh loans and renewal of loans to new and existing borrowers should be done only after obtaining/sharing necessary information. In September 2013, the Reserve Bank of India announced the creation of a central repository of large common exposures across banks, to be based on submissions made by banks to the Reserve Bank of India on exposures of more than Rs. 100.0 million to individuals and entities. Subsequently, the limit was reduced to Rs. 50 million and above.

In view of the stress in the Indian banking sector, the Reserve Bank of India announced several schemes for resolution of stressed corporate accounts and provided special dispensation with regard to asset classification for accounts under these schemes. With regard to project loans, the Reserve Bank of India issued guidelines for flexible structuring of existing long-term project loans. Under the scheme for flexible structuring of long-term project loans to infrastructure and other core industries, banks were permitted to structure long-term project loans with the intent of refinancing these loans at periodic intervals without such refinancing being considered as restructuring. Such loans could have tenors linked to the economic life of the project and could extend up to 25 years and the fundamental viability of the project could be established on the basis of all requisite financial and non-financial parameters. The amortization schedule of the loans could be modified once during the course of the loan without classifying them as restructured loans provided they met certain specific requirements, such as being a standard asset with no loss on the net present value and the debt amortization is scheduled within 85.0% of the economic life of the project. While the flexible structuring of long-term project loans was initially applicable to the infrastructure sector and other core industries, this flexibility was extended to loans in all sectors from November 2016. In February 2018, the Reserve Bank of India announced a revised framework for resolution of stressed assets and withdrew the earlier schemes.

On June 11, 2018, the Reserve Bank of India issued draft guidelines on Loan System for Delivery of Bank Credit. The draft guidelines have proposed certain modifications for delivery of bank credit to large borrowers. According to the guidelines, for borrowers having an aggregate fund-based working capital limit of Rs. 1.5 billion or more from the banking system, a minimum loan component of 40.0% on the fund-based working capital limits would be applicable from October 1, 2018, and would be revised to 60.0% from April 1, 2019. Drawing in excess of the loan component would be allowed in the form of cash credit/overdraft facility. Effective from April 1, 2019, mandatory credit conversion factor of 20.0% on the undrawn portion of cash credit/overdraft facility has also been proposed irrespective of whether the facility is unconditionally cancellable or not. This guideline has been proposed with a view to increase credit discipline among working capital borrowers. The draft guidelines have been released for comments, and final guidelines are awaited.

Directed Lending

Priority Sector Lending

The guidelines on lending to priority sector require commercial banks to lend a certain percentage of their adjusted net bank credit to specific sectors (the priority sectors), such as agriculture, micro and small enterprises, micro-credit, education and housing finance. The target for total priority sector advances is set at 40.0% of adjusted net bank credit (which is net bank credit plus those investments made by banks in non-statutory liquidity bonds/debentures that are included in the held-to-maturity category, investments eligible to be treated as priority sector, investments in eligible government funds on account of priority sector shortfall, outstanding priority sector lending certificates excluding long-term bonds for infrastructure and affordable housing eligible for exemptions, and eligible advances extended in India against the incremental foreign currency deposits qualifying for exemption from CRR/SLR requirement) or of the credit equivalent amount of off-balance sheet exposure, whichever is higher as of March 31 of the previous fiscal year. Banks falling short of their priority sector lending targets are required to contribute amounts equivalent to the shortfall to specific Government of India funds like the Rural Infrastructure Development Fund, established by the National Bank for Agriculture and Rural Development, or funds with other financial institutions.

The Reserve Bank of India released revised priority sector lending guidelines in April 2015 which have been applicable since fiscal 2016. The overall target for priority sector lending continue to be 40.0% of adjusted net bank credit or of the credit equivalent amount of off-balance sheet exposure, whichever is higher; earlier sub-targets in advances to the agricultural sector of 13.5% direct lending and 4.5% indirect lending 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 were to be achieved in a phased manner by March 2017. Sectors qualifying for priority sector lending have been broadened to include medium-sized enterprises, social infrastructure and renewable energy. Priority sector lending achievements are being 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 and the sub-targets for small and marginal farmers and micro enterprises, on par with domestic banks, from fiscal 2019. Further, in July 2015, the Reserve Bank of India 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. The Reserve Bank of India would notify the banks of the banking system's average level at the beginning of each year. The target for fiscal 2019 has been set at 11.99% of adjusted net bank credit. The Reserve Bank of India has also directed banks to continue to pursue the target of 13.5% of adjusted net bank credit towards lending to borrowers who constituted the direct agriculture lending category under the earlier guidelines.

In June 2018, the Reserve Bank of India with a view to promote the low-cost or affordable housing segment, enhanced the housing loan limits for eligibility under priority sector to Rs. 3.5 million in metropolitan centres and to Rs. 2.5 million in other centres provided the overall cost of the dwelling did not exceed Rs. 4.5 million and Rs. 3.0 million, respectively.

Investments by banks in securitized assets, outright purchases of loans and assignments are eligible for classification under priority sector if the underlying assets themselves qualified for such treatment. The interest rates charged to ultimate borrowers by the originating entities in such transactions are capped for such transactions to be classified as priority sector.

Banks falling short of their priority sector lending targets are required to contribute amounts equivalent to the shortfall to specific Government of India funds. The contribution is made by subscribing to bonds issued with a maturity of up to seven years. The interest rates on these contributions are below market rates and are generally set depending on the bank rate as set by the Reserve Bank of India. In May 2014, the Reserve Bank of India issued guidelines allowing banks to include the outstanding mandated investments in these Government of India funds at March 31 of the fiscal year to be treated as part of indirect agriculture and count towards overall priority sector target achievement. Investments at March 31 of the preceding year would also be included in the adjusted net bank credit which forms the base for computation of the priority sector and sub segment lending requirements. In December 2014, the Reserve Bank of India restructured the classification of shortfall and interest rates payable to banks on funds placed with the National Bank for Agriculture and Rural Development, the Small Industries Development Bank of India, the National Housing Bank and MUDRA Limited towards shortfall in meeting priority sector obligations. For accounting periods commencing April 1, 2015, amounts equivalent to the shortfall placed with specific Government of India funds is included under Schedule 11, under "other assets" in the balance sheet of banks from the earlier categorization under investments.

In April 2016, the Reserve Bank of India allowed banks to trade their priority sector portfolio by selling or buying priority sector lending certificates. Scheduled commercial banks, regional rural banks, local area banks, small finance banks and urban cooperative banks can participate in this trade. Four types of certificates for the categories of agriculture, small and marginal farmers, microenterprises and general category certificates have been allowed. There will be no transfer of risks or loan assets in these transactions. A bank can issue priority sector lending certificates up to 50.0% of the previous year's priority sector lending achievement. The certificates will expire on March 31 and will not be valid beyond the last reporting date for the fiscal year. The calculation of priority sector lending would be the sum of the outstanding priority sector lending portfolio and the net priority sector lending certificates purchased.

In fiscal 2015, the Reserve Bank of India allowed banks to issue long-term bonds for financing infrastructure and low-cost housing. The amount raised by way of these bonds is permitted to be excluded from adjusted net bank credit for the purpose of computing priority sector lending targets, except to the extent that the lending against these bonds is included in priority sector lending.

With a view to promote the adequate flow of credit to the micro and small enterprises, in April 2014 the Reserve Bank of India advised banks to provide differential interest rates for such borrowers. While pricing the loan, banks have to take into account incentives made available to micro and small enterprises in the form of credit guarantee cover and the zero risk weight applicable to such guaranteed loans for capital adequacy purposes. In July 2016, the Reserve Bank of India issued directions for lending to the micro, small and medium-sized enterprises sector which take into consideration the recommendations of the Prime Minister's Task Force on lending to micro, small and medium-sized enterprises. As per the recommendations, banks are required to achieve 20.0% year-on-year growth in credit to micro and small enterprises, 10.0% growth in the number of micro enterprises account and 60.0% of total lending to micro, small and medium-sized enterprises as on the preceding March 31 should be to micro enterprises.

As per the Ministry of Micro, Small and Medium-Sized Enterprises, the Government of India, the classification of an enterprise as micro, small or medium, is based on the investment in plant and machinery by the enterprise. The original price of the plant and machinery should be taken into account irrespective of whether they were acquired new or second hand. In July 2017, the Reserve Bank of India, referring to the memorandum of the Ministry of Micro, Small, and Medium-Sized Enterprises issued in March, 2017, stated that for ascertaining the investment in plant and machinery for classification of an enterprise as micro, small or medium, the following documents could be relied upon:

- a copy of the invoice of the purchase of plant and machinery; or
- gross block for investment in plant and machinery as shown in the audited accounts; or
- a certificate issued by a Chartered Accountant regarding purchase price of plant and machinery.

Further, it was also clarified that the purchase value of the plant and machinery is to be reckoned and not the book value (purchase value minus depreciation) for classification. Banks have accordingly aligned their classification of enterprises as small, micro or medium based on the clarification issued by the Reserve Bank of India.

Pursuant to a notification released by the Reserve Bank of India in September 2018, all commercial banks, including ours, may engage with a non deposit taking, systematically important non banking finance company to co-originate loans for the creation of priority sector assets.

Export Credit

The Reserve Bank of India allows exporters to avail short-term working capital financing at internationally comparable interest rates. Export credit is available both in rupee as well as in foreign currency. This enables exporters to have access to an internationally competitive financing option. Pursuant to existing guidelines, 12.0% of a bank's adjusted net bank credit is required to be in the form of export credit. This target is in addition to the priority sector lending target of 40.0% of adjusted net bank credit. We provide export credit for pre-shipment and post-shipment requirements of exporter borrowers in rupees and foreign currencies. In May 2014, the Reserve Bank of India allowed exporters with a satisfactory track record of at least three years to receive long-term export advance at concessional rates for execution of long-term supply contracts up to a maximum period of 10 years.

Responsibilities of Chief Risk Officer

As part of steps taken to strengthen risk management in banks, in April 2017, the Reserve Bank of India issued guidelines which aimed to separate credit risk management function from the credit sanction process and also bring uniformity in the approach followed by banks. As per the guidelines, a Board approved policy defining the role and responsibilities of the Chief Risk Officer has to be established, with clearly defined reporting lines either to the Managing Director/Chief Executive Officer or the risk management committee of the bank. The Chief Risk Officer should not have a dual role, report into any business vertical or be given any business targets. The Chief Risk Officer can be removed or transferred only with the approval of the Board.

Credit Exposure Limits

As a prudential measure aimed at better risk management and avoidance of concentration of credit risks, the Reserve Bank of India has prescribed credit exposure limits for banks and long-term lending institutions in respect of their lending to individual borrowers and to all companies in a single group (or sponsor group). These measures are consolidated in the Reserve Bank of India's Master Circular on exposure norms dated July 1, 2015. The limits currently set by the Reserve Bank of India are as follows:

- The exposure ceiling for a single borrower is 15.0% of capital funds and group exposure limit is 40.0% of capital funds. In case of financing for infrastructure projects, the exposure limit to a single borrower may be extended by another 5.0% (i.e., up to 20.0% of capital funds) and the group exposure limit may be extended by another 10.0% (i.e., up to 50.0% of capital funds). The exposure limit in respect of single borrower has been raised to 25.0% of capital funds only for oil companies that were issued oil bonds by the Government of India. Banks may, in exceptional circumstances, with the approval of their board of directors, consider enhancement of the exposure to a borrower up to a maximum of further 5.0% of capital funds, subject to the borrower consenting to the banks making appropriate disclosures in their annual reports.

- Exposures to public sector undertakings are exempted from group exposure limits.

- Capital funds are the total capital as defined under capital adequacy norms (Tier 1 and Tier 2 capital).

- Exposure shall include credit exposure (funded and non-funded credit limits) and investment exposure (including underwriting and similar commitments). Non-fund-based exposures are calculated at 100.0% and in addition, banks need to include exposure on account of forward contracts in foreign exchange and other derivative products, like currency swaps and options, computed in accordance with the current exposure method at their replacement cost value in determining individual or group borrower exposure ceilings.

The Reserve Bank of India requires banks to fix internal limits of exposure to specific sectors. These limits are subject to periodic review by the banks. We have fixed a ceiling of 15.0% on our exposure to any one industry (other than retail loans) and monitor our exposures accordingly.

As an interim measure to promote a central clearing of standardized over-the-counter derivative products through a central counterparty, in January 2014 the Reserve Bank of India issued guidelines allowing a bank's clearing exposure to qualifying central counterparties to be outside of the ceiling of 15.0% of its capital funds applicable to a single counterparty. Other exposures to qualifying central counterparties such as loans, credit lines, investments in the capital of central counterparty, liquidity facilities, etc. would continue to be within the existing ceiling of 15.0% of capital funds to a single counterparty. However, all exposures of a bank to a non-qualifying central counterparty should be within the exposure ceiling of 15.0%.

In August 2016, the Reserve Bank of India issued guidelines proposing limits on the banking system's exposure to large borrowers and recommending higher standard asset provisioning and risk weights on incremental exposures beyond the normally permitted lending limits. According to the guidelines, a borrower having an aggregate fund-based credit limit of Rs. 250.0 billion at any time during fiscal 2018 will be considered a specified borrower. This limit will be gradually reduced to Rs. 150.0 billion in fiscal 2019 and to Rs. 100.0 billion from fiscal 2020 onwards. The normally permitted lending limit is defined as an amount that is 50.0% of the incremental funds raised over and above the aggregate fund-based credit limit. The general provision required on the incremental exposure above the normally permitted lending limit would be 3.0% and the additional risk weight for such exposure over and above the applicable risk weight would be 75.0%. The framework became applicable from April 1, 2017 with respect to identification of specified borrowers. The disincentive mechanism in terms of additional provisioning and higher risk weights was applicable from April 1, 2018.

Further, in December 2016, the Reserve Bank of India issued additional final guidelines to large borrowers effective from April 1, 2019. The framework prescribes a limit of 20.0% and 25.0% of the eligible capital base in respect of exposures to single counterparty and groups of connected counterparties. The eligible capital base is defined as the Tier 1 capital of the bank as against the current norm of total capital funds. Exposure to single non-banking finance company and group of connected non-banking finance companies is restricted to 15.0% and 25.0%, respectively, of the eligible capital base. In November 2017, the Reserve Bank of India made it mandatory for large corporate borrowers having total exposure of Rs. 50 million and above in the banking system to obtain a legal entity identifier registration. A borrower who does not obtain the legal entity identifier within the specified timelines will not be eligible for renewal/enhancement of credit facilities.

Limits on Exposure to Non-banking Finance Companies

The Reserve Bank of India has issued guidelines which restrict a bank's exposure to non-banking finance companies. Exposure (both lending and investment, including off-balance sheet exposures) of a bank to a non-banking finance company is restricted to 10.0% and 15.0%, respectively, of the bank's capital funds as per the last audited balance sheet. This limit can be exceeded by an additional 5.0% if the excess exposure is on account of on-lending by the non-banking finance company/asset finance company to the infrastructure sector. Exposure to non-banking infrastructure finance companies has been restricted to 15.0% of bank's capital funds with a provision to increase it to 20.0% if the same is on account of funds on-lent to the infrastructure sector.

Limits on intra-group transaction and exposures

In February 2014, the Reserve Bank of India issued guidelines on management of intra-group transactions and exposures for financial conglomerates. The guidelines prescribe quantitative limits for intra-group financial transactions and prudential measures for non-financial transactions. The Reserve Bank of India has prescribed a single group entity exposure limit of 5.0% of paid-up capital and reserves of the bank for non-financial companies and unregulated financial services companies and

10.0% in case of regulated financial entities. The aggregate group exposure cannot exceed 20.0% of paid-up capital and reserves in case of all group entities (financial and non-financial) taken together and 10.0% in case of all non-financial companies and unregulated financial services companies taken together. Banks' exposures to other banks/financial institutions in the group in the form of equity and other capital instruments are exempted from above limits. In case a bank's current intra-group exposure is more than the limits stipulated in the guidelines, it should bring down the exposure within the limits before March 31, 2016. If the exposure exceeds the permissible limits after March 31, 2016, the excess amount would be deducted from common equity Tier 1 capital of the bank.

Regulations Relating to Investments and Capital Market Exposure Limits

In terms of Section 19(2) of the Banking Regulation Act, banks should not hold shares in any company except as provided in subsection (1) of that Act, whether as pledgee, mortgagee or absolute owner, of an amount exceeding 30.0% of the paid-up share capital of that company or 30.0% of its own paid-up share capital and reserves, whichever is less. Further, in terms of Section 19(3) of the Banking Regulation Act, banks should not hold shares, whether as pledgee, mortgagee or absolute owner, in any company in the management of which any managing director or manager of the bank is in any manner concerned or interested.

The Reserve Bank of India guidelines on capital market exposures stipulate that a bank's exposure to capital markets in all forms (both fund-based and non-fund-based) by way of investments in shares, convertible bonds/debentures, units of equity oriented mutual funds, loans against shares, and secured and unsecured advances to stock brokers, should not exceed 40.0% of its net worth on both a stand-alone and consolidated basis as of March 31 of the previous year. Within this overall limit, direct investments in shares, convertible bonds/debentures, and units of equity oriented mutual funds and all exposures to venture capital funds have been restricted to 20.0% of their net worth on both a stand-alone and consolidated basis. Further, in July 2011, the Reserve Bank of India stipulated that a bank's investments in liquid schemes of debt oriented mutual funds are subject to a prudential cap of 10.0% of the bank's net worth as of March 31 of the previous year. The above guidelines are also applicable at a consolidated level.

Investment by banks in specified instruments which are issued by other banks or financial institutions and are eligible for capital status for the investee bank/financial institution should not exceed 10.0% of the investing bank's capital funds. Further, the banks/financial institutions should not acquire any fresh stake in a bank's equity shares, if by such acquisition, the investing bank's or financial institution's holding exceeds 5.0% of the investee bank's equity capital. The guidelines earlier required banks to obtain prior approval of the Reserve Bank of India for equity investment in a company engaged in the financial sector which was revised in September 2015 and the requirement for Reserve Bank of India's approval was removed subject to prescribed conditions.

The Reserve Bank of India has issued detailed guidelines on investments by banks in non-statutory liquidity ratio securities. These guidelines apply to primary market subscriptions and secondary market purchases. Pursuant to these guidelines, banks are prohibited from investing in non-statutory liquidity ratio securities with an original maturity of less than one year, other than commercial paper, certificates of deposit and certain non-convertible debentures with original or initial maturity of up to one year issued by corporations and non-banking finance companies. Banks are also prohibited from investing in unrated securities. A bank's investment in unlisted non-statutory liquidity ratio securities may not exceed 10.0% of its total investment in non-statutory liquidity ratio securities at the end of the preceding fiscal year. However, the bank's investments in unlisted non-statutory liquidity ratio securities may exceed the 10.0% limit by an additional 10.0%, provided the investment is in securitization papers issued for infrastructure projects and bonds/debentures issued by securitization companies and reconstruction companies set up under the SARFAESI Act and registered with the Reserve Bank of India. In December 2007, the Reserve Bank of India also permitted banks to invest in unrated bonds of corporations engaged in infrastructure activities within the ceiling of 10.0% for unlisted non-statutory liquidity ratio securities in order to encourage flow of credit to the infrastructure sector.

In order to promote the adequate credit flow to infrastructure projects, the Reserve Bank of India permitted banks to issue long-term bonds for financing infrastructure projects and low-cost housing in July 2014. These bonds must have a minimum maturity of seven years, and they are exempt from reserve requirements such as cash reserve ratio and statutory liquidity ratio. They are also permitted to be deducted from adjusted net bank credit for the purpose of priority sector lending targets. Banks were earlier not allowed to invest in the bonds issued by other banks. In June 2015, however, the Reserve Bank of India permitted banks to invest in bonds issued by other banks. These investments are subject to certain conditions including (i) investments in these bonds are not considered for the purpose of calculation of net demand and time liabilities, (ii) they are not 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, and (iv) an investing bank's aggregate holding in such bonds will be capped at 10.0% of its total non-statutory liquidity ratio investments.

In November 2016, the Reserve Bank of India allowed banks to raise funds through issuance of rupee denominated bonds overseas. The Reserve Bank of India has permitted banks to issue perpetual debt instruments that can qualify for inclusion as additional Tier 1 capital and debt capital instruments that can qualify for inclusion as Tier 2 capital, by way of rupee denominated bonds in the overseas market, and long-term bonds for financing infrastructure and affordable housing projects. Further, in June 2017, the Reserve Bank of India, with a view to harmonize various elements of the external commercial borrowing framework, decided that any proposal of borrowing by eligible Indian entities by issuance of rupee denominated bonds will be examined at the Foreign Exchange Department, Central Office, Mumbai of the Reserve Bank of India.

In April 2017, the Reserve Bank of India permitted banks to participate in Real Estate Investment Trusts and Infrastructure Investment Trusts within the overall ceiling of 20.0% of a bank's net worth permitted for direct investments in shares, convertible bonds/debentures, units of equity-oriented mutual funds and exposures to venture capital funds.

Further, the total investment by banks in liquid or short-term debt schemes of mutual funds with weighted average maturity of portfolio of not more than one year is subject to a prudential cap of 10.0% of their net worth as at March 31 of the previous year.

A 125.0% risk weight is assigned to all capital market exposures.

Banks' Investment Classification and Valuation Norms

The key features of the Reserve Bank of India guidelines on categorization and valuation of banks' investment portfolio are given below.

- The entire investment portfolio is required to be classified under three categories: (a) held-to-maturity, (b) held-for-trading and (c) available-for-sale. Held-to-maturity includes securities so classified in accordance with the Reserve Bank of India guidelines; held-for-trading includes securities acquired with the intention of being traded to take advantage of the short-term price/interest rate movements; and available-for-sale includes securities not included in held-to-maturity and held-for-trading. Banks should decide the category of investment at the time of acquisition.

- The held-to-maturity category can include statutory liquidity ratio securities up to a specified percentage of the demand and time liabilities and certain non-statutory liquidity ratio securities, including fresh recapitalization bonds received from the Government of India towards recapitalization requirement and held in the investment portfolio, investment in the equity of subsidiaries and joint ventures and investment in long-term bonds (with a minimum residual maturity of seven years) issued by companies engaged in infrastructure activities. The minimum residual maturity of seven years should be at the time of investment in these bonds. Once invested, banks may continue to classify these investments under the held-to-maturity category even if the residual maturity falls below seven years subsequently. However, banks' investments in long-term bonds issued by other banks for their financing of infrastructure and affordable housing loans are not to be held in the held-to-maturity category.

- Banks are permitted to exceed the limit of 25.0% of total investment under the held-to-maturity category provided the excess comprises only of statutory liquidity ratio securities, and the total statutory liquidity ratio securities held in the category is not more than 20.0% by December 31, 2017 and 19.50% by March 31, 2018 of the net demand and time liabilities.

- Profit or loss on the sale of investments in both held-for-trading and available-for-sale categories are taken in the income statement. Profit on the sale of investments in the held-to-maturity category, net of tax and statutory reserve, is appropriated to the capital reserve account after being taken in the income statement. Loss on any sale is recognized in the income statement.

- The market price of the security available from the stock exchange, the price of securities in subsidiary general ledger transactions, the Reserve Bank of India price list or prices declared by Primary Dealers Association of India jointly with the Fixed Income Money Market and Derivatives Association of India serves as the "market value" for investments in available-for-sale and held-for-trading securities. In June 2018, the Reserve Bank of India has proposed that the securities issued by state governments be valued at the price at which they are traded in the market in the case of traded securities, and for non-traded securities at the state-specific weighted average spread over the yield of Indian central government securities of equivalent maturity as observed in primary auctions. Final guidelines in this regard have not yet been released.

- Investments under the held-for-trading category should be sold within 90 days; in the event of inability to sell due to adverse factors including tight liquidity, extreme volatility or a unidirectional movement in the market, the unsold securities should be shifted to the available-for-sale category.

- Investments may be shifted from or to held-to-maturity with the approval of the board of directors once a year, normally at the beginning of the accounting year; shifting of investments from available-for-sale to held-for-trading may be done with the approval of the board of directors, the Asset Liability Management Committee or the Investment Committee; shifting from held-for-trading to available-for-sale is generally not permitted. Since August 2010, the Reserve Bank of India has mandated that, with regard to sales and transfers of securities from or to the held-to-maturity category, if the value of sales exceeds 5.0% of the book value of the investment held in the held-to-maturity category at the beginning of the year, the market value of the investment will have to be disclosed in the notes to the financial accounts in the annual report along with the excess book value over market value for which a provision was not made.

Held-to-maturity securities need not be marked-to-market and are carried at acquisition cost, unless it is more than the face value, in which case the premium should be amortized over the period remaining to maturity. Investments under available-for-sale category are marked-to-market at quarterly intervals or at more frequent intervals and held-for-trading securities valued at market at monthly intervals or at more frequent intervals and provided for as in the case of those in the available for sale category. Depreciation or appreciation for each basket within the available-for-sale and held-for-trading categories is aggregated. Net appreciation in each basket, if any, which is not realized, is ignored, while net depreciation is provided for. In fiscal 2018, following the sharp increase in yields of government securities towards the latter part of the year, the Reserve Bank of India gave banks the option to spread the mark-to-market losses in the held-for-trading and available-for-sale portfolio equally over four quarters. This was allowed for losses incurred over any of the three months ended December 2017, March 2018 and June 2018.

Investments in security receipts or pass through certificates issued by asset reconstruction companies or trusts set up by asset reconstruction companies should be valued at the lower of: (a) the redemption value of the security receipts or pass through certificates; and (b) the net book value (defined as book value less provisions held) of the financial asset. However, if the instrument issued by securitization/asset reconstruction companies is limited to the actual realization of the financial asset assigned to the instrument, the net asset value should be obtained from the securitization/asset reconstruction companies for valuation of the investments.

On December 19, 2013, the Reserve Bank of India issued guidelines permitting banks to participate in interest rate futures for the dual purpose of hedging the risk in the underlying investment portfolio and to take a trading position. However, banks are not allowed to undertake transactions in interest rate futures on behalf of their clients.

With the aim of building adequate reserves to protect against sudden increase in yields, in April 2018 the Reserve Bank of India advised banks to create an Investment Fluctuation Reserve effective from the start of fiscal 2019. A minimum amount equal to either the net profit on sale of investments during the year or net profit for the year excluding mandatory appropriations, whichever is lower, would have to be transferred to the Investment Fluctuation Reserve. The amount in the Investment Fluctuation Reserve should cover at least 2.0% of the held-for-trading and available-for-sale portfolio, on a continuing basis. Where feasible, this requirement should be achieved within a period of three years. The Investment Fluctuation Reserve would be eligible for inclusion in tier 2 capital. In case the balance in the Investment Fluctuation Reserve is in excess of the minimum requirement of 2.0% of the held-for-trading and available-for-sale portfolio, banks can drawdown the excess amount at the end of the accounting year. If the balance is less than the minimum requirement, drawdown would be permitted only on meeting the minimum common equity tier 1/tier 1 capital requirements and cannot exceed the extent by which mark-to-market provisions surpass the net profit on sale of investments during the year.

Limit on Transactions through Individual Brokers

Guidelines issued by the Reserve Bank of India require banks to appoint brokers for transactions in securities. These guidelines also require that a disproportionate part of the bank's business should not be transacted only through one broker or a few brokers. If for any reason this limit is breached, the Reserve Bank of India has stipulated that the board of directors of the bank should be informed on a half yearly basis of such occurrence and ratify such action.

Prohibition on Short-Selling

The Reserve Bank of India permits scheduled commercial banks and primary dealers to undertake short sale of Indian central government dated securities, subject to the short position being covered within a maximum period of three months. The short selling entity has to ordinarily borrow securities from the repo market, in exceptional situations of market stress (e.g. short squeeze), it can deliver securities from its own held-to-maturity/available for sale/held-for-trading portfolios. All 'notional' short sales have to be closed by an outright purchase in the market and the securities so borrowed have to be brought back to the same portfolio, without any change in book value.

In February 2015, the Reserve Bank of India permitted re-repo of government securities, including state development loans and treasury bills, acquired under reverse repo subject to prescribed conditions. In May 2016, the Reserve Bank of India also permitted re-repo of securities received under its Liquidity Adjustment Facility with market participants. In June 2018, the Reserve Bank of India proposed to liberalise the eligible short sale participants and also relax the entity-wise and security category wise limits for short-selling in government securities. Final guidelines in this regard were issued on July 25, 2018. These guidelines, inter alia, set out security level limits on short sales, operational requirements, and reporting and internal control policies. The Reserve Bank of India guidelines supersede all existing regulations on short selling of government securities.

Introduction of Credit Default Swaps for Corporate Bonds

In fiscal 2012, the Reserve Bank of India introduced credit default swaps on corporate bonds. Banks are allowed to undertake such transactions, both as market makers as well as users. Commercial banks are eligible to act as market makers provided they fulfill the criteria of a minimum 11.0% capital adequacy ratio with a Tier 1 ratio of at least 7.0%, and a net non-performing assets ratio of less than 3.0%. Banks' net credit exposures on account of credit default swaps cannot exceed 10.0% of the investment portfolio of unlisted/unrated bonds.

Credit default swaps were earlier allowed only on listed corporate bonds and unlisted but rated bonds of infrastructure companies. In January 2013, this was expanded to include unlisted but rated corporate bonds. Further, credit default swaps were permitted on securities with original maturities of up to one year such as commercial paper, certificates of deposit, and non-convertible debentures with original maturities of less than one year.

Subsidiaries and Other Financial and Non-financial Sector Investments

Banks need prior permission of the Reserve Bank of India to incorporate a subsidiary. Banks are required to maintain an "arm's-length" relationship with our subsidiaries and with mutual funds sponsored by us in regard to business parameters such as not taking undue advantage in borrowing/lending funds, transferring/selling/buying of securities at rates other than market rates, giving special consideration for securities transactions, in supporting/financing the subsidiary or financing our clients through them when we are not able or not permitted to do so ourselves. We have to observe the prudential norms stipulated by the Reserve Bank of India, from time to time, in respect of our underwriting commitments. Pursuant to such prudential norms, our underwriting or the underwriting commitment of our subsidiaries under any single obligation shall not exceed 15.0% of an issue.

Under the Reserve Bank of India guidelines, a bank's equity investments in a subsidiary company, or a financial services company (including a financial institution, a stock or other exchange or a depository) which is not a subsidiary, should not exceed 10.0% of the bank's paid-up share capital and reserves and the total investments made in all subsidiaries and all non-subsidiary financial services companies should not exceed 20.0% of the bank's paid-up share capital and reserves. However, the cap of 20.0% does not apply, nor is the prior approval of the Reserve Bank of India required, if investments in financial services companies are held under the "held-for-trading" category, and are not held beyond 90 days. The Reserve Bank of India has advised that they may seek prior approval of the regulator in case the 20.0% limit is likely to be breached on account of any fresh investment in subsidiaries/joint ventures.

In September 2015, the Reserve Bank of India advised that banks which have a capital adequacy ratio of 10.0% or more and have also made net profits as of March 31 of the previous year need not approach the Reserve Bank of India for prior approval for equity investments in financial service companies where after such investment, the holding of the bank remains less than 10.0% of the investee company's paid-up capital, and the holding of the bank, along with its subsidiaries or joint ventures or entities, continues to remain less than 20.0% of the investee company's paid-up capital. In September 2017, this requirement of capital adequacy ratio was replaced with minimum prescribed capital including capital conservation buffer.

Under the Reserve Bank of India regulations, a bank's equity investments in companies engaged in non-financial services activities are subject to a limit of 10.0% of the investee company's paid-up share capital or 10.0% of the bank's paid-up share capital and reserves, whichever is less. For the purpose of this limit, equity investments held under the held-for-trading category are included.

Investments within these limits would not require prior approval of the Reserve Bank of India. Equity investments in any non-financial services company held by a bank, or entities which are bank's subsidiaries, associates or joint ventures, and mutual funds managed by asset management companies controlled by the bank should in the aggregate not exceed 20.0% of the investee company's paid-up share capital. Any investment by a bank in excess of 10.0% of the investee company's paid-up share capital, but not exceeding 30.0%, requires the approval of the Reserve Bank of India.

A bank may hold equity in excess of 10.0% of a non-financial services investee company's paid-up capital without the prior approval of the Reserve Bank of India if the additional acquisition is made through a restructuring of debt or corporate debt restructuring, strategic debt restructuring or is acquired by the bank in order to protect its interest on loans/investments made in a company. However, banks have to submit to the Reserve Bank of India a time bound action plan for disposal of such shares within a specified period.

Banks can make investments up to 10.0% of the unit capital of a Real Estate Investment Trust/ Infrastructure Investment Trust subject to an overall ceiling of 20.0% of its net worth. Investments are permitted for direct investments in shares, convertible bonds/debentures, units of equity-oriented mutual funds and exposures to Alternative Investment Funds. Banks are also permitted to invest up to 10.0% of the paid up capital/unit capital in a Category I/Category II Alternative Investment Fund. Investment by banks in category III Alternative Investment Fund is prohibited and investment by a bank's subsidiary in a Category III Alternative Investment Fund is subject to the regulatory minimum prescribed by the Securities and Exchange Board of India.

The Reserve Bank of India has permitted banks to become a Clearing Member of the commodity derivatives segment of recognized exchanges of the Securities and Exchange Board of India subject to satisfying prudential norms and offering broking services only through a separate subsidiary set up for the purpose or one of its existing subsidiaries and fulfilling the terms and conditions mentioned in the master direction on financial services provided by banks.

Regulations Relating to Securitization of Loans

In February 2006, the Reserve Bank of India issued guidelines on securitization of standard assets by banks and financial institutions. With a view to developing an orderly and healthy securitization market, and aligning originators' and investors' interests, the Reserve Bank of India issued guidelines on securitization in May 2012. Under the guidelines, all on-balance sheet standard assets are eligible for securitization, except for revolving credit facilities, mortgage-backed securities, asset-backed securities and loans with bullet repayment of both principal and interest (other than specifically permitted). Loans must also meet a minimum holding period requirement, based on the tenor and repayment frequency of the loan, in order to be eligible for securitization. A minimum retention requirement is prescribed so that the originating banks have a continuing stake in the performance of the securitized assets. The total exposure of banks to the securitized loans cannot exceed 20.0% of the total securitized instruments, and any exposure in excess of this limit must be risk weighted at 1,250%.

Regulations Relating to Deposits

The Reserve Bank of India has permitted banks to independently determine interest rates offered on term deposits. However, banks cannot pay interest on current account deposits. Interest rates payable on savings deposits were regulated until October 2011. In October 2011, the Reserve Bank of India deregulated the savings account interest rate, allowing a uniform interest rate to be paid on deposits up to Rs. 100,000 and permitting differential rates for deposits of over Rs. 100,000, depending on the amount in the account.

The Reserve Bank of India guidelines require that payment of interest be calculated on savings bank account deposits on daily product basis.

Domestic time deposits and rupee-denominated non-resident ordinary accounts have a minimum maturity of seven days. Rupee denominated non-resident external rupee accounts have a minimum maturity of one year. Time deposits from non-resident Indians denominated in foreign currency have a minimum maturity of one year and a maximum maturity of five years.

Banks are allowed to offer differential rates of interests on domestic deposits of the same maturity subject to the following conditions:

- time deposits are of Rs. 10 million and above; and

- interest on deposits is paid in accordance with the schedule of interest rates disclosed in advance by the bank and not pursuant to negotiation between the depositor and the bank.

In April 2015, the Reserve Bank of India allowed banks to introduce the feature of early withdrawal facility in a term deposit as a distinguishing feature for offering differential rates of interest. All term deposits of individuals of Rs. 1.5 million and below should, necessarily, have premature withdrawal facility. For all other term deposits, customers should be given the option to choose between term deposits either with or without premature withdrawal facility. Banks will be required to disclose in advance the schedule of interest rates payable on deposits.

Interest rates on non-resident foreign currency term deposits of one to three years and three to five years are linked to the LIBOR/SWAP rates for the U.S. dollar of corresponding maturity. The rate is periodically prescribed by the Reserve Bank of India. With effect from March 1, 2014, interest rates on FCNR (B) deposits of tenor one to three years was fixed at LIBOR/SWAP plus 200 basis points and interest rate for deposits of tenor three years to five years was fixed at LIBOR/SWAP plus 300 basis points. Interest rates on non-resident rupee savings deposits are set at the rate applicable to domestic savings deposits. Since fiscal 2012, banks are free to determine the interest rates on non-resident (external) rupee deposits and ordinary non-resident accounts. However, the interest rates cannot exceed the rate offered by the bank on comparable domestic rupee deposits. In August 2013, the Reserve Bank of India removed the ceiling on interest rates for non-resident (external) rupee deposits of three years and above until February 28, 2014. Effective March 1, 2014, the interest rates offered on FCNR (B) deposits of tenor three to five years were re-instated to the ceiling of LIBOR/SWAP plus 300 basis points as against the exceptional rate of LIBOR/SWAP plus 400 basis points permitted from August 2013 to February 2014. Also, interest rates of non-resident (external) rupee deposits was capped to comparable domestic rupee deposits as compared to the earlier deregulation of interest rates permitted from August 2013 to February 2014. The ceiling on ordinary non-resident accounts however continued.

With a view to increasing the availability of financial services across regions and population segments, the Reserve Bank of India has advised banks to make available a basic savings bank deposit account without having the requirement of any minimum balance.

Regulations Relating to Customer Service and Customer Protection

Enhancing customer service and customer protection is a focus area for the Reserve Bank of India and has regularly emphasized on offering efficient, fair and speedy customer service. In this regard, a committee was set up in fiscal 2010 to consider improvements in customer service in banks. Following the recommendations made by the committee, the Reserve Bank of India has issued several guidelines. In July 2013, banks were mandated to have a uniform pricing policy for all customers across all branches, irrespective of the branch in which the account was opened. Further, draft guidelines on wealth management and marketing services offered by banks were issued. According to the guidelines, wealth management services can be offered only through a subsidiary or a separately identifiable department or division in the bank in order to avoid conflict of interest. Further, banks need to take prior approval of the Reserve Bank of India for offering wealth management services. In May 2014, the Reserve Bank of India issued guidelines instructing banks to not charge foreclosure charges or prepayment penalties on floating rate term loans sanctioned to individual borrowers. Further, banks are also not permitted to levy penal charges for non-maintenance of minimum balance in inoperative accounts.

In November 2014, the Reserve Bank of India issued additional guidelines on levy of charges for non-maintenance of minimum balances in savings bank accounts. According to the guidelines, the penal charges should be a fixed percentage levied on the amount of difference between the actual balance maintained and the minimum balance as agreed upon at the time of opening an account. A suitable structure on minimum balances and penal charges should be finalized for recovery of charges. Further, the balance in the savings account should not turn into a negative balance solely on account of levy of charges for non-maintenance of the minimum balance.

In December 2014, the Reserve Bank of India has issued a charter of customer rights, which provides the broad overarching principles for the protection of bank customers. The charter describes five basic rights of bank customers which are the right to fair treatment, the right to transparency, fair and honest dealing, the right to suitability, the right to privacy and the right to grievance redressal and compensation.

The Reserve Bank of India has issued procedural guidelines for redressal of grievances by the internal ombudsman. According to the guidelines, a bank shall examine the grievances as per its internal grievance redressal mechanism and in case the bank decides to reject a complaint and/or decides to provide only partial relief to the complainant, it should invariably forward such cases to the chief customer service officer/internal ombudsman for further examination. Cases where the bank disagrees with the decision of the internal ombudsman should be reported to the Reserve Bank of India by the internal ombudsman and also the bank with a copy to the respective Banking Ombudsman. In September 2017, the Reserve Bank of India revised the Internal Ombudsman Scheme. The scheme covers, inter-alia, appointment/tenure, roles and responsibilities, procedural guidelines and oversight mechanism for the Internal Ombudsman.

In July 2017, the Reserve Bank of India has issued directions to banks for determining customer liability in case of Unauthorized Electronic Banking Transaction. Banks are required to ask their customers to mandatorily register for SMS alerts and if available e-mail alerts, for electronic banking transactions. SMS alerts must be sent to customers themselves, while email alerts may be sent to whomever registered. Customers should notify their bank of any unauthorized electronic banking transaction at the earliest after the occurrence of such transaction, and should be aware that the longer a customer takes to notify the bank of an unauthorized transaction, the higher the risk of loss to the bank or customer. The facility of electronic transactions (other than ATM cash withdrawals) may not be offered to customers who do not provide mobile numbers. The Reserve Bank of India has advised banks to clearly define the rights and obligations of customers in case of unauthorized transactions in specified scenarios. Further, banks are required to formulate/revise their customer relations policy, with approval of their Boards, to cover aspects of customer protection, including the mechanism of creating customer awareness on the risks and responsibilities involved in electronic banking transactions and customer liability in cases of unauthorized electronic banking transaction.

In April 2018, the Reserve Bank of India disallowed entities regulated by it, including banks, to deal in virtual currencies or to provide services facilitating any person or entity in dealing with or settling virtual currencies. Such services include maintaining accounts, registering, trading, settling, clearing, giving loans against virtual tokens, accepting them as collateral, opening accounts of exchanges dealing with them and transfer/receipt of money in accounts relating to purchase/sale of virtual currencies. Regulated entities that were already providing such services were required to exit those relationship within three months.

Deposit Insurance

Demand and time deposits of up to Rs. 100,000 accepted by Indian banks must be insured with the Deposit Insurance and Credit Guarantee Corporation, a wholly owned subsidiary of the Reserve Bank of India. Banks are required to pay the insurance premium for the eligible amount to the Deposit Insurance and Credit Guarantee Corporation on a semi-annual basis. The cost of the insurance premium cannot be passed on to the customer. Under the Companies Act, 2013, deposit insurance has been made mandatory for companies accepting deposits. In September 2015, the Reserve Bank of India released the Report of the Committee on Differential Premium System for Banks in India, proposing the introduction of risk-based premium in India.

The Depositor Education and Awareness Fund ("DEAF") Scheme, 2014—Section 26A of the Banking Regulation Act, 1949

The Reserve Bank of India has advised that banks shall calculate the cumulative balances in all eligible accounts which are unclaimed for more than 10 years along with interest accrued, as at the day prior to May 23, 2014, and such amounts due should be transferred to the Fund on June 30, 2014 (before the close of banking hours). Subsequently, the amount due in each calendar month shall be transferred on the last working day of the subsequent month.

Regulations Relating to Know Your Customer and Anti-Money Laundering

The Prevention of Money Laundering Act, 2002, which came into effect beginning July 2005, seeks to prevent and criminalize money laundering and terrorist financing. It also provides for the freezing and confiscation of assets concerned in money laundering/terrorism offences, and the formation of the Financial Intelligence Unit. This Act lays down the obligations on designated entities (including banks and financial institutions) for maintaining records of prescribed transactions and for reporting certain transactions to the Financial Intelligence Unit. It also lists out the predicate offences that come under the purview of the Act, the appointment of the Designated Director and the Principal Officer and their respective obligations under the Act. Prevention of Money-Laundering Rules have also been framed under such Act. This Act and such Rules have since been amended from time to time.

In June 2017, the Ministry of Finance (Department of Revenue) has notified amendments to the Prevention of Money Laundering Rules, 2005. These amendments now require banks to obtain the Aadhaar number (the unique identification number provided by the Government of India) from resident individuals (including authorized signatories of non-individual accounts), along with their Permanent Account Number (the unique identification number required for filing income tax returns). New individual customers have been provided a time period of six months from the date of commencement of an account based relationship, whereas existing individual customers had been provided time until December 31, 2017 to submit their Aadhaar and Permanent Account numbers, failing which their accounts shall cease to be operational until the time the documents are submitted to the bank. In April 2018, the Reserve Bank of India directed that the final timelines for submission of Aadhaar and Permanent Account numbers shall be subject to the final judgment of the Honorable Supreme Court. The Supreme Court, by a judgment delivered on September 26, 2018 has struck down as unconstitutional, the amendments to Rule 9 of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 to the extent Aadhaar number linking was made mandatory for all bank accounts.

The Reserve Bank of India has prescribed comprehensive guidelines to be observed by banks/ financial institutions under its jurisdiction with regard to know your customer, anti-money laundering and combating financing of terrorism procedures in line with the provisions of the Prevention of Money Laundering Act 2002 and Rules notified there under. This is in line with the recommendations made by the Financial Action Task Force on Anti-Money Laundering standards and on Combating Financing of Terrorism. The objective of these guidelines is to prevent banks from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. The guidelines cover key aspects including customer acceptance policy, customer due-diligence procedures, monitoring of transactions and risk management. The guidelines also cover enhanced due diligence measures, regulatory reporting as per the Prevention of Money Laundering Act, 2002, appointment of designated director and principal officer, training of employees and independent audit of anti-money laundering/know your customer framework and provision for simplified know your customer procedures for opening small accounts.

The Reserve Bank of India guidelines also provide for simplified Know Your Customers procedures for individuals opening small accounts with restricted features and prescribed threshold limits, known as basic savings bank deposit accounts.

Regulations on Asset Liability Management

The Reserve Bank of India's regulations for asset liability management require banks to draw up asset liability gap statements separately for rupee and foreign currencies for the domestic and overseas operations of the bank. These gap statements are prepared by scheduling all assets and liabilities according to the stated and anticipated re-pricing date, or maturity date. The statements are submitted to the Reserve Bank of India on a periodic basis. The Reserve Bank of India has advised banks to actively monitor the difference in the amount of assets and liabilities maturing or being repriced in a particular period and to place internal prudential limits on the gaps in each time period, as a risk control mechanism.

According to Reserve Bank of India guidelines regarding prudential limits for interbank liabilities, a bank's interbank liabilities cannot exceed 200.0% of its net worth as on the last day of the previous fiscal year. Individual banks have been permitted, with the approval of their boards of directors, to fix a lower limit for their interbank liabilities, keeping in view their business model. However, banks whose capital to risk assets ratio is at least 25.0% more than the minimum capital to risk assets ratio as on the last day of the previous fiscal year, are allowed a higher limit with respect to interbank liability of up to 300.0% of their net worth. The limits prescribed include only fund-based, interbank liabilities within India (including interbank liabilities in foreign currency to banks operating within India), and interbank liabilities outside India are excluded. The Reserve Bank of India guidelines also stipulate that existing limits on call-money borrowing shall form a sub-limit of the above-mentioned limit. At present, on a daily average basis, call/notice money borrowings should not exceed 100% of a bank's capital funds. However, banks are allowed to borrow a maximum of 125.0% of their capital funds on any day during a fortnight.

The Reserve Bank of India has issued guidelines on duration gap analysis for interest rate risk management. The guidelines are aimed at providing an indication of the interest rate risk to which the bank is exposed. The report on interest rate sensitivity as per duration gap analysis is being submitted on a quarterly basis since June 30, 2011 and on a monthly basis since April 30, 2012.

In November 2012, the Reserve Bank of India consolidated the various instructions and guidelines on liquidity risk management issued from time to time in the past. Instructions and guidelines were enhanced in line with the Basel Committee on Banking Supervision Principles for Sound Liquidity Risk Management and Supervision. The guideline includes enhanced guidance on liquidity risk governance, measurement, monitoring and the reporting to the Reserve Bank of India on liquidity positions.

The Reserve Bank of India has also issued guidelines requiring banks to meet liquidity requirements in the form of Liquidity Coverage Ratio and Net Stable Funding Ratio to ensure banks maintain sufficient funds for meeting short-term and long-term asset maturities.

Foreign Currency Dealership

The Reserve Bank of India has granted us a full-fledged authorized dealers' license to deal in foreign exchange through our designated branches. Under this license, we have been granted permission to:

- engage in foreign exchange transactions in all currencies;

- open and maintain foreign currency accounts abroad;
- raise foreign currency and rupee-denominated deposits from non-resident Indians;
- grant foreign currency loans to onshore and offshore corporations;
- open documentary credits;
- grant import and export loans;
- handle collection of bills, and funds transfer services;
- issue guarantees; and
- enter into derivative transactions and risk management activities that are incidental to our normal functions authorized under our organizational documents and as permitted under the provisions of the Banking Regulation Act.

Further, we have been permitted to hedge foreign currency loan exposures of Indian corporations in the form of interest rate swaps, currency swaps and forward rate agreements, subject to certain conditions. Banks in the authorized dealer category may become trading or clearing members of the currency derivatives segment to be set up by stock exchanges recognized by the Securities and Exchange Board of India, subject to their fulfilling the requirements of (i) minimum net worth of Rs. 5.0 billion, (ii) minimum capital adequacy ratio of 10.0%, (iii) net non-performing assets not exceeding 3.0% and (iv) net profit for the previous three years.

Our foreign exchange operations are subject to the guidelines specified by the Reserve Bank of India in the exchange control manual. As an authorized dealer, we are required to enroll as a member of the Foreign Exchange Dealers Association of India, which prescribes the rules relating to foreign exchange business in India. We are also among banks that submit data to regulatory authorities/bodies for the setting of financial benchmarks wherever we are nominated. In April 2014, the Reserve Bank of India issued guidelines recommending measures to strengthen the quality, methodology and the governance framework with respect to financial benchmarks. This was based on recommendations submitted by the committee on financial benchmarks. According to the guidelines, banks submitting data would have to implement an internal board approved policy on governance of the benchmark submission process and periodically submit a confirmation on compliance with the guidelines. Further, it was proposed that an independent company be set up for the administration of benchmarks. In July 2015, the Financial Benchmarks India Private Limited (FBIL) was set up which would administer the overnight interbank rate and which would be based on the actual traded rate every morning. In March 2018, the Reserve Bank of India advised the Financial Benchmarks India Private Limited to take over the responsibility of computing and disseminating of the reference rate for US$/Rupee and the exchange rate of other major currencies, and the FBIL began the process from July 10, 2018. Authorized dealers, like us, are required to determine our limits on open positions and maturity gaps in accordance with the Reserve Bank of India guidelines and these limits are approved by the Reserve Bank of India.

Gold Monetization Scheme and Sovereign Gold Bonds

In October 2015, the Reserve Bank of India issued guidelines on a gold monetization scheme where banks are allowed to mobilize gold deposits and provide loans against these deposits. The minimum deposit under the gold deposit scheme at any one time is 30 grams of raw gold with short-term bank deposits allowed for a minimum of one to three years, and treated as on-balance sheet liability, and medium-term deposits of five to seven years and long-term of 12-15 years. The medium and long-term deposits will be the liability of the Indian central government. The redemption of medium and long-term deposits, at the option of the depositor, can be either in the Indian rupee equivalent of the value of the deposited gold or in the gold itself.

The Reserve Bank of India also issued guidelines on sovereign gold bonds with investments in such bonds being eligible for statutory liquidity ratio calculations. The bonds could also be used as collateral for loans.

Statutes Governing Foreign Exchange and Cross-Border Business Transactions

Foreign exchange and cross-border transactions undertaken by banks are subject to the provisions of FEMA. Banks are required to monitor transactions of customers based on predefined rules using a risk-based approach. The transaction monitoring system envisages identification of unusual transactions, undertaking due diligence on such transactions and, if confirmed as suspicious, reporting to the Financial Intelligence Unit of the respective jurisdiction. Our transaction monitoring system is periodically reviewed and is being supplemented with appropriate anti-money laundering software technology solutions.

The Reserve Bank of India issues guidelines on external commercial borrowings and trade credits from time to time. Consolidated guidelines relating to external commercial borrowings are covered by the Reserve Bank of India in its Master Direction on External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorized Dealers and Persons other than Authorized Dealers dated January 1, 2016, as amended and its Master Direction on Reporting under Foreign Exchange Management Act, 1999, as amended. The guidelines do not permit financial intermediaries, including banks, to raise such borrowings or provide guarantees in favor of overseas lenders for such borrowings other than issuance of rupee denominated bonds overseas in accordance with the framework for issuance of rupee denominated bonds overseas. Eligible borrowers, which are largely corporations, may raise such borrowings for investments such as the import of capital goods, in new and expansion projects, and also to meet foreign exchange needs of the infrastructure sector. The external commercial borrowing proceeds can also be utilized for overseas direct investment in joint ventures and wholly owned subsidiaries subject to the existing guidelines on Indian Direct Investment in joint ventures and wholly owned subsidiaries abroad. In April 2018, the Reserve Bank of India revised the external commercial borrowings framework. As per the revised guidelines, eligible borrowers were allowed to raise such borrowings for purposes other than the end-uses restrictions prescribed earlier. Utilization of external commercial borrowing continued to be restricted for capital market investments or acquisitions in India or real estate investments or purchase of land (except when used for affordable housing, construction and development of special economic zones and industrial parks/integrated townships) or working capital purposes or General Corporate or repayment of rupee loan and on-lending for all such restricted purposes.

In September 2015, the Reserve Bank of India allowed Indian resident borrowers to raise trade credit in Rupees after entering into a loan agreement with the overseas lender, subject to certain conditions. Further, overseas lenders of Rupee denominated trade credits are now eligible to hedge their exposure in Rupees through permitted derivative products in the onshore market.

A new framework for external commercial borrowing was introduced in November 2015 by the Reserve Bank of India. Key features of the revised framework included fewer restrictions on the end-use of external commercial borrowings, 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 an enhanced limit for small value external commercial borrowings with minimum average maturity of three years from US$20 million to US$50 million. The framework comprises of three components: (i) medium-term foreign currency borrowings with minimum average maturity of three to five years termed as track I; (ii) long-term foreign currency borrowings with minimum average maturity of 10 years termed as track II and (iii) Indian rupee-denominated borrowings with minimum average maturity of three to five years termed as track III. Lending by overseas branches and subsidiaries of Indian banks is permitted only for medium-term borrowings (track I).

The all-in-cost ceiling is LIBOR plus 300 basis points for borrowings with an average maturity period of three to five years and LIBOR plus 450 basis points for borrowings with average maturity of over five years under track I. Under track II, the all-in-cost ceiling is a maximum spread of 500 basis points over the benchmark, and under track III the cost should be in line with market conditions. Companies in the infrastructure sector, non-banking financial companies-infrastructure finance companies, non-banking finance companies-asset finance companies, holding companies and core investment companies will also be eligible to raise external commercial borrowings under track I of the framework with minimum average maturity period of five years, subject to 100% hedging.

Borrowers are permitted to raise external commercial borrowings for the purpose of refinancing an existing external commercial borrowing. This was, however, not permissible from the overseas branches/subsidiaries of Indian banks in January 2018 however pursuant to amendments made in January 2018, the Reserve Bank of India permitted overseas branches/subsidiaries of Indian banks to refinance external commercial borrowings of highly rated (AAA) companies as well as certain categories of public sector units, provided the outstanding maturity of the original borrowing is not reduced and the all-in-cost of fresh external commercial borrowings is lower than the existing external commercial borrowing. Partial refinance of existing external commercial borrowings is also permitted subject to above conditions.

As a measure of rationalizing and liberalizing the external commercial borrowings policy, in April 2018 the Reserve Bank of India introduced certain changes to the framework. Pursuant to these changes, a uniform all-in-cost ceiling of 450 basis points over the benchmark rate was introduced. The benchmark rate for track I and track II was set to the six month LIBOR or applicable benchmark for respective currency and for track III the benchmark was set to the prevailing yield of the Government of India securities of corresponding maturity. The list of eligible borrowers was expanded, and housing finance companies regulated by the National Housing Bank and port trusts were allowed to raise external commercial borrowings under track I subject to 100.0% hedging at all times, and companies engaged in maintenance, repair and overhaul and freight forwarding were permitted rupee denominated borrowings.

Guidelines on issuance of rupee-linked bonds in overseas markets was introduced in September 2015 by the Reserve Bank of India. As per the guidelines, Indian companies eligible to raise external commercial borrowings will be permitted to issue such bonds. Apart from companies, Real Estate Investment Trusts and Infrastructure Investment Trusts are also eligible to borrow under the guidelines. The bonds can be issued in jurisdictions which are Financial Action Task Force ("FATF") compliant. The minimum maturity for these bonds would be five years and the only end-use restrictions are a negative list of activities including purchase of land, capital market exposure and real estate.

In April 2016, the framework for issuance of rupee-denominated bonds overseas by Indian corporations was revised. The issuance of rupee-denominated bonds overseas will be within the aggregate limit of foreign investment permitted in corporate debt as notified from time to time. The maximum amount that could be borrowed by an entity in a financial year under the automatic route by issuance of these bonds was Rs. 50 billion. Proposals to borrow beyond Rs. 50 billion required prior approval of the Reserve Bank of India. The rupee-denominated bonds could only be issued in a specified country and could be subscribed by a resident of the specified country. Additionally, the investor subscribing to the rupee-denominated bond could not be a related party to the issuer under the Indian accounting standards. The minimum maturity for these bonds was set at three years to align with the maturity guidelines on foreign investment in corporate bonds through the foreign portfolio investment route. In September 2017, the Reserve Bank of India excluded rupee denominated bonds from the limit of investment by foreign portfolio investors in corporate bonds. This has been effective from October 3, 2017.

In June 2017, the Reserve Bank of India advised that any proposal of borrowing by eligible Indian entities for issuance of these bonds have to be forwarded through the authorized dealer bank to Foreign Exchange Department, of the Reserve Bank for examination under the approval route.

Pursuant to the guidelines, minimum original maturity period for Rupee denominated bonds raised up to US$50 million equivalent in Indian Rupee per financial year should be 3 years and for bonds raised above US$50 million equivalent in Indian Rupee per financial year should be 5 years.

In September 2018, Indian banks were permitted to participate as arrangers/underwriters/market makers/traders in rupee denominated bonds issued overseas subject to prudential norms.

In March 2018, following the identification of a fraud in an Indian bank, the Reserve Bank of India discontinued the issuance of letter of undertakings/letter of comforts for trade credits for imports into India by banks. Letters of credit and bank guarantees for trade credits for imports into India continue to be issued subject to compliance with Reserve Bank of India guidelines. The Reserve Bank of India has prescribed operational controls with regard to SWIFT along with timelines for implementation by banks.

In September 2018, the Reserve Bank of India issued guidelines liberalizing the external commercial borrowing policy on rupee denominated bonds permitting Indian banks to participate as arrangers underwriters, market makers, traders in rupee-denominated bonds issued overseas subject to prudential norms. As per the guidelines, eligible borrowers in the manufacturing sector could raise external commercial borrowings up to US$50 million with minimum average maturity of one year, as against the earlier requirement of minimum average maturity of three years.

Foreign Currency Borrowings by Banks in India

The Reserve Bank of India has allowed banks to borrow funds from their overseas branches and correspondent banks (including borrowings for financing export credit, external commercial borrowings and overdrafts from their head office/nostro account) up to a limit of 100.0% of unimpaired Tier 1 capital or US$10 million, whichever is higher.

All the regulations and guidelines issued by the Reserve Bank of India, as amended from time to time, in connection with foreign currency borrowings by banks in India have been consolidated in the master circular on Risk Management and Interbank Dealings. The aforesaid limit applies to the aggregate amount availed of by all the offices and branches in India from all their branches or correspondents abroad and also includes overseas borrowings in gold for funding domestic gold loans. Capital funds raised by issue of innovative perpetual debt instruments and other overseas borrowings with the specific approval of the Reserve Bank of India will continue to be outside the limit of 100.0% of unimpaired Tier 1 capital. In July 2015, the Reserve Bank of India permitted banks to borrow from international/multilateral financial institutions without its prior approval.

Information Technology and Cyber Security

The Reserve Bank of India has issued guidelines in April 2011 on information security, electronic banking, technology risk management and cyber frauds. While the guidelines are not "one-size-fits-all," the implementation of the guidelines need to be risk-based and commensurate with the nature and scope of activities engaged by banks and the technology environment prevalent in the bank and the support rendered by technology to the business processes. The guidelines broadly cover nine subject areas relating to information technology vis-à-vis information technology governance, information security, IT operations, IT services outsourcing, information systems audit, cyber frauds, business continuity planning, customer education and legal issues. The implementation of the guidelines is to be monitored by the top management on an ongoing basis.

Further, the Reserve Bank of India has issued directions in June 2016 requiring banks to put in place a cyber-security policy containing an appropriate approach to combat cyber threats given the level of complexity of business and acceptable levels of risk. The cyber security policy should be separate and distinct from the broader IT policy and the aspects that need to be covered in the aforementioned strategy include an arrangement for continuous surveillance, comprehensive network and database security, protection of customer information, cyber crisis management plan, strengthening cyber security, organizational arrangements and awareness about cyber security among senior/top management.

In February 2018, the Reserve Bank of India prescribed several operational controls with regard to SWIFT along with timelines for implementation by banks. Further, banks were required to present to the board of directors the measures instituted/proposed to be instituted to secure ongoing compliance with the prescribed safeguards.

In view of the changing nature of cyber risks driven by several factors, the Reserve Bank of India in November 2017 advised banks to ensure that the information assets (more particularly customer service information) were well protected at all locations/points and security ecosystem were adequately geared up, Further, Banks were advised to take steps in providing sustained assurance on cyber security initiatives by identifying the shortcomings and initiating timely action to address them promptly, to enforce proper authentication mechanism and to adopt and document a 'security by design' approach in the implementation of all digital products offered to the customers. The Reserve Bank of India has instructed banks to present details of significant cyber security incidents periodically to the board/information technology sub-committee of the board for suitable directions.

In order to enhance the management's awareness in area of Information Technology and Cyber Security, the Reserve Bank of India in August 2018 instructed that members of the Board, senior management team and the CXOs (viz. Chief Technology Officer, Chief Information Officer, Chief Information Security Officer, Chief Risk Officer) should undergo a mandatory awareness/certification programme in the area of Information Technology and Cyber Security. The Reserve Bank of India has designed programmes for each category of the participants and also stipulated the timelines for completing the certification.

See also "Risk Factors—Risks Relating to Our Business—We face security risks, including denial of service attacks, hacking, social engineering attacks targeting our colleagues and customers, malware intrusion or data corruption attempts, and identity theft that could result in the disclosure of confidential information, adversely affect our business or reputation, and create significant legal and financial exposure".

Legal Reserve Requirements

Cash Reserve Ratio

A bank is required to maintain a specified percentage of its net demand and time liabilities, excluding interbank deposits, by way of cash reserve with itself and by way of balance in current account with the Reserve Bank of India. Following the enactment of the Reserve Bank of India (Amendment) Bill 2006, the floor and ceiling rates (earlier 3.0% and 20.0%, respectively) on the cash reserve ratio were removed. The following liabilities are excluded from the calculation of the demand and time liabilities to determine the cash reserve ratio:

- interbank liabilities;
- liabilities to primary dealers;

- refinancing from the Reserve Bank of India and other institutions permitted to offer refinancing to banks; and

- perpetual debt qualifying for lower Tier 1 capital treatment.

The cash reserve ratio is currently at 4% of a bank's demand and time liabilities adjusted for the exemptions which include (but are not limited to) (i) the paid up capital, reserves and credit balance of the bank; (ii) net income tax provision; (iii) amount received from Deposit Insurance and Credit Guarantee Corporation towards claims and held by banks pending adjustments; (iv) provision not being a specific liability arising from contracting additional liability and created from profit and loss account; and (v) demand and time liabilities in respect of their offshore banking units, effective from the fortnight beginning February 9, 2013.

The Reserve Bank of India does not pay any interest on cash reserve ratio balances. The cash reserve ratio has to be maintained on an average basis for a fortnightly period. In July 2013, the Reserve Bank of India increased the daily cash reserve requirement from a minimum of 70.0% of the required cash reserve ratio on any day of the fortnight to 99.0%, as part of measures to stabilize the movement in exchange rates. In September 2013, following stabilization in the movement in exchange rates, the daily minimum cash reserve requirement was reduced to 95.0%. In April 2016, the Reserve Bank of India reduced the requirement further to 90.0% from the fortnight beginning April 16, 2016.

Statutory Liquidity Ratio

In addition to the cash reserve ratio, a bank is required to maintain a specified percentage of its net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities. In October 2015, the Reserve Bank of India also allowed investments in sovereign gold bonds be considered in the calculation of statutory liquidity ratio. During fiscal 2017, the statutory liquidity ratio was gradually reduced with a 25 basis point reduction each quarter from 21.5% to 21.25% effective April 2, 2016, further to 21.0% effective July 9, 2016, to 20.75% effective October 1, 2016 and 20.50% from January 7, 2017. In fiscal 2018, the statutory liquidity ratio was reduced further by 50 basis points to 20.0% effective June 24, 2017 and further to 19.5% effective October 14, 2017.

Liquidity Coverage Ratio

In June 2014, the Reserve Bank of India released guidelines implementing the Basel III Framework on Liquidity Standards—Liquidity Coverage Ratio, Liquidity Risk Monitoring Tools and Liquidity Coverage Ratio Disclosure Standards. According to the guidelines, banks have to maintain a minimum liquidity coverage ratio, which is a ratio of the stock of high quality liquid assets to total net cash outflows over the next 30 calendar days under certain prescribed stressed conditions. The liquidity coverage ratio is designed to ensure that a bank maintains an adequate level of unencumbered high quality liquid assets to meet any acute liquidity requirements over a hypothetical stressed period lasting 30 days. These guidelines are applicable from January 1, 2015, starting with a minimum liquidity coverage ratio requirement of 60.0% and increasing in a phased manner to 100.0% effective from January 1, 2019.

As noted above, banks in India are already required, under Indian law and regulation, to maintain a statutory liquidity ratio at or above a prescribed percentage (currently 19.5%). The statutory liquidity ratio is calculated as the ratio of a bank's liquid assets, such as cash, gold or approved unencumbered securities (the "statutory liquidity ratio securities"), to its net demand and time liabilities. Statutory liquidity ratio securities include Indian central government securities as well as certain securities issued by Indian state governments. Further, as per guidelines issued on liquidity standards in November 2014, the Reserve Bank of India allows banks, under certain stressed conditions, to avail themselves of a special liquidity facility against certain securities classified as level one high quality liquid assets. The facility, called the Facility to Avail Liquidity for Liquidity

Coverage Ratio, is operated by the Reserve Bank of India. Access to the facility is included in a bank's liquidity coverage ratio. Although the statutory liquidity ratio is not a part of the Basel III liquidity standards, a portion of a bank's statutory liquidity ratio securities may be recognized as high quality liquid assets under the Reserve Bank of India's liquidity coverage ratio guidelines.

The Reserve Bank of India permits banks to recognize as level one high quality liquid assets under the liquidity coverage ratio, statutory liquidity ratio securities having a value of up to (i) 2.0% of a bank's net demand and time liabilities, for securities eligible for availing liquidity under the Reserve Bank of India's Marginal Standing Facility; (ii) an additional 5.0% of a bank's net demand and time liabilities, for securities eligible for availing liquidity under the Reserve Bank of India's Facility to Avail Liquidity for Liquidity Coverage Ratio and (iii) a proportion of net demand and time liabilities under the Facility to Avail Liquidity for Liquidity Coverage Ratio within the mandatory statutory liquidity ratio requirement, which was increased from 3.0% to 4.0% in July 2016, to 6.0% in June 2018 and further to 8.0% from October 1, 2018. Thus, a total of 15.0% of net demand and time liabilities comprising statutory liquidity ratio securities would be available for banks to recognize as level one high quality liquid assets. Statutory liquidity ratio securities include certain Indian state government securities that would also qualify as level one high quality liquid assets under the Reserve Bank of India guidelines, while the Basel III liquidity standards include only national sovereign securities. Banks in India generally hold a significant proportion of their statutory liquidity ratio securities in the form of investments in Indian central government securities which would qualify as level one high quality liquid assets under the Basel III standards.

From January 1, 2016 onwards, the liquidity coverage ratio standard, liquidity risk monitoring tools and liquidity coverage ratio disclosure standards are applicable to Indian banks on a consolidated basis.

Net Stable Funding Ratio (NSFR)

In May 2018, the Reserve Bank of India issued final guidelines on net stable funding ratio. The ratio promotes resilience over a longer time horizon by requiring banks to fund their activities with more stable sources on an ongoing basis. According to the guidelines, net stable funding ratio is defined as the amount of available stable funding relative to the amount of required stable funding. Banks will be required to maintain a ratio of at least 100.0% on an ongoing basis. The implementation date of the guidelines is yet to be announced by the Reserve Bank of India.

Ownership Restrictions

The Government of India regulates foreign ownership in Indian banks. The total foreign ownership in a private sector bank, like us, cannot exceed 74.0% of the paid-up capital, and shares held by foreign institutional investors under portfolio investment schemes through stock exchanges cannot exceed 49.0% of the paid-up capital.

In February 2009, the Government of India issued guidelines for calculation of total foreign investment, both direct and indirect, in Indian companies. Pursuant to this guideline, the foreign shareholding in an Indian company which is not majority-owned and controlled by Indian shareholders will be taken into account in computing the foreign shareholding in investee companies of such Indian company (other than investee companies in the insurance sector, for which there are separate specific regulations). Since foreign ownership up to 74.0% is permitted in Indian private sector banks, such as us, this would impact investments made by Indian private sector banks, including us, and their subsidiaries, in other companies. This would also require assessment of whether any of the Indian shareholders are to be reckoned for purposes of adherence to the foreign ownership limit of 74.0%. This does not, however, impact our investments in our subsidiaries.

In fiscal 2016, the Government of India introduced a composite cap for foreign investments in Indian companies, including banks, thus merging the sub-limits in terms of direct investments and portfolio investments. The overall foreign ownership limit in banks continues to be 74.0%. Further, in May 2016, the Reserve Bank of India issued revised guidelines with regard to shareholding in private sector banks. As per the guidelines:

- individual and non-financial corporate entities can have a shareholding up to 10.0% in private sector banks;
- non-diversified unlisted financial institutions can hold up to 15.0%;
- well-diversified listed financial institutions including the Government of India can hold up to 40.0%; and
- higher stake by promoters/non-promoters through capital infusion by domestic or foreign entities will require the approval of the Reserve Bank of India.

Voting rights are capped at 15.0%. However, any acquisition of shareholding/voting rights of 5.0% or more will require the prior approval of the Reserve Bank of India. See also "*Overview of the Indian Financial Sector—Structural Reforms—Report on Governance of Boards of Banks in India*."

Holding Companies

In the annual policy review for fiscal 2011, the Reserve Bank of India announced the formation of a working group, with representatives from the Government of India, various regulatory authorities and banks, to draw a roadmap for the introduction of a holding company structure. The report of the working group was released in May 2011 with key recommendations favoring a financial holding company structure for the financial sector, particularly large financial groups, with a separate regulatory framework for these holding companies.

The Reserve Bank of India, in its guidelines for new private sector banking licenses, has mandated all new banks pursuant to the issuance of such licenses, to be set up under a financial holding company structure. See also "*Overview of the Indian Financial Sector—Structural Reforms—Discussion Paper on Banking Structure*."

Restrictions on Payment of Dividends

The Banking Regulation Act requires banks to completely write off capitalized expenses and transfer 20.0% of the disclosed yearly profit to a reserve account before declaring a dividend.

Banks have to comply with the following prudential requirements to be eligible to declare dividends:

- The capital adequacy ratio is at least 9.0% for the preceding two completed years and the accounting year for which the bank proposes to declare a dividend.
- The net non-performing asset ratio is less than 7.0%.
- The Bank is in compliance with the prevailing regulations and guidelines issued by the Reserve Bank of India, including the creation of adequate provision for the impairment of assets, staff retirement benefits, transfer of profits to statutory reserves, etc.
- The proposed dividend will be paid out of the current year's profit.

- Under the Reserve Bank of India's Basel III guidelines, banks are subject to higher minimum capital requirements and must maintain a capital conservation buffer above the minimum requirements to avoid restrictions on capital distribution. The capital conservation buffer would be implemented in a phased manner beginning from March 31, 2016 and fully implemented by March 31, 2019 as prescribed by the Reserve Bank of India. The Reserve Bank of India has clarified that dividend payment by banks would be governed by the application of the above guidelines, once the capital conservation framework is in effect. In case a bank does not meet the capital adequacy norms for two consecutive years, but has a capital adequacy ratio of at least 9.0% for the accounting year for which it proposes to declare a dividend, it would be eligible to do so if its net non-performing asset ratio is less than 5.0%. Banks that are eligible to declare dividends under the above rules can do so subject to the following:

    - The dividend payout ratio (calculated as a percentage of dividend payable in a year to net profit during the year) must not exceed 40.0%. The maximum permissible dividend payout ratio would vary from bank to bank, depending on the capital adequacy ratio in each of the last three years and the net non-performing asset ratio. Banks should have a minimum capital adequacy ratio of 9.0% for three consecutive years (including the accounting year for which it proposes to declare dividend) and a net non-performing assets ratio of less than 7.0% to be eligible to declare dividends. A bank with a net non-performing assets ratio of less than 3.0% can declare a dividend of up to 35.0% if its capital adequacy ratio for three years is 11.0% or above, a dividend of 30.0% if its capital adequacy ratio is 10.0% or more and up to 25.0% if its capital adequacy ratio is 9.0% or above. A bank with a net non-performing assets ratio between 3.0% and 5.0% can declare a dividend of up to 25.0%, 20.0% and 15.0% against the three-year capital adequacy ratio of 11.0%, 10.0% and 9.0%, respectively. Similarly, a bank with a net non-performing assets ratio between 5.0% and 7.0% can declare a dividend of up to 15.0%, 10.0% and 5.0% against the three-year capital adequacy ratios of 11.0%, 10.0% and 9.0%, respectively.

    - In case the profit for the relevant period includes any extraordinary income, the payout ratio must be calculated after excluding that income for compliance with the prudential payout ratio.

    - The financial statements pertaining to the financial year for which the bank is declaring a dividend should be free of any qualification by the statutory auditors, which might have an adverse effect on the profit during that year. In case there are any such qualifications, the net profit should be suitably adjusted while computing the dividend payout ratio.

Moratorium, Reconstruction and Amalgamation of Banks

The Reserve Bank of India can apply to the Government of India for suspension of business by a banking company. The Government of India, after considering the application of the Reserve Bank of India, may order a moratorium staying commencement of action or proceedings against such company for a maximum period of six months. During such period of moratorium, the Reserve Bank of India may (a) in the public interest; (b) in the interest of the depositors; (c) in order to secure the proper management of the bank; or (d) in the interests of the banking system of the country as a whole, prepare a scheme for the reconstruction of the bank or merger of the bank with any other bank. In circumstances entailing reconstruction of the bank or merger of the bank with another bank, the Reserve Bank of India invites suggestions and objections on the draft scheme prior to placing the scheme before the Government of India for its approval. The Indian central government may approve the scheme with or without modifications. The law does not require consent of the shareholders or creditors of such banks. The Reserve Bank of India has consolidated all regulations relating to amalgamation of private sector banks in the Master Direction—Amalgamation of Private Sector Banks, Directions, 2016.

Regulations on Amalgamation between Private Sector Banks and between Banks and Non-banking Finance Companies

In April 2016, the Reserve Bank of India issued revised guidelines on amalgamation between private sector banks and between banks and non-banking finance companies. The guidelines particularly emphasize the examination of the rationale for mergers, the systemic benefits arising from it and the advantages accruing to the merged entity. With respect to a merger between two private sector banks, the guidelines require the draft scheme of merger to be approved by the shareholders of both banks with a two-thirds majority after approval by the boards of directors of the two banks concerned. The draft scheme should also consider the impact of the merger on the valuation, profitability and capital adequacy ratio of the amalgamating bank and verify that the reconstituted board conforms to the Reserve Bank of India norms. The approved scheme needs to be submitted to the Reserve Bank of India for valuation and approval in accordance with the Banking Regulation Act, along with other documentation such as the draft document of proposed merger, copies of all relevant notices and certificates, swap ratio, share prices, etc. With respect to a merger of a bank and a non-banking company, where the non-banking company is proposed to be amalgamated with the bank, the banking company has to obtain the approval of the Reserve Bank of India after the scheme of amalgamation is approved by its Board and the Board of the non-banking finance company, but before it is submitted to the tribunal for approval. See also "*—Other Statutes—Competition Act*."

Credit Information Bureaus

The Parliament of India has enacted the Credit Information Companies (Regulation) Act, 2005, pursuant to which every credit institution, including a bank, has to become a member of a credit information bureau and furnish to it such credit information as may be required of the credit institution by the credit information bureau about individuals or groups who enjoy a credit relationship with it. Other credit institutions, credit information bureaus and such other persons as the Reserve Bank of India specifies may access such disclosed credit information. The Reserve Bank of India is also seeking to strengthen the coverage and use of credit information and had set up a committee in this regard. The committee submitted its recommendations in March 2014 and recommendations included standardized data formats, for furnishing of credit information to credit information companies, common classification of credit scores and best practices to be followed by credit information companies. In June 2014, some of the recommendations were accepted by the Reserve Bank of India and guidelines were issued in this respect. Recently, in June 2016, the Reserve Bank of India issued guidelines requiring banks to share information on investments in commercial paper and unhedged foreign currency exposures of borrowers to the credit information companies.

Financial Stability and Development Council and Financial Sector Legislative Reforms Commission

The Government of India set up an apex-level body called the Financial Stability and Development Council in fiscal 2011. This is an independent body that oversees regulation and strengthens mechanisms for maintaining financial stability. The institution monitors macro-prudential supervision of the economy and the functioning of large financial conglomerates, addresses inter-regulatory coordination issues and focuses on financial literacy and financial inclusion activities. The Government of India has also set up a Financial Sector Legislative Reforms Commission to review the financial sector laws and to bring them in line with the requirements of the sector. The commission submitted its report in March 2013 and has proposed an Indian Financial Code that consolidates different laws governing the financial sector. The framework incorporates components like consumer protection, regulation, capital controls, systemic risk and resolution. The Code also proposed the transition to a regulatory system where the Reserve Bank of India regulates the banking and payments system and of a Unified Financial Agency subsuming all other existing financial sector regulators like the Insurance Regulatory Development Authority of India and the Securities and Exchange Board of India.

In August 2010, the parliament passed the Securities and Insurance Laws (Amendment and Validation) Bill, 2010, which provides a mechanism to settle disputes between regulators. A committee chaired by the Finance Minister, with the governor of the Reserve Bank of India as vice chairperson and chairpersons of the Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Pension Fund Regulatory of India and Development Authority and secretaries of the Department of Economic Affairs and Department of Financial Services would make the final decision on such disputes.

Resolution Regime for Financial Institutions

The Financial Stability and Development Council constituted a high level working group to consider the strengthening of the resolution regime for financial institutions. The working group submitted its report in May 2014. Some key recommendations of the group include setting up of an independent Financial Resolution Authority which would be responsible for implementation of the resolution framework in coordination with respective financial sector regulators. The financial resolution framework should be legally enforceable and extend to all financial institutions including banks, non-banks and financial conglomerates. The framework identifies a set of tools like liquidation, purchase and assumption, and bail-in which involve converting existing creditors into shareholders, temporary public ownership, etc. The resolution framework should avoid use of taxpayers' money and ensure imposition of losses to shareholders and unsecured creditors. In case of financial institutions under distress and deemed to be systemically important, the Government of India taking control of the financial institution can be a last option for resolution when all other options fail. In the Union Budget for fiscal 2017, the Government of India had indicated that a comprehensive Code on Resolution of Financial Firms will be introduced as a bill in Parliament. In this regard, the Financial Resolution and Deposit Insurance Bill, 2017 was introduced in parliament in August 2017 to provide a system for quick, orderly and efficient resolution of financial firms in favor of depositors. This code provides a specialized resolution mechanism to deal with bankruptcy situations in banks, insurance companies, and financial sector entities. The Bill was withdrawn in 2018.

Prompt Corrective Action by the Reserve Bank of India

In December 2002, the Reserve Bank of India had issued guidelines with regard to structured action to be taken on banks that hit specified triggers in terms of capital adequacy ratio, net non-performing assets and return on assets. Structured actions by the Reserve Bank of India could include restriction on banks in increasing their risk-weighted assets, making dividend payments and expanding into new businesses.

The Reserve Bank of India revised the Prompt Corrective Action framework for banks effective from April 1, 2017. As per the revised guidelines, a bank may be placed under the framework at any point in time, if it is found to breach any of the parameters prescribed. The key criteria for invocation of the prompt correct action include (i) falling below a capital adequacy ratio of 10.25% and/or below a common equity Tier 1 ratio of 6.75%, (ii) exceeding net non-performing asset ratio of 6.0%, (iii) negative return on assets for two consecutive years, or (iv) a leverage ratio of below 4.0%. Depending upon the extent of breach, the bank may be classified into three risk thresholds and will be accordingly restricted from business expansion and will be required to take mandatory action for resolution. A bank breaching the risk threshold where the common equity Tier 1 falls below 3.625% could be considered for resolution through tools like amalgamation, reconstruction and winding-up. In fiscal 2018, eleven public sector banks were under the prompt correct action of the Reserve Bank of India mainly due to impairment in asset quality.

Regulations Governing Use of Business Correspondents

To increase the outreach of banking and promote greater financial inclusion, in January 2006 the Reserve Bank of India issued guidelines for the engagement of business correspondents by banks providing banking and financial services. Business correspondents are agents engaged by banks to provide banking services at locations other than a bank branch. Business correspondents offer a limited range of banking services at low cost, as setting up a brick and mortar branch may not be viable in all areas. Banks are required to take full responsibility for the acts of omission and commission of the business correspondents that they engage and to conduct due diligence for minimizing agency risks. When the business correspondent model was introduced in January 2006, the entities permitted to act as business correspondents included individuals such as retired bank employees, retired teachers, individual owners of small, independent grocery stores, medical and fair price shops and certain other individuals. The non-individual entities included non-government organizations or microfinance institutions set up under societies/trust acts, societies registered under mutually aided cooperative societies acts of various states, or the Cooperative Societies Acts of various states, not-for-profit companies and post offices. From September 2010, banks are also allowed to engage companies with large and widespread retail outlets and registered under the Companies Act, excluding non-banking financial companies, as business correspondents in addition to the individuals/entities permitted earlier. In June 2014, the Reserve Bank of India also permitted non-deposit taking non-banking financial companies to be appointed as business correspondents. Further, with a view to scale up the business correspondent channel, the Reserve Bank of India has issued guidelines in April 2014 requiring the board of banks to review the operations and payment of remuneration to business correspondents at least once every six months. In its monetary policy statement announced in April 2016, the Reserve Bank of India has proposed to create a registry of business correspondents.

Regulations Governing Mobile Banking

The Reserve Bank of India has permitted Indian banks to offer mobile banking services to their customers. These services are available only for Indian rupee-based transactions in the domestic market. Transactions involving a debit to the customer's account should have a two-level authentication to execute the transaction. In December 2014, the Reserve Bank of India issued guidelines requiring banks to provide easy registration for mobile banking services, including generation of the personal identification number ("PIN") through multiple channels. In December 2015, the Reserve Bank of India required banks participating in the National Financial Switch to enable the capability of customer registration for mobile banking at all their ATMs by March 31, 2016.

Regulations Governing Prepaid Payment Instruments

In October 2017, following a review of the existing instructions on prepaid payment instruments, the Reserve Bank of India issued master directions on issuance and operation of prepaid payment instruments. These instruments can be issued by banks and non-bank entities only after obtaining prior approval from the Reserve Bank of India. Issuers are required to have Board approved policy for issuance of various types/categories of prepaid instruments, engaging agents, co-branding arrangement, re-validation of gift instruments and all related activities. Semi-closed prepaid instruments up to Rs. 10,000 can be issued by accepting minimum details and are required to be converted into know your customer compliant prepaid payment instruments within 12 months from the date of issuance. Prepaid Payment Instruments up to Rs. 100,000 (open and semi-closed) can be issued after completing know your customer of the pre-paid instrument holder. Gift instrument can be issued up to a maximum value of Rs. 10,000. Prepaid Payment Instruments shall necessarily have additional factor of authentication. The aspects of co-branded prepaid instruments, fraud prevention, customer protection, grievance handling and information system audit are also highlighted in the directions.

Income Computation and Disclosure Standards

In March 2015, the Central Board of Direct Taxes notified the Income Computation and Disclosure Standards ("ICDS") which provides guidelines for computation of taxable income. These guidelines are not for the purpose of maintaining our books of accounts. These guidelines are applicable to all taxpayers, including us, that follow the accrual system of accounting for the purpose of computation of income. In case there is a conflict between the provisions of the Income Tax Act, 1961 (the "Indian Income Tax Act") and the income computation and disclosure standards prescribed by the tax authority, the provisions of the Indian Income Tax Act shall prevail. The broad areas covered by the guidelines issued by the tax authority include valuation of inventories, construction contracts, revenue recognition, tangible fixed assets, effects of changes in foreign exchange rates, government grants, securities, borrowing costs, contingent liabilities and assets, and relating to accounting policies. These guidelines were applicable from April 1, 2016.

Requirements of the Banking Regulation Act

Prohibited Business

The Banking Regulation Act specifies the business activities in which a bank may engage. Banks are prohibited from engaging in business activities other than the specified activities.

Reserve Fund

Any bank incorporated in India is required to create a reserve fund to which it must transfer not less than 25.0% of the profits of each year before dividends. If there is an appropriation from this account, the bank is required to report the same to the Reserve Bank of India within 21 days, explaining the circumstances leading to such appropriation. The Government of India may, on the recommendation of the Reserve Bank of India, exempt a bank from requirements relating to its reserve fund.

Restriction on Share Capital and Voting Rights

Banks can issue only ordinary shares. The Banking Regulation Act currently specifies that no shareholder in a banking company can exercise voting rights on poll in excess of 15.0% of total voting rights of all the shareholders of the banking company.

In 2006, the Indian Parliament amended the laws governing India's public sector banks permitting these banks to issue preference shares and make preferential allotments or private placements of equity. According to current provisions private sector banks in India are not permitted to issue preference shares. Legislation has been introduced in the Parliament to amend the Banking Regulation Act to allow all banks to issue redeemable and non-redeemable preference shares. Prior to the merger, ICICI had preference share capital of Rs. 3.5 billion which was redeemed in fiscal 2018. The Government of India, on the recommendation of the Reserve Bank of India, had granted us an exemption which allowed the inclusion of preference capital in our capital structure until the maturity of these shares.

An amendment to the Banking Regulation Act in fiscal 2013 has increased the voting rights cap from 10.0% to 26.0% in a phased manner, subject to notification by the Reserve Bank of India. The Reserve Bank of India has notified a voting rights cap of 15.0%. See also "*Overview of the Indian Financial Sector—Structural Reforms—Amendments to the Banking Regulation Act*."

In November 2015, the Reserve Bank of India clarified that prior approval will be required for acquisition of shares or voting rights of 5.0% or more in private sector banks. Shareholders having 5.0% or more of the paid-up share capital of a private bank would have to give an annual declaration to the bank on their 'fit and proper' status. Approval of the Reserve Bank of India will not be required in case of fresh acquisitions by an existing major shareholder up to an aggregate holding of 10.0%.

Regulatory Reporting and Examination Procedures

The Reserve Bank of India is responsible for supervising the Indian banking system under various provisions of the Banking Regulation Act, 1949 and the Reserve Bank of India Act, 1934. This responsibility is discharged by the Reserve Bank of India's Department of Banking Supervision for all scheduled commercial banks excluding regional rural banks. The supervision framework is evolving over a period of time and the Reserve Bank of India has been progressively moving in line with Basel "Core Principles for Effective Banking Supervision". The existing supervisory framework has been modified towards establishing a risk based supervision framework.

This framework is intended to make the supervisory process for banks more efficient and effective, with the Reserve Bank of India applying differentiated supervision to each bank based on its risk profile. A detailed qualitative and quantitative assessment of the bank's risk is conducted by the supervisor on an ongoing basis and a Risk Assessment Report is issued by the Reserve Bank of India. The Reserve Bank of India has designated a senior supervisory manager for the banks under this framework who will be the single point of contact for a designated bank.

We have been subject to supervision under this framework since fiscal 2013. The Reserve Bank of India also discusses the report with our management team, including the Chairman of the Bank, the Chairman of the Audit Committee, and the Managing Director and CEO. The risk assessment report, along with the report on actions taken by us, has to be placed before our Board of Directors. On approval by our board of directors, we are required to submit the report on actions taken by us to the Reserve Bank of India. See also, "*—Loan Loss Provisions and Non-Performing Assets—Asset classification*."

Appointment and Remuneration of the Chairman, Managing Director and Other Directors

We are required to obtain prior approval of the Reserve Bank of India before we appoint our chairman, managing director and any other executive directors and fix their remuneration. The Reserve Bank of India is authorized to remove an appointee from the posts of chairman, managing director and other executive directors on the grounds of public interest, interest of depositors or to ensure our proper management. Further, the Reserve Bank of India may order meetings of our Board of Directors to discuss any matter in relation to us, appoint observers to such meetings and in general may make such changes to the management as it may deem necessary and may also order the convening of a general meeting of our shareholders to elect new directors. We cannot appoint as a director any person who is a director of another banking company. The Reserve Bank of India has issued guidelines on "fit and proper" criteria for directors of banks. Our directors must satisfy the requirements of these guidelines.

On January 13, 2012, the Reserve Bank of India issued guidelines on the full-time of wholetime directors/chief executive officers/risk takers and control function staff of private sector and foreign banks operating in India. The guidelines include principles for effective governance of compensation, alignment of compensation with risk taking and effective supervisory oversight and engagement by stakeholders.

On June 1, 2015, the Reserve Bank of India issued guidelines on 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 commission, subject to the bank making profits. Such compensation should not exceed Rs. 1 million per annum for each director. Further, private sector banks have to obtain prior approval of the Reserve Bank of India for granting remuneration to the part-time, non-executive chairman under Section 10B(1A)(i) and 35B of the Banking Regulation Act, 1949.

In May 2017, the Reserve Bank of India issued guidelines on minimum qualifications and experience required while inviting application for the position of Chief Financial Officer and Chief Technology Officer in banks.

Penalties

The Reserve Bank of India may impose penalties on banks and their employees in case of infringement of regulations under the Banking Regulation Act. The penalty may be a fixed amount or may be related to the amount involved in any contravention of the regulations. The penalty may also include imprisonment.

Assets to be Maintained in India

Every bank is required to ensure that its assets in India (including import-export bills drawn in India and the Reserve Bank of India approved securities, even if the bills and the securities are held outside India) are not less than 75.0% of its demand and time liabilities in India.

Restriction on Creation of Floating Charge

Prior approval of the Reserve Bank of India is required for creating floating charge on our undertaking or property. Currently, all of our borrowings, including bonds, are unsecured.

Maintenance of Records

Banks are required to maintain books, records and registers. The Banking Regulation Act specifically requires banks to maintain books and records in a particular manner and file the same with the Registrar of Companies on a periodic basis. The provisions for production of documents and availability of records for inspection by shareholders as stipulated under the Companies Act and the rules thereunder would apply to us as in the case of any company. The Know Your Customer Guidelines framed by the Reserve Bank of India also provide for certain records to be updated at regular intervals. As per the Prevention of Money Laundering Act, 2002, records of a transaction are to be preserved for five years (changed from 10 years to five years in February 2013) from the date of the transaction between a customer and the bank. The Know-Your-Customer records are required to be preserved for a period of five years from the date of cessation of relationship with the customer. The Banking Companies (Period of Preservation of Records) Rules, 1985 requires such records to be preserved for eight years. The Banking Companies (Period of Preservation of Records) Rules, 1985 requires a bank's records of books, accounts and other documents relating to stock and share registers to be maintained for a period of eight years.

In April 2018, the Reserve Bank of India has advised system providers to ensure that data relating to payment systems operated by them are stored only in a system located in India. The data should include the full end-to-end transaction details/information collected/carried/processed as part of the message/payment instruction. For the foreign leg of the transaction, if any, the data can also be stored in the foreign country, if required. The Reserve Bank of India has advised system providers to ensure compliance within a period of six months and report compliance by October 15, 2018.

Other Statutes

Companies Act

Companies in India, including banks, in addition to the sector-specific statutes and the regulations and guidelines prescribed by the sectoral regulators, were required to comply with relevant provisions of the Companies Act 1956. In 2013, the Indian Parliament enacted the new Companies Act, including, among other things, provisions to make independent directors more accountable, improve corporate governance practices and make corporate social responsibility mandatory for companies above a certain size and require them to spend a minimum of 2.0% of the average net profits of the preceding three years for corporate social responsibility initiatives. Any shortfall in this regard is required to be explained in the annual report.

Competition Act

The Competition Act 2002 established the Competition Commission of India with the objective of promoting competition, preventing unfair trade practices and protecting the interest of consumers. The Competition Act, 2002 prohibits anti-competitive agreements and abuse of market dominance, and requires the approval of the Competition Commission for mergers and acquisitions involving companies above a certain size. Further, the Competition (Amendment) Bill 2012, to amend the Competition Act 2002, was introduced in the lower house of Parliament in December 2012. The Bill aimed to widen the scope from the enterprise level to the group level in identifying abuse of dominance, give the Government of India the flexibility to specify thresholds for mergers to be regulated under such Act, and make it mandatory for sector-specific regulators to take the views of the Competition Commission of India on mergers and acquisitions in their respective sectors. The bill was later referred to the Standing Committee on Finance, which submitted its report in February 2014. The bill has since lapsed following the dissolution of the Parliament in May 2014 and has not been reintroduced so far by the new Government of India.

Secrecy Obligations

Our obligations relating to maintaining secrecy arise out of common law principles governing our relationship with our customers. We cannot disclose any information to third parties except under clearly defined circumstances. The following are the exceptions to this general rule:

- where disclosure is required to be made under any law;
- where there is an obligation to disclose to the public;
- where we need to disclose information in its interest; and
- where disclosure is made with the express or implied consent of the customer.

We are also required to disclose information if ordered to do so by a court. The Reserve Bank of India may, in the public interest, publish the information obtained from the bank. Under the provisions of the Banker's Books Evidence Act, a copy of any entry in a bankers' book, such as ledgers, day books, cash books and account books certified by an officer of the bank may be treated as prima facie evidence of the transaction in any legal proceeding.

Regulations Governing Offshore Banking Units

The Government of India and the Reserve Bank of India have permitted banks to set up offshore banking units in Special Economic Zones, which are specially delineated duty-free enclaves deemed to be foreign territory for the purpose of trade operations, duties and tariffs. We have an offshore banking unit located in the Santacruz Electronic Exports Promotion Zone, Mumbai. The key regulations applicable to offshore banking units include, but are not limited to, the following:

- Offshore banking units are required to adopt liquidity and interest rate risk management policies prescribed by the Reserve Bank of India in respect of overseas branches of Indian banks as well as within the overall risk management and asset and liability management framework of the bank subject to monitoring by the bank's board of directors at prescribed intervals. Further, the bank's board would be required to set comprehensive overnight limits for each currency for these branches, which would be separate from the open position limit of the parent bank.
    - Offshore banking units may raise funds in convertible foreign currency as deposits and borrowings from non-residents including non-resident Indians but excluding overseas corporate bodies.

  - Offshore banking units may operate and maintain balance sheets only in foreign currency.

  - The loans and advances of offshore banking units would not be reckoned as net bank credit for computing priority sector-lending obligations.

  - Offshore banking units must follow the Know Your Customer guidelines and must be able to establish the identity and address of the participants in a transaction, the legal capacity of the participants and the identity of the beneficial owner of the funds.

- The Special Economic Zone Act, 2005 permitted offshore banking units to additionally undertake the following activities:

  - lend outside India and take part in international syndications/consortiums on par with foreign offices;

  - invest in foreign currency denominated debt of Indian units; and

  - extend facilities to subsidiaries/units of Indian entities, located outside India.

Regulations Governing Banking Units in International Financial Services Centers in India

In March 2015, the Reserve Bank of India issued guidelines relating to Indian banks setting up banking units in International Financial Services Centers in India. According to the guidelines, public and private sector banks dealing in foreign exchange would be permitted to set up one banking unit in each international financial services center in India. Banks will have to take prior approval of the Reserve Bank of India for opening a banking unit, and this will be treated on par with a foreign branch of an Indian bank. The minimum capital requirement for these banking units would be US$20 million. Funds raised by the banking units, including borrowings in foreign currency, would have to be from persons not resident in India. Deployment of funds can be with both person's resident in India as well as not resident in India. However, deployment of funds with person's resident in India shall be subject to the provisions of Foreign Exchange Management Act, 1999. Liabilities of these units would be exempted from cash reserve ratio and the statutory liquidity ratio requirements of the Reserve Bank of India. The banking units will have to maintain the minimum regulatory capital as prescribed by the Reserve Bank of India and prudential norms applicable to overseas branches of Indian banks would apply to these banking units. The banking units would operate and maintain their balance sheet only in foreign currency and will not be allowed to deal in Indian rupees, except having a special rupee account for administrative expenses. The loans and advances of these banking units would not be reckoned for priority sector lending requirements.

In April 2017, the Reserve Bank of India issued guidelines permitting banking units in International Financial Services Centers to undertake derivative transactions including transacting structured products, becoming a member of an exchange in the interest rate and currency derivative segments, becoming a professional clearing member for clearing and settlement in the derivatives segment, and maintaining special non-resident rupee accounts with a bank in India for handling its administrative expenses.

In May 2018, the Reserve Bank of India modified the guidelines and provided that the parent bank would be required to provide a minimum capital of US$20 million or equivalent in any foreign currency to its international banking units which should be maintained at all times on an on-going basis at the parent level.

Consolidated Supervision Guidelines

In fiscal 2003, the Reserve Bank of India issued guidelines for consolidated accounting and consolidated supervision for banks. These guidelines became effective April 1, 2003. The principal features of these guidelines are:

Consolidated Financial Statements: Banks are required to prepare consolidated financial statements intended for public disclosure.

Consolidated Prudential Returns: Banks are required to submit to the Reserve Bank of India consolidated prudential returns reporting their compliance with various prudential norms on a consolidated basis, excluding insurance subsidiaries and group companies engaged in businesses not pertaining to financial services. Compliance on a consolidated basis is required in respect of the following main prudential norms:

- single borrower exposure limit of 15.0% of capital funds (20.0% of capital funds, provided that the additional exposure of up to 5.0% is for the purpose of financing infrastructure projects);

- borrower group exposure limit of 40.0% of capital funds (50.0% of capital funds, provided that the additional exposure of up to 10.0% is for the purpose of financing infrastructure projects);

- deduction from Tier 1 capital of the bank of any shortfall in capital adequacy of a subsidiary for which capital adequacy norms are specified; and

- consolidated capital market exposure limit of 40.0% of consolidated net worth with a direct investment limit of 20.0% of consolidated net worth.

See also "Description of ICICI Bank—Loan Portfolio—Loan Concentration."

In June 2004, the Reserve Bank of India published the report of a working group on the monitoring of financial conglomerates, which proposed the following framework:

- identification of financial conglomerates that would be subjected to focused regulatory oversight;

- monitoring intra-group transactions and exposures and large exposures of the group to outside counter parties;

- identifying a designated entity within each group that would collate data in respect of all other group entities and furnish the same to its regulator; and

- formalizing a mechanism for inter-regulatory exchange of information.

The framework covers entities under the jurisdiction of the Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority of India and the National Housing Bank and would in due course be extended to entities regulated by the proposed Pension Fund Regulatory and Development Authority. The Reserve Bank of India has identified us and our related entities as a financial conglomerate with ICICI Bank as the designated entity responsible for reporting to the Reserve Bank of India.

In March 2013, financial sector regulators the Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority of India and the Pension Fund Regulatory and Development Authority, signed a memorandum of understanding to cooperate in the field of consolidated supervision and monitoring of financial conglomerates.

Regulations and Guidelines of the Securities and Exchange Board of India

The Securities and Exchange Board of India was established to protect the interests of public investors in securities and to promote the development of and to regulate the Indian securities market. We and our subsidiaries and affiliates are subject to the Securities and Exchange Board of India regulations for public capital issuances, private placements as well as underwriting, custodian, depositary participant, investment advisory, private equity, broking, asset management, banker to the issue and debenture trusteeship activities. These regulations provide for our registration with the Securities and Exchange Board of India for each of these activities, functions and responsibilities. We and our subsidiaries are required to adhere to codes of conduct applicable for these activities.

Special Status of Banks in India

The special status of banks is recognized under various statutes including the Recovery of Debts Due to Banks and Financial Institutions Act, 1993, and the SARFAESI Act. As a bank, we are entitled to certain benefits under various statutes including the following:

- The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 provides for establishment of Debt Recovery Tribunals for expeditious adjudication and recovery of debts due to any bank or Public Financial Institution or to a consortium of banks and Public Financial Institutions. Under this Act, the procedures for recoveries of debt have been simplified and time frames have been fixed for speedy disposal of cases. Upon establishment of the Debt Recovery Tribunal, no court or other authority can exercise jurisdiction in relation to matters covered by this Act, except the higher courts in India in certain circumstances.

- The Sick Industrial Companies Act, 1985, ("SICA"), provides for referral of sick industrial companies to the Board for Industrial and Financial Reconstruction. Under this Act, other than the Board of Directors of a company, a scheduled bank (where it has an interest in the sick industrial company by any financial assistance or obligation, rendered by it or undertaken by it) may refer the company to the Board of Industrial and Financial Reconstruction ("BIFR"). The SICA has been repealed by the Sick Industrial Companies (Special Provisions) Repeal Act, 2004 (the "SICA Repeal Act"). The SICA Repeal Act is effective from December 1, 2016. On the repeal, the provisions of the Companies Act are applicable in relation to "sick" companies, under which the reference must be made to the National Company Law Tribunal.

- The SARFAESI Act focuses on improving the rights of banks and financial institutions and other specified secured creditors as well as asset reconstruction companies by providing that such secured creditors can take over management control of a borrower company upon default and/or sell assets without the intervention of courts, in accordance with the provisions of the SARFAESI Act.

Income Tax Benefits

As a banking company, the Bank is entitled to certain tax benefits under the Indian Income Tax Act. We are allowed a deduction of up to 20.0% of the profits derived from the business of providing long-term finance (defined as loans and advances extended for a period of not less than five years) computed in the manner specified under the Indian Income Tax Act and carried to a Special Reserve Account. The deduction is allowed subject to the aggregate of the amounts transferred to the Special

Reserve Account for this purpose from time to time not exceeding twice our paid-up share capital and general reserves. The amount withdrawn from such a Special Reserve Account would be chargeable to income tax in the year of withdrawal, in accordance with the provisions of the Indian Income Tax Act. In accordance with the guidelines issued by the Reserve Bank of India in December 2013, banks are required to create deferred tax liability on the special reserve on a prudent basis. The deferred tax liability up to March 31, 2013 was permitted to be directly adjusted through reserves and from fiscal year ended March 31, 2014 onwards to be charged through the profit and loss account. In India, while computing taxable income, provision on non-performing loans is allowed as a deduction from income only up to 8.5% of the total income and 10.0% of the aggregate average advances made by the rural branches of the bank. The balance of the provisions, which comprises a significant majority of the provision, is allowed as a deduction from the taxable income at the time of write-off of the loans.

Regulations Governing Insurance Companies

ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company, our subsidiaries offering life insurance and non-life insurance, respectively, are subject to the provisions of the Insurance Act, 1938 and subsequent rules and amendments notified, and the various regulations prescribed by the Insurance Regulatory and Development Authority of India. These regulations regulate and govern, among other things, registration as an insurance company, investment, solvency margin requirements, licensing of insurance agents, advertising, sale and distribution of insurance products and services and protection of policyholders' interests.

In March 2015, the Insurance Laws (Amendment) Act, 2015, was enacted, which, inter alia, raised the foreign shareholding limit in insurance companies from 26.0% to 49.0%, while requiring the companies to be Indian-owned and controlled. The amendment also eliminated the earlier policy requiring promoters to reduce their stake to 26.0% after completion of 10 years of operations.

The Insurance Regulatory and Development Authority of India periodically issues guidelines pertaining to life insurance business. In fiscal 2011, the Insurance Regulatory and Development Authority of India changed the regulations relating to unit-linked life insurance products. Subsequently, the Insurance Regulatory and Development Authority of India also issued revised regulations relating to non-linked life insurance products, which became effective during fiscal 2014. The key changes are related to commissions payable to agents and distributors, lapse of policies, surrender values and minimum death benefits. 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.

In fiscal 2007, the general insurance industry in India was de-tariffed and insurance premiums were freed from price controls. Further, in accordance with the Insurance Regulatory and Development Authority's order dated March 12, 2011, all general insurance companies in India were required to provide for losses on the third-party motor pool (a multilateral arrangement for insurance in respect of third-party claims against commercial vehicles, the results of which are shared by all general insurance companies in proportion to their overall market share) at a provisional rate of 153.0% from fiscal 2008 to fiscal 2011, as compared to the earlier loss rate of 122.0% to 127.0%. This upward revision of the loss rates for the previous years impacted the profitability of the general insurance companies for fiscal 2012. Insurance Regulatory and Development Authority of India relaxed the solvency requirement for insurers to 1.3 at March 2012 and 1.4 at March 2013. The solvency margin required at March 2014 and at all times thereafter is 1.5.

Under the Insurance Laws (Amendment) Act, 2015 and regulations issued by the Insurance Regulatory and Development Authority of India, any increase in the shareholding of any investor in an insurance company beyond 5.0%, and any transfer of shareholding in excess of 1.0%, requires the prior approval of the Insurance Regulatory and Development Authority of India. Further, the Insurance Regulatory and Development Authority of India has issued guidelines for listed insurance companies.

The guidelines, among other things, propose self-certification of fit and proper criteria by a person intending to acquire equity shares of an insurer amounting to 1.0% or more, but less than 5.0%, of the paid up equity share capital of the insurer, which shall be considered as a deemed approval by the Insurance Regulatory and Development Authority of India.

In fiscal 2017, the Insurance Regulatory and Development Authority of India issued revised corporate governance guidelines. The governance framework includes the board of directors, key management personnel, constitution of various committees such as the policyholder protection committee, defines the role of appointed actuaries, appointment of auditors and relationship with stakeholders. The Insurance Regulatory and Development Authority also issued regulations on the payment of commissions and rewards to agents and insurance intermediaries. The regulations lay down the maximum commission and reward payable for different lines of business. Regulations on management expenses (all expenses in the nature of operating expenses including commission, remuneration to the insurance agents, intermediaries and insurance intermediaries) have also been released. It suggests limiting management expenses separately for different lines of business and lays down the maximum limit for the same. The Authority also issued guidelines on insurance e-commerce allowing an insurer or an insurance intermediary to set up an electronic platform for online sales and servicing. The Authority also introduced a new category of distribution channels through guidelines on point of sales person/product requiring minimal educational qualification to sell simple insurance products as permitted in the guidelines.

In July 2016, the Insurance Regulatory and Development Authority of India issued revised regulations pertaining to health insurance, the IRDAI (Health Insurance) Regulations 2016 (Health Regulations 2016), replacing the Health Regulations 2013. The Insurance Regulatory and Development Authority of India also replaced the Standardization Guidelines 2013 with the Guidelines on Standardization in Health Insurance of July 29, 2016 (Standardization Guidelines 2016) and the Guidelines on Product Filing in Health Insurance Business of July 29, 2016 (Product Filing Guidelines). Some important changes brought about by the regulations include allowing insurance companies to offer plans that are a mix of any life (earlier only term plan) and health plan, allowing cumulative bonus in benefit plans, offering wellness benefits, permitting insurers to launch pilot products, providing independence and flexibility in the format of standard declarations and disallowing life insurers to offer indemnity-based products.

The Government of India along with the Insurance Regulatory and Development Authority of India has taken initiatives to increase insurance penetration. The distribution channels have been liberalized especially in the licensing of insurance agents and the authorizing point-of-sale persons and insurance marketing firms to undertake insurance-related activities. In line with the Government of India's initiative for promoting digital transactions, the Insurance Regulatory and Development Authority of India has laid down guidelines for electronic issuance of policies and using e-commerce for insurance transactions. Foreign reinsurers and Lloyds of London have been permitted to open branch offices in India with the aim of developing the domestic reinsurance market and augmenting the risk-taking capacity of insurers.

Regulations Governing Mutual Funds

ICICI Prudential Asset Management Company, our asset management subsidiary, is subject to provisions of the Securities and Exchange Board of India (Mutual Fund) Regulations 1996, as amended from time to time. These regulations regulate and govern, among other things, registration as a mutual fund, restrictions on business activities of an asset management company, process for launching of mutual fund schemes, investment objectives and valuation policies and pricing. In June 2009, the Securities and Exchange Board of India issued guidelines stating that mutual funds could not charge any entry load to investors investing in mutual fund schemes. In August 2009, the Securities and Exchange Board of India issued guidelines directing mutual funds to ensure parity of exit loads charged across various unit holder groups.

From fiscal 2015, the tax on long-term capital gains was increased from 10.0% to 20.0% on redemption of debt mutual fund units. The period for defining long-term was also revised from 12 months to 36 months. Further, in March 2015, the Association of Mutual Funds of India introduced a cap of 100 basis points on upfront commission for all mutual fund schemes. This is effective from April 1, 2015. In the Union Budget for fiscal 2019, the Government of India introduced a tax on distributed income by equity oriented mutual funds at the rate of 10.0%.

In February 2017, the Securities and Exchange Board of India permitted mutual funds to invest in the units of Infrastructure Investment Trust and Real Estate Investment Trust. As per the guidelines, a mutual fund cannot own more than 10.0% of units issued by a single issuer and a mutual fund scheme shall not invest more than 10.0% of its net asset value in the units of Infrastructure Investment Trust and Real Estate Investment Trust. Correspondingly, a mutual fund scheme cannot invest more than 5.0% of its net asset value in the units of Infrastructure Investment Trust and Real Estate Investment Trust issued by a single issuer.

Regulations Governing International Operations

Our international operations are governed by regulations in the countries in which we have a presence. Further, the Reserve Bank of India has notified that foreign branches or subsidiaries of Indian banks can offer structured financial and derivative products, which are not permitted in the domestic market, only at established financial centers outside India, such as New York, London and Singapore. At other centers, the branches and subsidiaries of Indian banks can only offer those products permissible in the domestic market. For undertaking activities not permitted in the domestic market at these centers, banks will have to obtain approval from the Reserve Bank of India.

Overseas Banking Subsidiaries

Our wholly owned subsidiary in the United Kingdom, ICICI Bank UK PLC, is authorized and regulated by the Prudential Regulation Authority and Financial Conduct Authority. The UK subsidiary has established a branch in Antwerp, Belgium and in Frankfurt, Germany under the European Union Passporting arrangement.

Our wholly owned subsidiary in Canada, ICICI Bank Canada (a Schedule II Bank in Canada), is regulated by the Office of the Superintendent of Financial Institutions, which provided it with an order to commence and carry on business on November 25, 2003.

Offshore Branches

The Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, as amended, and rules issued thereunder, permit a branch located outside India of a bank incorporated or constituted in India to borrow in foreign currency in the normal course of its banking business outside India, subject to the directions or guidelines issued by the Reserve Bank of India from time to time and the regulatory authority of the country where the branch is located.

Our Singapore branch is currently engaged in corporate and institutional banking, private banking, retail banking and treasury-related activities. In April 2010, the Monetary Authority of Singapore granted the Singapore branch Qualified Full Banking privileges which entitled us to take retail deposits. In Bahrain, we have a retail branch, regulated by the Central Bank of Bahrain. The Bahrain branch is permitted to transact banking business with approved financial institutions within Bahrain, individuals or institutions outside Bahrain. It is also permitted to offer banking services to non-resident Indians in Bahrain. Our branch in Hong Kong is regulated by the Hong Kong Monetary Authority and is permitted to undertake banking business with certain restrictions. Our branch in Sri Lanka is regulated by the Central Bank of Sri Lanka. Our branch in the Dubai International Financial Centre is regulated by the Dubai Financial Services Authority and is licensed to engage with professional clients in or from the Dubai International Financial Centre (“DIFC”). The Qatar Financial

Centre Regulatory Authority regulates our branch in Qatar Financial Centre. Our branch in New York is regulated by the Federal Reserve Board and the Office of the Comptroller of the Currency. Our branch in China is regulated by the China Banking Regulatory Commission and the branch in South Africa is regulated by the South Africa Reserve Bank. In addition, we also have an Offshore Banking Unit located in the Santacruz Electronic Exports Promotion Zone, Mumbai and an IFSC Banking Unit at Office E-2 & E-4 (Unit No. 18 and 20), Zonal Facility Centre Annexe, Gujarat International Finance Tec-City—Multi-Services-Special Economic Zone, Gandhinagar, Gujarat.

Representative Offices

Our representative offices in United Arab Emirates, Bangladesh, Malaysia and Indonesia are regulated by the respective regulatory authorities.

Foreign Account Tax Compliance Act

The Government of India entered into a Model 1 inter-governmental agreement with respect to the Foreign Account Tax Compliance Act with the United States. ICICI Bank has registered with the Internal Revenue Service in the United States. In addition, the United States has entered into Model 1 inter-governmental agreements with respect to the Foreign Account Tax Compliance Act with the United Kingdom, Canada, Germany, Belgium, Singapore, Malaysia, Indonesia, the United Arab Emirates, Qatar, South Africa, Bahrain and reached a similar agreement in substance with China, and a Model 2 inter-governmental agreement with respect to Foreign Account Tax Compliance Act with Hong Kong. ICICI Bank has taken measures to comply with the terms of applicable intergovernmental agreements with respect to the Foreign Account Tax Compliance Act and any regulations issued thereunder.

Common Reporting Standards

The Common Reporting Standard formally referred to as the Standard for Automatic Exchange of Financial Account Information, is an information standard for the automatic exchange of information, developed in the context of the Organization for Economic Cooperation and Development. India is one of the very few countries that have adopted a common approach for implementation of the Foreign Account Tax Compliance Act and Common Reporting Standard. In India requirements under the Foreign Account Tax Compliance Act/Common Reporting Standard are implemented by the Central Board of Direct Taxes. The common reporting standard has been adopted by the United Kingdom, Canada, Germany, Belgium, Hong Kong, Singapore, Malaysia, Indonesia, South Africa, China, the United Arab Emirates, Bahrain and Qatar.

DESCRIPTION OF CERTAIN DIFFERENCES BETWEEN INDIAN GAAP AND U.S. GAAP

The following is a general summary of certain differences between Indian GAAP and U.S. GAAP as applicable to us. The differences identified below are limited to those significant differences that are appropriate to our financial statements. However, they should not be construed as being exhaustive, and no attempt has been made to identify possible future differences between Indian GAAP and U.S. GAAP as a result of prescribed changes in accounting standards or to identify future differences that may affect the financial statements as a result of transactions or events that may occur in the future.

Indian GAAP	U.S. GAAP
1. Financial Statements Presentation and Disclosure	
Two years' balance sheets, profit and loss accounts, cash flow statements, accounting policies and schedules are required under Indian GAAP.	Companies filing U.S. GAAP financial statements with the Securities and Exchange Commission ("SEC") are required to present three years' statement of operations, statement of stockholders' equity and other comprehensive income, cash flow statements and two years' balance sheets. Pursuant to the option available under Form 20-F, we file consolidated financial statements under Indian GAAP including reconciliation of net income and stockholder's equity under Indian GAAP to net income and stockholder's equity under U.S. GAAP.
2. Consolidation	
We have presented our Indian GAAP financial statements on an unconsolidated basis where the financial position and results of operations of our controlled entities are not consolidated, but are reflected on the basis of cost, subject to consideration of impairment. Under Indian GAAP, we also prepare consolidated financial statements as per Accounting Standard 21 on "Consolidated Financial Statements" where the investments in subsidiaries are fully consolidated on aline-by-line basis by adding together items of assets, liabilities, income and expenses.Investments in associates are accounted for as per the equity method of accounting as defined in Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" and in joint ventures as per the proportionate consolidation method as defined in Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures." The financial statements of companies which are jointly controlled entities by virtue of the contractual agreements but which are also subsidiaries as per Accounting Standard 21 on "Consolidated Financial Statements," are consolidated on a line-by-line basis as per Accounting Standard 21 on "Consolidated Financial Statements," consequent to the limited revision to Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures." Under Indian GAAP, we have not consolidated certain entities in which control is intended to be temporary and where entities operates under severe long-term restrictions that impair its ability to transfer funds to its investors.	U.S. GAAP requires consolidation and generally does not consider financial statements to be prepared under a "fundamental basis of accounting" if a consolidation accounting policy is not followed.U.S. GAAP also requires consolidation of variable interest entities, if the investing entity is a primary beneficiary as defined in FASB ASC Topic 810-10, "Consolidation—Overall." Under U.S. GAAP, the entities are considered for consolidation on aline-by-line basis in accordance with FASB ASC Topic 810, "Consolidation." In case of significant influence in the investee company, investments are accounted for as per the equity method of accounting in accordance with FASB ASC Topic 323, "Investments—equity method and joint venture."

Indian GAAP	U.S. GAAP
3. Business Combination	
Under Indian GAAP, for legal and accounting purposes, ICICI Bank acquired ICICI by issuing shares of ICICI Bank to the shareholders of ICICI. The business combination was accounted for in accordance with purchase method of accounting. The excess of fair value of the assets of ICICI over the paid-up value of the shares issued by ICICI Bank was taken to general reserves.	In accordance with FASB ASC Topic 805, “Business Combinations,” the amalgamation of ICICI with ICICI Bank qualifies as a reverse acquisition. For financial reporting purposes ICICI was the acquiring entity and hence the assets and liabilities of ICICI Bank were fair valued under the purchase method of accounting. The total purchase price was determined by taking into consideration the fair value of the common stock issued and stock options assumed and the direct acquisition costs. The total purchase price was allocated to the acquired assets and assumed liabilities based on management estimates and independent appraisals. The difference between the total purchase price and net tangible and intangible assets acquired was treated as goodwill. Under U.S. GAAP, goodwill has been accounted for in accordance with ASC Topic 805 and FASB ASC Topic 350, “Intangibles—Goodwill and others.” Subsequent to the adoption of ASC Topic 350, goodwill and intangibles with infinite life are tested for impairment at least annually. Under U.S. GAAP definite lived intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. The joint venture agreement for ICICI Lombard General Insurance Company Limited was terminated in fiscal 2018, resulting in ICICI Bank acquiring control in ICICI Lombard General Insurance Company Limited. The transaction has been accounted as business combination under U.S. GAAP. Under U.S. GAAP, on acquisition of control, existing investment in equity affiliate needs to be re-measured at fair value with resulting gain/loss accounted through income statement.
4. Unrealized Gains/Losses on Investments	
All investments are categorized into “Held to Maturity,” “Available for Sale” and ″Held for Trading.” “Held to Maturity” securities are carried at their acquisition cost or at amortized cost if acquired at a premium over the face value. “Available for Sale” and “Held for Trading” securities are valued periodically as per the Reserve Bank of India’s guidelines. Depreciation/ appreciation for each basket within “Available for Sale” and “Held for Trading” category, other than those acquired by way of conversion of outstanding loan, is aggregated. Net appreciation in each basket if any, being unrealized, is ignored, while net depreciation is charged to the profit and loss account. The depreciation on securities acquired by way of conversion of outstanding loan is fully provided for. The impact	Investments are classified into “Held for Trading” or “Available for Sale” based on management’s intent and ability. Currently, no investments are classified as “Held to Maturity.” While “Held for Trading” and “Available for Sale” securities are valued at fair value, “Held to Maturity” securities are valued at cost, adjusted for amortization of premiums and accretion of discount. The unrealized gains and losses on “Held for Trading” securities are taken to the income statement, while those on “Available for Sale” securities are reported as a separate component of stockholders’ equity, net of applicable taxes, until realized. We assess the available for sale securities for other than temporary impairment. In case an equity share is assessed to be other than temporarily impaired, the unrealized losses are recognized in

Indian GAAP	U.S. GAAP
of movements in foreign exchange rates on debt securities denominated in foreign currencies is taken to profit and loss account. The unrealized gains or losses on investments of venture capital subsidiaries are taken to reserves.	income statement. In case of debt securities, which have not been identified for sale and it is not more likely than not that the Bank will be required to sell the securities before an anticipated recovery in value other than credit losses, the amount representing credit losses is recognized in earnings and the amount of loss related to other factors is recognized in other comprehensive income. In case debt securities are identified for sale or it is more likely than not that the Bank will be required to sell the securities, before an anticipated recovery in credit losses, unrealized losses are recognized in earnings. Under U.S. GAAP, the impact of movements in foreign exchange rates on non-hedged "available for sale" debt securities denominated in foreign currencies are taken to other comprehensive income. Under U.S. GAAP, unrealized gains or losses on investments of venture capital subsidiaries are recognized in the profit and loss account.

5. Amortization of Premium/Discount on Purchase of Investments

Indian GAAP	U.S. GAAP
Under Indian GAAP, premium over the face value of fixed rate and floating rate securities under held to maturity category is amortized over the remaining period to maturity on an effective constant yield basis and straight line basis respectively. Any premium over the face value of fixed rate and floating rate investments in government securities classified under available for sale category is amortized over the remaining period to maturity on constant yield basis and straight line basis, respectively.	Under U.S. GAAP, the income as per interest method is arrived at by amortization/accrual of premium/ discount on the face value of debt securities over the remaining period to maturity on an effective interest rate basis.

6. Retirement Benefits

Indian GAAP	U.S. GAAP
The liability for defined benefit plans like gratuity and pension is determined using the projected unit credit actuarial method. The discount rate for obligations is based on market yields of government securities. The actuarial gains or losses are recognized immediately in the profit and loss account. Past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested.	The liability for defined benefit schemes is determined using the projected unit credit actuarial method. The discount rate for obligations is based on market yields of high quality corporate bonds. As a minimum, amortization of an unrecognized net gain or loss is included as a component of net pension cost for a year if, as of the beginning of the year, unrecognized net gain or loss exceeds 10% of the greater of the projected benefit obligation or the market-related value of plan assets. Gains and losses and prior service costs are recognized as a component of other comprehensive income to the extent they are not recognized as components of net periodic benefit cost. The balance, if any, is amortized over the average remaining service period of active employees expected to receive benefits under the plan.

Indian GAAP	U.S. GAAP
7. Accounting for Share Based Payments	
We follow the intrinsic value method to account for our stock-based employees' 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 amortized over the vesting period.	Under U.S. GAAP, share based payments are accounted for under FASB ASC Topic 718, "Compensation-stock compensation," which requires such payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values
8. Revaluation of Property	
Property is carried at historical cost or other amount substituted for historical cost less accumulated depreciation. An increase in net book value as a result of revaluation is taken directly to revaluation reserves while a decline is charged to profit and loss account.	Revaluation of property is not permitted under U.S. GAAP.
9. Allowance for Credit Losses	
All credit exposures, including overdues arising from crystallized derivative contracts, are classified as per the Reserve Bank of India guidelines, into performing and NPAs. 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 current Reserve Bank of India guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Further, NPAs are classified into substandard, doubtful and loss assets based on the criteria stipulated by the Reserve Bank of India. In the case of corporate loans, provisions are made for substandard and doubtful assets at rates prescribed by the Reserve Bank of India. Loss assets and the unsecured portion of doubtful assets are provided/written-off as per the current Reserve Bank of India guidelines. Provisions on homogeneous retail loans, subject to minimum provisioning requirements of the Reserve Bank of India, are assessed at a borrower level on the basis of the ageing of the loans in the non-performing category. In respect of non-retail 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 Reserve Bank of India, the entire amount is provided immediately. In respect of borrowers classified as non-cooperative borrowers or willful defaulters, the Bank makes accelerated provisions as per current Reserve Bank of India guidelines. For loans held in overseas branches, which are standard as per the current Reserve Bank of India guidelines but are classified as non-performing assets based on host country guidelines, provisions are made as per the host country guidelines. For loans held in overseas branches, which are non-performing	Under U.S. GAAP, the impaired loans portfolio is classified into restructured loans and other impaired loans. Restructured loans represent loans whose terms relating to interest and installment payments have been modified and qualify as troubled debt restructurings as defined in FASB ASC Subtopic 310-40, "Troubled Debt Restructurings by Creditors." Other impaired loans represent loans other than restructured loans, which qualify for impairment as per FASB ASC Subtopic 310-10, "Receivables Overall." Under U.S. GAAP, larger balance, non-homogeneous exposures representing significant individual credit exposures (both funded and non-funded), are individually evaluated. The evaluation includes considerations of both qualitative and quantitative criteria, including but not limited to, the account conduct, future prospects, repayment history and financial performance. Loans are considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. In addition to the detailed review of significant individual credit exposures, the Bank also classifies its loans based on the overdue status of each account, based on which a loan is assessed for classification as impaired if principal or interest has remained overdue for more than 90 days. The Bank establishes specific allowances for each impaired larger balance, nonhomogeneous exposure based on either the present value of expected future cash flows or in case of a collateral dependent loan, the net realizable value of the collateral. Smaller balance homogeneous loans, including consumer mortgage, installment, revolving credit and most other consumer loans are evaluated for impairment at an aggregate portfolio level for each loan type. The allowance for loan losses

assets both as per the current Reserve Bank of India guidelines and as per host country guidelines, provisions are made at the higher of the provisions required under the Reserve Bank of India regulations and host country regulations. We hold specific provisions against non-performing loans and against certain performing loans as per the Reserve Bank of India directions and general provision against performing loans. The assessment of incremental specific provisions is made after taking into consideration existing specific provision held. The specific provisions on retail loans held by us are higher than the minimum regulatory requirements. Provision on assets restructured/rescheduled is made in accordance with the applicable Reserve Bank of India guidelines on restructuring of advances by banks under which the provision is calculated by discounting the original and restructured cash flows at the current lending rate. In respect of non-performing assets 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. Prior to February 12, 2018, standard restructured loans were upgraded to the standard category when satisfactory payment performance was evidenced during the specified period and after the loan reverted to the normal level of standard asset provisions/risk weights. With effect from February 12, 2018, non-performing and restructured loans are upgraded to standard only after satisfaction of certain payment and rating threshold criteria specified under the Reserve Bank of India guidelines on Resolution of Stressed Assets—Revised Framework. In addition to the specific provision on non-performing assets, we maintain a general provision on performing loans. The general provision covers the requirements of the Reserve Bank of India guidelines. For performing loans and advances in overseas branches, the general provision is made at higher of host country regulations requirement and Reserve Bank of India requirement.

attributed to these loans is established through a process that includes an estimate of probable losses inherent in the portfolio, based upon statistical analysis that, among other factors, includes analysis of historical delinquency and credit loss experience. Under U.S. GAAP, the allowance for loan losses for restructured loans is created by discounting expected cash flows at originally contracted interest rates. Allowances recognized on account of reductions of future interest rates as a part of troubled debt restructurings are accreted as a credit to the provision for loan losses over the tenor of the restructured loan. Under U.S. GAAP, allowances for credit losses on the performing loans are made under FASB Topic 450, "Contingencies." The Bank estimates the unallocated allowance on commercial loans based on the internal credit slippage matrix and overall portfolio quality as determined by internal credit ratings. The internal credit slippage matrix reflects default rates historically observed by the Bank and the internal credit ratings of exposures reflect current economic conditions and relevant risk factors. The process of upgrading under U.S. GAAP is not rule-based and the timing of upgrading may differ across individual loans.

10. Loan Origination Fees/Costs

Loan origination fees are accounted for upfront except for certain fees which are received in lieu of sacrifice of future interest, which are amortized over the remaining period of the facility. Also under Indian GAAP, loan origination costs, including commissions paid to direct marketing agents, are expensed in the year in which they are incurred.

Loan origination fees (net of certain costs) are amortized over the period of the loans as an adjustment to the yield on the loan.

Indian GAAP	U.S. GAAP
11. Derivatives Instruments and Hedging Activities	
The impact of changes in fair value of the derivative instruments are correlated with the changes in fair value of the underlying assets and liabilities and accounted pursuant to the principles of hedge accounting. The related amount receivable from and payable to the swap counter parties is included in the other assets or liabilities in the balance sheet. When there is nocorrelation of movements between derivatives and the underlying asset or liability, or if the underlying asset or liability specifically related to the derivative instrument has matured or is sold or terminated, the derivative instrument is closed out or marked-to-market as an element of noninterest income on an outgoing basis.	All derivatives, either assets or liabilities, are measured at fair value. Fair values of derivatives are based on quoted market prices, which take into account current market and contractual prices of the underlying instrument as well as time value underlying the positions. Derivatives that are not designated as part of a hedging relationship are accounted for in other assets and are adjusted to fair value through income. If the derivative qualifies as a hedge, depending on the nature of the hedge, the effective portion of the hedge's change in fair value is either offset against the change in fair value of the hedged asset, liability or firm commitment through income or held in equity until the hedged item is recognized as income. The ineffective portion of a hedge's change in fair value is immediately recognized in income.
12. Deferred Taxes	
Deferred taxation is provided on timing differences where it is considered probable that a benefit or a liability will crystallize. Deferred tax is not created on undistributed earnings of subsidiaries and affiliates.	Under FASB ASC Topic 740, "Income Taxes," asset/liability method is used such that deferred tax assets and liabilities are calculated for all temporary differences. A valuation allowance is created against a deferred tax asset where it is more likely than not that some portion of the deferred tax assets will not be realized. Deferred tax is created on undistributed earnings of subsidiaries and affiliates.
Under Indian GAAP, deferred tax assets or liabilities are created based on substantively enacted tax rates.	Under U.S. GAAP, deferred tax assets or liabilities are created based on enacted tax rates in force at the balance sheet date.
Under Indian GAAP, deferred tax assets on unabsorbed depreciation or carried forward losses are recognized only if there is virtual certainty of realization of such assets.	Under U.S. GAAP, deferred tax assets on unabsorbed depreciation or carried forward losses are recognized based on more-likely-than-not criteria.
The Bank creates deferred tax liability on Special Reserve in accordance with the guidelines issued by the Reserve Bank of India.	Under U.S. GAAP, deferred tax liability is not recognized on the Special Reserve based on the Banks' continuing intention to not ever withdraw or utilize such Special Reserve and on an opinion from the legal counsel about the non-taxability of such Special Reserve in the scenario of a liquidation.
13. Accounting Policies, Errors and Estimates	
Under Indian GAAP, the cumulative amount of the change or correction is recognized and disclosed in the profit and loss account in the period of change.	Changes in accounting principle and estimate and correction of errors are required to be made through retrospective adjustment of prior periods. The cumulative effect of the change on periods prior to those presented is reflected in the opening balances. Changes in accounting estimate are accounted prospectively.

Indian GAAP	U.S. GAAP
14. Accounting for Securitization	
In accordance with the Reserve Bank of India's guidelines for securitization of standard assets, with effect from February 1, 2006, the Bank accounts for any loss arising from securitization immediately at the time of sale and the profit/premium arising from securitization is amortized 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 Reserve Bank of India's guidelines require the profit/premium arising from securitization to be amortized over the life of the transaction based on the method prescribed in the guidelines. In case of non-performing loans sold to Securitization Companies/Reconstruction Companies, shortfall is recognized in profit and loss account immediately and excess provision is reversed in profit and loss account in the year in which amount is received.	Under U.S. GAAP, the gain on sale of loans securitized (including float income) is accounted for at the time of sale in accordance with FASB ASC Topic 860, "Transfers and Servicing." As per ASC Topic 860, any gain or loss on the sale of the financial asset is accounted for in the income statement at the time of the sale.
15. Others	
Under Indian GAAP, certain fixed assets acquired in debt asset swap arrangements are carried at net of provision.	Under U.S. GAAP, these fixed assets are carried at lower of book value or fair value.
16. Sale of stake in Subsidiaries	
Under Indian GAAP, gain or loss on sale of equity stake in a subsidiary company is recognized in the profit and loss account in both standalone and consolidated financial statements.	Under U.S. GAAP, change in the parent's ownership in the subsidiary company is accounted as equity transaction, if the parent retains controlling financial interest in the subsidiary and accordingly gain or loss is not recognized in the income statement in the consolidated financial statements.

TAXATION

The information provided below does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase Notes. In particular, the information does not consider any specific facts or circumstances that may apply to a particular purchaser. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in the Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Notes, including the effect of any state or local taxes, under the tax laws of Dubai, India, Hong Kong, the United States, Singapore and each country of which they are residents. Additionally, in view of the number of different jurisdictions where local laws may apply, this Offering Circular does not generally discuss the local tax consequences to a potential holder, purchaser or seller arising from the acquisition, holding or disposition of the Notes in their country of residence and in the countries of which they are citizens or countries in which they purchase, hold or dispose of the Notes. Prospective purchasers must, therefore, inform themselves as to any tax laws and regulations in force relating to the subscription, holding or disposition of the Notes in their country of residence and in the countries of which they are citizens or countries in which they purchase, hold or dispose of the Notes.

UAE Taxation

On the basis of current law and practice, the Notes will not be subject to any income or capital gains tax in the DIFC, Dubai or the United Arab Emirates except Value Added Tax, as applicable. Prospective investors in the Notes should consult their own advisers as to the effect on their own particular tax circumstances of an investment in the Notes.

Indian Taxation

The following is a summary of the existing principal Indian tax consequences for investors who are not resident in India ("Nonresident Investors") subscribing to the Notes issued by the Bank its offshore branches. The summary is based on existing Indian taxation law and practice in force at the date of this Offering Circular and is subject to change, possibly with retrospective effect. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of the tax consequences under Indian law of the acquisition, ownership or disposal of the Notes. Prospective investors should, therefore, consult their own tax advisors regarding the Indian tax consequences, as well as the tax consequences under any applicable taxing jurisdiction, of acquiring, owning and disposing of the Notes.

Payments through offshore branches of ICICI Bank

There is currently no requirement to withhold Indian tax on interest payments made on the Notes issued by ICICI Bank's offshore branches, if the amounts raised through these Notes are utilized outside India for the purposes of a business carried out by the Issuer outside India or for the purposes of making or earning income from any other source outside India. If and to the extent the amounts so raised are utilized in India, Indian tax consequences would be applicable as detailed under the paragraphs *"Withholding Tax"* and *"Taxation of Interest"* which are set out below.

Payments Made Through India

Any payments ICICI Bank makes on the Notes through India, including additional amounts, are subject to the applicable regulations of the Reserve Bank of India. Further, only if the proceeds of the issuance of the Notes (including INR Denominated Notes) are to be used for the purposes of the business of the Issuer in India, Nonresident Investors would be liable to pay tax on the interest paid on the Notes and capital gain arising on sale of the Notes.

Taxation of Interest

As of the date of this Offering Circular, Nonresident Investor may be liable to pay income tax at a rate of 20% under Section 115A of the Income Tax Act, 1961 (plus applicable surcharge and health and education cess) on interest paid on the Notes (other than INR denominated notes) through India subject to and in accordance with the existing conditions contained in the Income Tax Act, 1961 (Income Tax Act). Nonresident Investor may also be liable to pay income tax at the rate of 5%(plus applicable surcharge and health and education cess) under Section 115A read with 194LC of the Income Tax Act, 1961, on interest paid on INR denominated Notes.

However, an applicable tax treaty may reduce such tax liability to such beneficial rates, as provided in the applicable tax treaty, subject to fulfillment of the conditions prescribed therein. A Nonresident Investor would be obligated to pay such income tax in an amount equal to, or would be entitled to a refund of, as the case may be, any difference between amounts withheld in respect of interest paid on the Notes through India and its ultimate Indian tax liability for such interest, subject to and in accordance with the provisions of the Income Tax Act.

It is also pertinent to note that pursuant to a review of the Indian Economy by the Prime Minister, a series of steps were announced by the Finance Minister with the exemption of interest payable on Notes being one of them. Thereafter, the Central Board of Direct Taxes, Ministry of Finance issued a press release dated 17 September 2018 (the Press Release) which clarified that interest payable by an Indian company or a business trust to a non-resident, including a foreign company, in respect of INR denominated Notes issued during the period of 17 September 2018 to 31 March 2019 shall be exempt from tax in India, and consequently, no tax shall be withheld under Section 194LC of the Income Tax Act on the payment of interest in respect of such INR denominated Notes. As of the date of this Offering Circular, this has not been reflected by way of a legislative amendment to the Income Tax Act. It may be noted that the Press Release is not binding in nature, however, we understand that the requisite legislative amendments are being introduced shortly.

Withholding of Taxes on Interest Paid by ICICI Bank through India

There may be a requirement to withhold tax at the rate of 20% (plus applicable surcharge and health and education cess) on interest payments made on Notes (Other than INR denominated Notes) issued through India subject to and in accordance with the existing conditions contained in the Income Tax Act. Tax may also be required to be withheld on interest payments made on INR denominated Notes at the rate of 5%(plus applicable surcharge and health and education cess), under Section 194LC of the Income Tax Act.

An applicable tax treaty may reduce such tax liability to such beneficial rates as provided in the applicable tax treaty, subject to fulfillment of the conditions prescribed therein and if the beneficial recipient has a Permanent Account Number (a "PAN") issued by the Indian tax authorities. If the non-resident investor does not have a PAN, a tax identification number may be submitted along with certain other details such as name, e-mail ID, contact number and address in the country of residence, along with a tax residency certificate substantiating such tax identification number.

The requirement to withhold tax at 5%. (plus applicable surcharge and health and education cess) is subject to the benefits made available as per the Press Release in respect of INR denominated Notes issued during the period of 17 September 2018 to 31 March 2019.

Pursuant to the Terms and Conditions of the Notes, all payments of, or in respect of, principal and interest on the Notes, will be made free and clear of and without withholding or deduction on account of any present or future taxes within India unless it is required by law, in which case, pursuant to Condition 8, the Issuer will pay additional amount as may be necessary in order that the net amount received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or the deduction, subject to certain exceptions.

Taxation of Deemed Income

As a measure to prevent laundering of unaccounted income, the Income Tax Act provides that any person receiving certain specified assets (including the Notes) at a price less than their fair market value, shall be subject to income tax in India on the benefit accruing to him. Tax shall be payable at the rates applicable for the regular income. However, it may be noted that this provision would not be applicable if the asset is received from a relative or under a will or by way of inheritance or any other specific instances provided under section 56(2)(x) of the Income Tax Act.

In the instant case, in case a non-resident receives Notes under the above mechanism, the taxability of the same shall also be subject to the provisions of the applicable tax treaty, assuming the non-resident is entitled to claim benefits of the tax treaty.

Taxation of Gains Arising on Disposal

Any gains arising to a Nonresident Investor from disposal of the Notes held (or deemed to be held) as a capital asset will generally be chargeable to income tax in India if the Notes are regarded as property situated in India. A Nonresident Investor will generally not be chargeable to income tax in India from a disposition of the Notes held as a capital asset provided the Notes are regarded as being situated outside India. The issue as to where the Notes should properly be regarded as being situated is not free from doubt. The ultimate decision, however, will depend upon the view taken by the Indian tax authorities on the position with respect to the situs of the rights being offered in respect of the Notes. There is a possibility that the Indian tax authorities may treat the Notes as being situated in India as the Bank is incorporated in and resident in India.

If the Notes are regarded as situated in India by the Indian tax authorities, upon disposition of a Note:

(a) Capital gains if any arising pursuant to any transfer, made outside India by a non-resident to another non-resident of a capital asset being INR denominated Notes of the Issuer (being an Indian company) issued outside India are not subject to tax in India.

(b) a Nonresident Investor, who has held the Notes for a period of more than 36 months preceding the date of their dispositions, would be liable to pay capital gains tax at rates of 10.0% of the capital gains (plus applicable surcharge and health and education cess), subject to any lower rate provided for by an applicable tax treaty;

(c) a Nonresident Investor who has held the Notes for 36 months or less would be liable to pay capital gains tax at rates ranging up to 40.0% of the capital gains (plus applicable surcharge and health and education cess), depending on the legal status of the Nonresident Investor, and his taxable income in India, subject to any lower rate provided for by an applicable tax treaty;

(d) any surplus realized by a Nonresident Investor from a disposition of the Notes held as stock-in-trade would be subject to income tax in India to the extent, if any, that the surplus is attributable to a "business connection in India" or, where a tax treaty applies, to a "permanent establishment" of the Nonresident Investor in India. A Nonresident Investor would be liable to pay Indian tax on the profits which are so attributable to such "business connection" or "permanent establishment" at a rate of tax ranging up to 40.0% (plus applicable surcharge and health and education cess), depending on the legal status of the Nonresident Investor and his taxable income in India, subject to any beneficial provision provided for by an applicable tax treaty; and

(e) Any capital gains arising to a Nonresident Investor on account of appreciation of the Rupee against a foreign currency at the time of redemption of INR denominated Notes of Issuer, shall be ignored for the computation of full value of consideration. Accordingly, such gains arising to the original Nonresident Investor on account of the appreciation of the Rupee against a foreign currency at the time of redemption of the INR denominated Notes held by such Nonresident Investor, shall not be taxable as capital gains.

If a Nonresident investor earns any capital gains chargeable to tax in India, the Income Tax Act requires that such tax shall be withheld by the person making any payment to such Nonresident Investor at the rate of 10% (plus applicable surcharge and health and education cess) on long-term capital gains. Furthermore, tax at the rate of up to 40% (plus applicable surcharge and health and education cess), shall be withheld depending on the legal status of the recipient of income, on short term capital gains. These rates are subject to any lower rate of tax provided under the relevant tax treaty (if any). The tax payable shall be computed in such manner as prescribed in this regard under the Income Tax Act. For the purpose of tax withholding, the Nonresident Investor shall be obliged to provide details of their permanent account number as allotted by the tax authorities and all prescribed information and documents, including tax residency certificate (issued by the tax authorities of the country in which the investor is resident) for claiming the tax treaty benefits. If the Nonresident Investor does not have a PAN, a tax identification number may be submitted along with certain other details such as name, e-mail ID, contact number and address in the country of residence, along with a tax residency certificate substantiating such tax identification number.

Potential Investors should, in any event, consult their own tax advisors regarding the tax consequences of transfer of the Notes.

Wealth Tax

No wealth tax is payable at present in relation to the Notes in India.

Estate Duty

No estate duty is payable at present in relation to the Notes in India. There are no inheritance taxes or succession duties currently imposed in respect of the Notes held outside India.

Gift Tax

No gift tax is payable at present in relation to the Notes held outside India.

Stamp Duty

A transfer of Notes outside India will not give rise to any Indian stamp duty liability unless the Notes are brought into India. In the event that Notes are brought into India for enforcement or for any other purpose, the same will attract stamp duty as payable in the relevant state. This stamp duty will have to be paid within a period of three months from the date the Notes are first received in India.

Singapore Taxation

The statements below are only applicable to Notes issued by ICICI Bank acting through its Singapore Branch, are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Monetary Authority of Singapore (the "MAS") in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Holders and prospective holders of the Notes are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasized that none of the Issuer, the Arranger, the Dealers and any other person involved in the Global Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the "ITA"), the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 22%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities;

(b) discount income (not including discount income arising from secondary trading) from debt securities; and

(c) prepayment fee, redemption premium and break cost from debt securities,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms "break cost," "prepayment fee" and "redemption premium" are defined in the ITA as follows:

"break cost," in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"prepayment fee," in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"redemption premium," in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost," "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Withholding Tax Exemption on Qualifying Payments by Specified Entities

Pursuant to Section 45I of the ITA, payments of income which are deemed under Section 12(6) of the ITA to be derived from Singapore and which are made by a specified entity shall be exempt from withholding tax if such payments are liable to be made by such specified entity for the purpose of its trade or business under a debt security which is issued within the period from February 17, 2012 to March 31, 2021. Notwithstanding the above, permanent establishments in Singapore of non-resident persons are required to declare such payments in their annual income tax returns and will be assessed to tax on such payments (unless specifically exempt from tax).

A specified entity includes a bank licensed under the Banking Act, Chapter 19 of Singapore or a merchant bank approved under the Monetary Authority of Singapore Act, Chapter 186 of Singapore.

Qualifying Debt Securities Scheme

On the basis that the Global Programme was arranged as a whole by Financial Sector Incentive Bond Market Companies (as defined in the ITA), any tranche of the Notes (the "Relevant Notes") which are debt securities issued under the Global Programme during the period from the date of this Offering Circular to December 31, 2023 would be, pursuant to the ITA and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by the MAS on May 31, 2018 (the "MAS Circular"), qualifying debt securities (the "QDS") for the purposes of the ITA, to which the following treatment shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the

Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "Qualifying Income") from the Relevant Notes, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

   (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

   (ii) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(i) if during the primary launch of any tranche of the Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and

(ii) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:

   (1) any related party of the Issuer; or

(2) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "related party," in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost (*i.e.*, the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (*i.e.*, Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme (the "QDS Plus Scheme"), subject to certain conditions having been fulfilled (including the furnishing by the issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the QDS in the prescribed format within such period as the MAS may specify and such other particulars in connection with the QDS as the MAS may require), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

(a) are issued during the period from February 16, 2008 to December 31, 2018;

(b) have an original maturity of not less than ten years;

(c) cannot have their tenure shortened to less than ten years from the date of their issue, except where:

(i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such QDS; and

(ii) the QDS do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the QDS at the time of their issue; and

(d) cannot be re-opened with a resulting tenure of less than ten years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Notes derived by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer, shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

Pursuant to the Singapore Budget Statement 2018 and the MAS Circular, the QDS Plus Scheme will be allowed to lapse after December 31, 2018, but debt securities with tenures of at least 10 years which are issued on or before December 31, 2018 can continue to enjoy the tax concessions under the QDS Plus Scheme if the conditions of such scheme as set out above are satisfied.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard ("FRS") 39, or FRS 109, may, for Singapore income tax purposes, be required to recognize gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39 or FRS 109. Please see the section below, *"Adoption of FRS 39 and FRS 109 for Singapore Income Tax Purposes."*

Adoption of FRS 39 and FRS 109 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition & Measurement".

FRS 109 is mandatorily effective for annual periods beginning on or after January 1, 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109, subject to certain exceptions. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

Hong Kong Taxation

The statements below are only applicable to Notes issued by ICICI Bank acting through its Hong Kong branch, are general in nature and are based on certain aspects of current tax laws in Hong Kong and administrative guidelines issued by the Inland Revenue Department of Hong Kong in force as at the date of this Offering Circular and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis.

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profit Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue of the Notes.

No Hong Kong stamp duty will be chargeable on a transfer of the Notes if the Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong. If the Notes are denominated in the currency of Hong Kong, Hong Kong stamp duty may be chargeable on a transfer of such Notes in certain circumstances. In such case, the duty payable is 0.2% of the market value of the Notes at the time of issue.

Certain U.S. Federal Income Tax Considerations — Notes Issued Through the Issuer's Head Office, IFSC Bank Unit, Singapore Branch, Hong Kong Branch or Dubai Branch.

This discussion applies only to Notes in registered form.

Introduction

The following is a description of certain U.S. federal income tax consequences of the ownership and disposition of the Notes described below and, except as provided in "FATCA" below, applies only to the U.S. Holders described below. Except as provided in "FATCA" below, this summary applies only to U.S. Holders that (i) purchase Notes in their offering at the "issue price," which will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Notes of a series is sold for money and (ii) hold the Notes as capital assets for U.S. federal income tax purposes.

This discussion does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including the possible application of the income accrual rules set forth in Section 451(b) of the U.S. Internal Revenue Code, or any alternative minimum or Medicare contribution tax consequences. In addition, this discussion does not describe all of the tax consequences applicable to U.S. Holders subject to special rules, such as: certain financial institutions;

- dealers or traders in securities who use a mark-to-market method of tax accounting;
- persons holding Notes as part of a straddle, wash sale, conversion transaction or integrated transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes; or
- tax-exempt entities.

If an entity that is classified as a partnership for U.S. federal income tax purposes owns Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning Notes and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of owning and disposing of the Notes.

This summary is based on the U.S. Internal Revenue Code, administrative pronouncements, judicial decisions and Treasury regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

Persons considering the purchase of Notes of any series should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

The applicable Pricing Supplement may include a summary of additional or alternative U.S. federal income tax considerations that are not described herein and that may be relevant to a particular series of Notes. For example, the discussion below does not address the U.S. federal income tax treatment of Index Linked Notes, Partly Paid Notes and Dual Currency Notes or any Notes that are treated as "contingent payment debt instruments" for U.S. federal income tax purposes. The applicable Pricing Supplement may describe certain U.S. federal income tax consequences of owning and disposing of such Notes. Persons considering the purchase of Notes of any series should review the applicable Pricing Supplement in addition to the discussion below.

As used herein, a "U.S. Holder" is a person that is, for U.S. federal income tax purposes, a beneficial owner of a Note and is:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Stated Interest

Stated interest on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with a U.S. Holder's method of accounting for U.S. federal income tax purposes. The amount of interest taxable as ordinary income will include amounts withheld in respect of foreign taxes (if any). Interest income will constitute foreign-source income for U.S. federal income tax purposes, which may be relevant to a U.S. Holder in calculating the U.S. Holder's foreign tax credit limitation.

Special rules governing the treatment of interest paid with respect to Notes issued at a discount, short-term Notes, Floating Rate Notes and Notes denominated in foreign currency are described under *"Discount Notes," "Short-Term Notes," "Floating Rate Notes"* and *"Foreign Currency Notes"* below.

Foreign taxes (if any) withheld from interest payments (at the rate not exceeding any applicable rate under an applicable income tax treaty between the jurisdiction imposing the tax and the United States if the U.S. Holder is eligible for the benefits of the treaty) generally will be creditable against the U.S. Holder's U.S. federal income tax liability, subject to applicable limitations that vary depending upon the U.S. Holder's circumstances. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their tax advisers regarding the availability of foreign tax credits in their particular circumstances. Instead of claiming a credit, the U.S. Holder may, at its election, deduct foreign withholding taxes (if any) in computing its taxable income. An election to deduct foreign taxes instead of claiming foreign tax credits must apply to all applicable foreign taxes paid or accrued in the taxable year.

Discount Notes

General. If a Note's "issue price" (as described above) is less than its "stated redemption price at maturity," the Note will be considered to have been issued at an original discount for U.S. federal income tax purposes (and will be referred to herein as a "Discount Note") unless the Note satisfies a *de minimis* threshold or is a "Short Term Note," each as described below. A Note's stated redemption price at maturity will equal the sum of all payments under the Note, other than payments of "qualified stated interest". Generally, qualified stated interest is stated interest unconditionally payable (other than in debt instruments of the issuer) at least annually during the entire term of the Note at a fixed rate. See *"—Floating Rate Notes"* below for a discussion regarding the treatment of interest paid at certain variable rates as qualified stated interest.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a prescribed *de minimis* amount (generally 1/4 of one percent of the stated redemption price at maturity multiplied by the number of complete years to maturity), the Note will not be considered to have original issue discount and will therefore not be a "Discount Note". A U.S. Holder of Discount Notes will be required to include any qualified stated interest in income in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes, as described in *"—Stated Interest"* above. In addition, a U.S. Holder of Discount Notes will be required to include in income the sum of the daily portions of the original issue discount for each day on which the U.S. Holder held the Note. The U.S. Holder will be required to include such original issue discount as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is currently received. Under this method, U.S. Holders of Discount Notes generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder may make an election to include in income all interest that accrues on a Note (including stated interest, original issue discount and *de minimis* original issue discount, as adjusted by any amortizable bond premium), in accordance with a constant yield method based on the compounding of interest.

Discount Notes Subject to Early Redemption. Discount Notes subject to one or more "call options" (*i.e.*, ICICI's unconditional option to redeem the Note prior to its stated maturity date) or one or more "put options" (*i.e.*, a holder's unconditional option to require redemption prior to maturity) may be subject to rules that differ from the general rules for purposes of determining the yield and maturity of the Note. Under applicable Treasury regulations, a call option will be presumed to be exercised if the exercise of the option will lower the yield on the Note. Conversely, a put option will be presumed to be exercised if the exercise of the option will increase the yield on the Note. In either case, if contrary to such presumption an option is not in fact exercised, the Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new Note were issued, on the presumed exercise date for an amount equal to the Note's "adjusted issue price." The adjusted issue price of a Discount Note is the sum of the issue price of the Note and the aggregate amount of previously accrued original issue discount, less any prior payments on the Note other than payments of qualified stated interest.

Short-Term Notes

A Note that matures (after taking into account the last possible date that the Note could be outstanding under its terms) one year or less from its date of issuance will be referred to herein as a "Short-Term Note."

Under the applicable U.S. Treasury regulations, a Short-Term Note will be treated as being issued at a discount, the amount of which will be equal to the excess of the sum of all payments on the Short-Term Note over its issue price. A U.S. Holder who uses the cash-method of accounting for U.S. federal income tax purposes will not be required to include the discount in income as it accrues for U.S. federal income tax purposes unless the U.S. Holder elects to do so. A cash method U.S. Holder who does not make such election should include the discount (including any stated interest) on the Short-Term Notes as ordinary income when such amounts are received. A U.S. Holder who uses the accrual method of accounting for U.S. federal income tax purposes and a cash-method taxpayer who so elects will be required to include the discount in income as it accrues on a straight-line basis, unless the U.S. Holder makes an election to accrue the discount according to a constant yield method based on daily compounding.

A cash-methodU.S. Holder who does not make the election to include the discount in income on an accrual basis will be required to defer deductions for certain interest paid on indebtedness incurred to purchase or carry the Short-Term Notes until the discount on the Notes is included in income. Such a U.S. Holder should consult its tax advisers regarding these deferral rules. In addition, upon a sale, exchange, redemption or retirement of a Short-Term Note, such a U.S. Holder generally should recognize gain as ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding). Any loss recognized will be treated as a capital loss.

Floating Rate Notes

General. A Floating Rate Note generally will qualify as a "variable rate debt instrument" if:

- the issue price does not exceed the total noncontingent principal payments due under the Floating Rate Note by more than a specified *de minimis* amount;
- it provides for stated interest, paid or compounded at least annually, at current values of:
  - one or more qualified floating rates,
  - a single fixed rate and one or more qualified floating rates,
  - a single objective rate, or
  - a single fixed rate and a single objective rate that is a qualified inverse floating rate, each as defined in the applicable Treasury regulations; and
- certain other conditions, as set forth in the applicable Treasury regulations, are satisfied.

In general, a "qualified floating rate" is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Note is denominated. For example, the LIBOR rate should generally be treated as a qualified floating rate. In general, an "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula that is based on objective financial or economic information. A "qualified inverse floating rate" is any objective rate where such rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate.

Unless otherwise provided in the applicable Pricing Supplement, it is expected, and the discussion below assumes, that a Floating Rate Note will qualify (or in the case of Floating Rate Note that pays interest based on the value of the LIBOR, should qualify) as a "variable rate debt instrument." If a Floating Rate Note does not qualify as a "variable rate debt instrument," then the

Floating Rate Note will be treated as a "contingent payment debt instrument" and the applicable Pricing Supplement will describe certain U.S. federal income tax consequences to U.S. Holders of owning and disposing of such Notes.

Floating Rate Notes that Provide for a Single Variable Rate. All stated interest on a Floating Rate Note will constitute qualified stated interest (as described under "Discount Notes" above) and will be taxable accordingly if:

- the Floating Rate Note provides for stated interest at a single variable rate throughout the term thereof; and

- the stated interest on the Floating Rate Note is unconditionally payable in cash or other property (other than debt instruments of the issuer) at least annually.

Thus, such a Floating Rate Note will generally not be treated as issued with original issue discount unless the Floating Rate Note is issued at an issue price below its stated principal amount and the difference between the issue price and the stated principal amount is equal to or in excess of the specified *de minimis* amount described in *"—Discount Notes"*. For this purpose, and for purposes of the discussion below under *"—Floating Rate Notes that Provide for Multiple Rates,"* if a Floating Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate and if the variable rate on the Floating Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 0.25%), then the fixed rate and the variable rate together will constitute a single variable rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Floating Rate Note (e.g., two or more qualified floating rates with values within 0.25% of each other as determined on the issue date) will be treated as a single qualified floating rate.

If a Floating Rate Note that provides for stated interest at a single variable rate is issued with original issue discount, as discussed above, the amount of qualified stated interest and the amount of original issue discount that accrues during an accrual period on such a Floating Rate Note is determined under the rules applicable to fixed rate debt instruments, discussed under *"—Discount Notes"* above, by assuming that the variable rate is a fixed rate equal to:

- in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate; or

- in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Floating Rate Note.

The qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period pursuant to the foregoing rules.

Floating Rate Notes That Provide for Multiple Rates. In general, a Floating Rate Note that provides for (i) multiple floating rates or (ii) one or more floating rates in addition to one or more fixed rates will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of original issue discount and qualified stated interest on the Floating Rate Note. A Floating Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Floating Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Floating Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Floating Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Floating Rate Note. In the case of a Floating Rate Note that provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Floating Rate Note provides for a qualified inverse floating rate). Under such circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Floating Rate Note as of the Floating Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the replaced qualified floating rate or qualified inverse floating rate, as the case may be, rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Floating Rate Note is then converted into an "equivalent" fixed-rate debt instrument in the manner described above.

Once the Floating Rate Note is converted into an "equivalent" fixed-rate debt instrument pursuant to the foregoing rules, the amount of original issue discount and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general original issue discount rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Floating Rate Note will account for such original issue discount and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of interest assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that such amounts differ from the actual amount of interest accrued or paid on the Floating Rate Note during the accrual period.

Amortizable Bond Premium

If a U.S. Holder purchases a Note for an amount that is greater than the sum of all amounts payable on the Note other than qualified stated interest, the U.S. Holder will be considered to have purchased the Note with amortizable bond premium. In general, the amount of amortizable bond premium will be equal to the excess of the purchase price over the sum of all amounts payable on the Note other than qualified stated interest and the U.S. Holder may elect to amortize this premium, using a constant yield method, over the term of the Note. Special rules may limit the amount of bond premium that can be amortized during certain accrual periods in the case of Notes that are subject to optional redemption. A U.S. Holder may generally use the amortizable bond premium allocable to an accrual period to offset qualified stated interest required to be included in such U.S. Holder's income with respect to the Note in that accrual period. A U.S. Holder that elects to amortize bond premium must reduce its tax basis in the Note by the amount of the amortized premium. An election to amortize bond premium applies to all taxable debt obligations owned by the U.S. Holder at the beginning of the first taxable year to which the election applies and any taxable debt obligations thereafter acquired by the U.S. Holder and may be revoked only with the consent of the Internal Revenue Service. If a U.S. Holder makes a constant yield election (as described in *"—Discount Notes"* above) for a Note with amortizable bond premium, such election will result in a deemed election to amortize bond premium.

Sale, Retirement or Other Taxable Disposition of the Notes

Upon the sale, retirement of other taxable disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, retirement or disposition and the U.S. Holder's tax basis in the Note. For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest will be taxed as interest as described in "*—Stated Interest*" above. A U.S. Holder's tax basis in the Notes will generally equal the cost of such Note to the U.S. Holder, increased by any amount of original issue discount included in income, decreased by the amount of any payment on the Notes other than payments of qualified stated interest, and further decreased by any amortized bond premium.

Generally, gain or loss realized on the sale, retirement or other taxable disposition of a Note will be capital gain or loss, and will be long-term capital gain or loss if at the time of the sale, retirement or taxable disposition the U.S. Holder has held the Note for more than one year. Exceptions to this general rule may apply in the case of a Short-Term Note (see "*—Short-Term Notes*" above) or in the case of Notes denominated in foreign currency (see "*—Foreign Currency Notes*" below). The deductibility of capital losses may be subject to limitations.

Gain or loss will generally be U.S.-source for purposes of computing a U.S. Holder's foreign tax credit limitation. As described in "*—Indian Taxation*" above, U.S. Holders may be subject to Indian tax on the disposition of Notes. U.S. Holders should consult their tax advisers as to whether they would be able to credit any such Indian tax against their U.S. federal income tax liabilities in their particular circumstances.

Foreign Currency Notes

The following discussion describes certain special rules applicable to a U.S. Holder of Notes that are denominated in, or the payments on which are determined by reference to, a single currency other than U.S. dollars, which we refer to as "foreign currency Notes."

The rules applicable to foreign currency Notes could require some or all of the gain or loss on the sale, exchange or other disposition of the Notes to be recharacterized as ordinary income or loss. The rules applicable to foreign currency Notes are complex and their application may depend on the U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a U.S. Holder should make any of these elections may depend on the U.S. Holder's particular U.S. federal income tax situation. U.S. Holders should consult their tax advisers regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Notes.

The rules described below are subject to the discussion under *"—INR denominated Notes"*.

Payments of Interest on Foreign Currency Notes. A cash method U.S. Holder who receives a payment of qualified stated interest (or who receives proceeds from a sale, exchange or other disposition attributable to accrued interest) in a foreign currency with respect to a foreign currency Note will be required to include in income the U.S. dollar value of the foreign currency payment (determined based on a spot rate on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at that time, and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency. To the extent that a cash method U.S. Holder is required to accrue original issue discount on a foreign currency Note, rules similar to the rules described in the following paragraph will apply with respect to the original issue discount.

In the case of an accrual method U.S. Holder, the U.S. Holder will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount, but reduced by any amortizable bond premium) that has accrued and is otherwise required to be taken into account with respect to a foreign currency Note during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at an average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. Alternatively, a U.S. Holder may elect to translate interest income (including original issue discount) for an interest accrual period into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of an accrual period that spans two taxable years, the spot rate on the last day of the part of the period within the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the Internal Revenue Service. In addition to the interest income accrued as described above, the U.S. Holder may recognize ordinary income or loss (which will not be treated as interest income or expense) with respect to accrued interest income on the date the interest payment or proceeds from the sale, exchange or other disposition attributable to accrued interest are actually received. The amount of ordinary income or loss recognized will equal the difference, if any, between the U.S. dollar value of the foreign currency received (determined based on a spot rate on the date of receipt) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above).

Amortizable Bond Premium on Foreign Currency Notes. Amortizable bond premium (each as defined above) on a foreign currency Note is to be determined in the relevant foreign currency. If an election to amortize bond premium is made, amortizable bond premium taken into account on a current basis will reduce interest income in units of the relevant foreign currency. Foreign currency gain or loss (as defined below) is realized on amortized bond premium with respect to any period by treating the bond premium amortized in the same period in the same manner as a payment of principal of the foreign currency Note (as discussed below). Any foreign currency gain or loss will be ordinary income or loss as described below.

Tax Basis in Foreign Currency Notes. A U.S. Holder's tax basis in a foreign currency Note, and the amount of any subsequent adjustment to the tax basis, will be determined in U.S. dollars. A U.S. Holder's tax basis in a foreign currency Note will be determined based on the spot rate on the date of purchase (or on the settlement date, if the foreign currency Note is traded on an "established securities market" and the U.S. Holder is a cash-basis taxpayer or an electing accrual-basis taxpayer).A U.S. Holder that purchases a foreign currency Note with previously owned foreign currency will recognize ordinary income or loss in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the foreign currency and the U.S. dollar fair market value of the foreign currency Note on the date of purchase. (or the settlement date, if the foreign currency Note is traded on an "established securities market" and the U.S. Holder is a cash-basis taxpayer or an electing accrual-basis taxpayer).

Sale, Retirement or Other Taxable Disposition of Foreign Currency Notes. Upon the sale, retirement of other taxable disposition of a foreign currency Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, retirement or disposition and the U.S. Holder's tax basis in the foreign currency Note. Generally, and except to the extent of any gain or loss attributable to foreign currency fluctuations as described in the following paragraph, gain or loss realized on the sale, retirement or other taxable disposition of a foreign currency Note will be capital gain or loss, and will be long-term capital gain or loss if at the time of the sale, retirement or disposition the U.S. Holder has owned the foreign currency Note for more than one year. The amount realized on a sale, exchange or retirement of a foreign currency Note will generally be the U.S. dollar value of the foreign currency received (except to the extent attributable to accrued interest), determined on the date of the sale, exchange or retirement. However, if a foreign currency Note is traded on an "established securities market" and the U.S. Holder is a cash-basis taxpayer or an electing accrual-basis taxpayer, the amount realized on the sale of such Note will be determined based on the spot rate on the settlement date of the disposition. An accrual-method U.S. Holder that makes the election described in the preceding sentence or preceding paragraph for foreign currency Notes traded on an established securities market must apply such election consistently to all debt instruments denominated in foreign currency which are traded on established securities market and cannot change it without the consent of the Internal Revenue Service.

Gain or loss realized upon the sale, retirement or other taxable disposition of a foreign currency Note that is attributable to fluctuations in currency exchange rates (referred to as "foreign currency gain or loss") will be ordinary income or loss which will not be treated as interest income or expense. Foreign currency gain or loss attributable to fluctuations in exchange rates generally will equal the difference between (i) the U.S. dollar value of the U.S. Holder's purchase price (excluding any bond premium previously amortized) in the foreign currency of the Note, determined on the date the payment is received in exchange for the Note or the Note is disposed of, and (ii) the U.S. dollar value of the U.S. Holder's purchase price (excluding any bond premium previously amortized) in the foreign currency of the Note, determined on the date the U.S. Holder acquired the Note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on foreign currency Notes described above. The foreign currency gain or loss realized upon the sale, retirement or other taxable disposition of any foreign currency Note will be recognized only to the extent of the total gain or loss realized by a U.S. Holder on the sale, retirement or other taxable disposition of the foreign currency Note. If a U.S. Holder recognizes a loss upon a sale or other disposition of a foreign currency Note and such loss is above certain thresholds, the U.S. Holder may be required to file a disclosure statement with the Internal Revenue Service. U.S. Holders should consult their tax advisers regarding this reporting obligation.

A U.S. Holder will have a tax basis in any foreign currency received on the sale, retirement or other taxable disposition of a foreign currency Note equal to the U.S. dollar value of the foreign currency, determined at the time of such sale, retirement or other taxable disposition. A cash-method taxpayer who buys or sells a foreign currency Note that is traded on an established market is required to translate units of foreign currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss will result from currency fluctuations between the trade date and the settlement of the purchase or sale. An accrual-method taxpayer may elect the same treatment for all purchases and sales of foreign currency obligations if such obligations are traded on an established securities market. This election cannot be changed without the consent of the Internal Revenue Service. Any gain or loss realized by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase foreign currency Notes) will be ordinary income or loss.

INR denominated Notes. The proper application of the rules described above in this section "Foreign Currency Notes" to INR denominated Notes but for which payments of principal and interest are made in U.S. dollars is not entirely clear. We believe that it is reasonable to treat the relevant USD/INR Reference Rates (as defined under "*Terms and Conditions of the Notes*") as the relevant exchange rates for determining income, gain or loss with respect to such Notes. It is possible, however, that the Internal Revenue Service could take a different view. U.S. Holders should consult their tax advisers regarding the proper application of the foreign currency rules to INR denominated Notes but for which payments are settled by us in U.S. dollars.

Substitution of the Issuer

Unless certain exceptions set forth in U.S. Treasury regulations apply, the substitution of another obligor in place of the Issuer (or of any previous substitute) as the principal debtor under the Notes, as described in "*Terms and Conditions of the Notes—Substitution of Issuer*," will be considered for U.S. federal income tax purposes to be a deemed exchange of the Notes for new notes, which may result in recognition of taxable gain or loss for U.S. federal income tax purposes and other possible adverse tax consequences. U.S. Holders should consult their tax advisers regarding the tax consequences of any assumption of the Issuer's obligations under the Notes.

Information Reporting and Backup Withholding

Payments of interest and proceeds from the sale of a Note may be subject to information reporting and backup withholding unless the U.S. Holder is an exempt recipient or, in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred, generally on Internal Revenue Service Form W-9. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. Holders who are individuals (and certain specified entities) may be required to report to the Internal Revenue Service certain information relating to Notes not held through a U.S. financial institution. U.S. Holders who fail to report the required information could be subject to substantial penalties.

FATCA

Provisions commonly referred to as "FATCA" impose withholding of 30% on certain payments to certain non-U.S. entities and to "foreign financial institutions" (which is broadly defined for this purpose and in general includes investment vehicles), including intermediaries, unless such foreign financial institutions enter into agreements with the U.S. Treasury pursuant to which they must satisfy various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) (the "FATCA Agreements"). Beginning in 2019, a foreign financial institution may be required, pursuant to its FATCA Agreement, to withhold 30% from certain "foreign passthru payments" it makes. The term "foreign passthru payments" is not yet defined. Withholding on foreign passthru payments would generally not apply to payments on debt obligations outstanding on the date that is six months after final U.S. Treasury regulations defining the term "foreign passthru payment" are published, provided that such debt obligations are not materially modified after such date. It is not yet clear whether or to what extent payments on debt obligations such as Notes issued by the Issuer's Head Office or non-U.S. branches will be treated as foreign passthru payments subject to FATCA withholding. The U.S. Treasury has entered into intergovernmental agreements with respect to FATCA (the "IGAs") with many jurisdictions. including Model 1 IGAs with India, Singapore, the United Arab Emirates, Qatar and South Africa. The U.S. Treasury has entered into Model 2 IGAs with jurisdictions including Hong Kong. These IGAs modify in some respects the operation of FATCA with respect to foreign financial institutions or their branches located in those jurisdictions. Model 1 IGAs require foreign financial institutions to comply with specified due diligence requirements and report certain information to the relevant non-U.S. government in lieu of entering into a FATCA Agreement. The IGAs currently do not address how foreign passthru payments will be treated and it is not yet clear whether foreign passthru payment withholding will be required on the Notes. The Bank intends to comply with the requirements of any applicable IGA.

As described in Conditions 6.5 and 8, if FATCA withholding is required, the Issuer will not be required to pay any additional amounts with respect to any amounts so withheld. Prospective investors should consult their tax advisers regarding the possible effects of FATCA on their investment in Notes issued by the Issuer's Head Office or non-U.S. branches and their potential ability to obtain a refund of any FATCA withholding.

Certain U.S. Federal Income Tax Considerations — Notes Issued Through the Issuer's New York Branch

Introduction

The following is a description of certain U.S. federal income tax consequences of the ownership and disposition of the Notes described below. This summary applies only to holders that (i) purchase Notes issued through the Issuer's New York Branch in their offering at the "issue price," which will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Notes of such series is sold for money and (ii) hold the Notes as capital assets for U.S. federal income tax purposes.

This discussion does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including the possible application of the income accrual rules set forth in Section 451(b) of the Code, or any alternative minimum or Medicare contribution tax consequence. In addition, this discussion does not describe all of the tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities who use a mark-to-market method of tax accounting;

- persons holding Notes as part of a straddle, wash sale, conversion transaction or integrated transaction;

- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;

- entities classified as partnerships for U.S. federal income tax purposes; or

- tax-exempt entities.

If an entity that is classified as a partnership for U.S. federal income tax purposes owns Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning Notes and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of owning and disposing of the Notes.

This summary is based on the Code, administrative pronouncements, judicial decisions and Treasury regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

Persons considering the purchase of Notes of any series should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

The applicable Pricing Supplement may include a summary of additional or alternative U.S. federal income tax considerations that are not described herein and that may be relevant to a particular series of Notes. For example, the discussion below does not address the U.S. federal income tax treatment of Index Linked Notes, Partly Paid Notes and Dual Currency Notes or any Notes that are treated as "contingent payment debt instruments" for U.S. federal income tax purposes. The applicable Pricing Supplement may describe certain U.S. federal income tax consequences of owning and disposing of such Notes. Persons considering the purchase of Notes of any series should review the applicable Pricing Supplement in addition to the discussion below.

Tax Consequences to U.S. Holders

As used herein, a "U.S. Holder" is a person that is, for U.S. federal income tax purposes, a beneficial owner of a Note and is:

- an individual who is a citizen or resident of the United States;

- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or

- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Payments of Stated Interest

Stated interest on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received, in accordance with a U.S. Holder's method of accounting for U.S. federal income tax purposes. The amount of interest taxable as ordinary income will include amounts withheld in respect of Indian taxes (if any). Interest income will constitute U.S.-source income for U.S. federal income tax purposes, which may be relevant to a U.S. Holder in calculating the U.S. Holder's foreign tax credit limitation.

Special rules governing the treatment of interest paid with respect to Notes issued at a discount, short-term Notes, Floating Rate Notes and Notes denominated in foreign currency are described under *"Discount Notes," "Short-Term Notes," "Floating Rate Notes"* and *"Foreign Currency Notes"* below.

Indian taxes (if any) withheld from interest payments (at the rate not exceeding any applicable rate under the income tax treaty between India and the United States if the U.S. Holder is eligible for the benefits of the treaty) generally will be creditable against the U.S. Holder's U.S. federal income tax liability, subject to applicable limitations that vary depending upon the U.S. Holder's circumstances. However, as noted above, interest income on the Notes will constitute U.S.-source income for U.S. federal income tax purposes. Therefore, any such Indian taxes will be creditable against the U.S. Holder's U.S. federal income tax liability only if the U.S. Holder has sufficient other income that is foreign-source income in the relevant "basket" of income. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their tax advisers regarding the availability of foreign tax credits in their particular circumstances. Instead of claiming a credit, the U.S. Holder may, at its election, deduct Indian withholding taxes (if any) in computing its taxable income. An election to deduct foreign taxes instead of claiming foreign tax credits must apply to all applicable foreign taxes paid or accrued in the taxable year.

Discount Notes

General. If a Note's "issue price" (as described above) is less than its "stated redemption price at maturity," the Note will be considered to have been issued at an original discount for U.S. federal income tax purposes (and will be referred to herein as a "Discount Note") unless the Note satisfies a *de minimis* thresholdor are Short Term Notes, each as described below. A Note's stated redemption price at maturity will equal the sum of all payments under the Note, other than payments of "qualified stated interest." Generally, qualified stated interest is stated interest unconditionally payable (other than in debt instruments of the issuer) at least annually during the entire term of the Note at a fixed rate. See *"Floating Rate Notes"* below for a discussion regarding the treatment of interest paid at certain variable rates as qualified stated interest.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a prescribed *de minimis* amount (generally 1/4 of one percent of the stated redemption price at maturity multiplied by the number of complete years to maturity), the Note will not be considered to have original issue discount and will therefore not be a "Discount Note." A U.S. Holder of Discount Notes will be required to include any qualified stated interest in income in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes, as described in "*—Stated Interest*" above. In addition, a U.S. Holder of Discount Notes will be required to include in income the sum of the daily portions of the original issue discount for each day on which the U.S. Holder held the Note. The U.S. Holder will be required to include such original issue discount as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is currently received. Under this method, U.S. Holders of Discount Notes generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder may make an election to include in income all interest that accrues on a Note (including stated interest, original issue discount and *de minimis* original issue discount, as adjusted by any amortizable bond premium), in accordance with a constant yield method based on the compounding of interest.

Discount Notes Subject to Early Redemption. Discount Notes subject to one or more "call options" (i.e., ICICI's unconditional option to redeem the Note prior to its stated maturity date) or one or more "put options" (i.e., a holder's unconditional option to require redemption prior to maturity) may be subject to rules that differ from the general rules for purposes of determining the yield and maturity of the Note. Under applicable Treasury regulations, a call option will be presumed to be exercised if the exercise of the option will lower the yield on the Note. Conversely, a put option will be presumed to be exercised if the exercise of the option will increase the yield on the Note. In either case, if contrary to such presumption an option was not in fact exercised, the Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new Note were issued, on the presumed exercise date for an amount equal to the Note's "adjusted issue price." The adjusted issue price of a Discount Note is the sum of the issue price of the Note and the aggregate amount of previously accrued original issue discount, less any prior payments on the Note other than payments of qualified stated interest.

Short-Term Notes

A Note that matures (after taking into account the last possible date that the Note could be outstanding under its terms) one year or less from its date of issuance will be referred to herein as a "Short-Term Note."

Under the applicable U.S. Treasury regulations, a Short-Term Note will be treated as being issued at a discount, the amount of which will be equal to the excess of the sum of all payments on the Short-Term Note over its issue price. A U.S. Holder who uses the cash method of accounting for U.S. federal income tax purposes will not be required to include the discount in income as it accrues for U.S. federal income tax purposes unless the U.S. Holder elects to do so. A cash method U.S. Holder who does not make such election should include the discount (including any stated interest) on the Short-Term Notes as ordinary income when such amounts are received. A U.S. Holder who uses the accrual method of accounting for U.S. federal income tax purposes and a cash-method taxpayer who so elects will be required to include the discount in income as it accrues on a straight-line basis, unless the U.S. Holder makes an election to accrue the discount according to a constant yield method based on daily compounding.

A cash method U.S. Holder who does not make the election to include the discount in income on an accrual basis will be required to defer deductions for certain interest paid on indebtedness incurred to purchase or carry the Short-Term Notes until the discount on the Notes is included in income. Such a U.S. Holder should consult its tax advisers regarding these deferral rules. In addition, upon a sale, exchange, redemption or retirement of a Short-Term Note, such a U.S. Holder generally should recognize gain as ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding). Any loss recognized will be treated as a capital loss.

Floating Rate Notes

General. A Floating Rate Note generally will qualify as a "variable rate debt instrument" if:

- the issue price does not exceed the total noncontingent principal payments due under the Floating Rate Note by more than a specified *de minimis* amount;

- it provides for stated interest, paid or compounded at least annually, at current values of:

  - one or more qualified floating rates,

  - a single fixed rate and one or more qualified floating rates,

  - a single objective rate, or

  - a single fixed rate and a single objective rate that is a qualified inverse floating rate, each as defined in the applicable Treasury regulations; and

- certain other conditions, as set forth in the applicable Treasury regulations, are satisfied.

In general, a "qualified floating rate" is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Note is denominated. For example, the LIBOR rate should generally be treated as a qualified floating rate. In general, an "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula that is based on objective financial or economic information. A "qualified inverse floating rate" is any objective rate where such rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate.

Unless otherwise provided in the applicable Pricing Supplement, it is expected, and the discussion below assumes, that a Floating Rate Note will qualify (or in the case of a Floating Rate Note that pays interest based on the value of the LIBOR, should qualify) as a "variable rate debt instrument." If a Floating Rate Note does not qualify as a "variable rate debt instrument," then the Floating Rate Note will be treated as a "contingent payment debt instrument" and the applicable Pricing Supplement will describe certain U.S. federal income tax consequences to U.S. Holders of owning and disposing of such Notes.

Floating Rate Notes That Provide for a Single Variable Rate. All stated interest on a Floating Rate Note will constitute qualified stated interest (as described under *"Discount Notes"* above) and will be taxable accordingly if:

- the Floating Rate Note provides for stated interest at a single variable rate throughout the term thereof; and

- the stated interest on the Floating Rate Note is unconditionally payable in cash or other property (other than debt instruments of the issuer) at least annually.

Thus, such a Floating Rate Note will generally not be treated as issued with original issue discount unless the Floating Rate Note is issued at an issue price below its stated principal amount and the difference between the issue price and the stated principal amount is equal to or in excess of the specified *de minimis* amount described in *"—Discount Notes"*. For this purpose, and for purposes of the discussion below under *"—Floating Rate Notes that Provide for Multiple Rates,"* if a Floating Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate and if the variable rate on the Floating Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 0.25%), then the fixed rate and the variable rate together will constitute a single variable rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Floating Rate Note (e.g., two or more qualified floating rates with values within 0.25% of each other as determined on the issue date) will be treated as a single qualified floating rate.

If a Floating Rate Note that provides for stated interest at a single variable rate is issued with original issue discount, as discussed above, the amount of qualified stated interest and the amount of original issue discount that accrues during an accrual period on such a Floating Rate Note is determined under the rules applicable to fixed rate debt instruments, discussed under *"—Discount Notes"* above, by assuming that the variable rate is a fixed rate equal to:

- in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate; or

- in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Floating Rate Note.

The qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period pursuant to the foregoing rules.

Floating Rate Notes that Provide for Multiple Rates. In general, a Floating Rate Note that provides for (i) multiple floating rates or (ii) one or more floating rates in addition to one or more fixed rates will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of original issue discount and qualified stated interest on the Floating Rate Note. A Floating Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Floating Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Floating Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Floating Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Floating Rate Note. In the case of a Floating Rate Note that provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Floating Rate Note provides for a qualified inverse floating rate). Under such circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Floating Rate Note as of the Floating Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the replaced qualified floating rate or qualified inverse floating rate, as the case may be, rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Floating Rate Note is then converted into an "equivalent" fixed-rate debt instrument in the manner described above.

Once the Floating Rate Note is converted into an "equivalent" fixed-rate debt instrument pursuant to the foregoing rules, the amount of original issue discount and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general original issue discount rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Floating Rate Note will account for such original issue discount and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of interest assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that such amounts differ from the actual amount of interest accrued or paid on the Floating Rate Note during the accrual period.

Amortizable Bond Premium

If a U.S. Holder purchases a Note for an amount that is greater than the sum of all amounts payable on the Note other than qualified stated interest, the U.S. Holder will be considered to have purchased the Note with amortizable bond premium. In general, the amount of amortizable bond premium will be equal to the excess of the purchase price over the sum of all amounts payable on the Note other than qualified stated interest and the U.S. Holder may elect to amortize this premium, using a constant yield method, over the term of the Note. Special rules may limit the amount of bond premium that can be amortized during certain accrual periods in the case of Notes that are subject to optional redemption. A U.S. Holder may generally use the amortizable bond premium allocable to an accrual period to offset qualified stated interest required to be included in such U.S. Holder's income with respect to the Note in that accrual period. A U.S. Holder that elects to amortize bond premium must reduce its tax basis in the Note by the amount of the amortized premium. An election to amortize bond premium applies to all taxable debt obligations owned by the U.S. Holder at the beginning of the first taxable year to which the election applies and any taxable debt obligations thereafter acquired by the U.S. Holder and may be revoked only with the consent of the Internal Revenue Service. If a U.S. Holder makes a constant yield election (as described in *"—Discount Notes"* above) for a Note with amortizable bond premium, such election will result in a deemed election to amortize bond premium.

Sale, Retirement or Other Taxable Disposition of the Notes

Upon the sale, retirement of other taxable disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, retirement or disposition and the U.S. Holder's tax basis in the Note. For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest will be taxed as interest as described in "*—Stated Interest*" above. A U.S. Holder's tax basis in the Notes will generally equal the cost of such Note to the U.S. Holder, increased by any amount of original issue discount included in income, decreased by the amount of any payment on the Notes other than payments of qualified stated interest, and further decreased by any amortized bond premium.

Generally, gain or loss realized on the sale, retirement or other taxable disposition of a Note will be capital gain or loss, and will be long-term capital gain or loss if at the time of the sale, retirement or taxable disposition the U.S. Holder has held the Note for more than one year. Exceptions to this general rule may apply in the case of a Short-Term Note (*See "—Short-Term Notes"* above) or in the case of Notes denominated in foreign currency (See "—Foreign Currency Notes" below). The deductibility of capital losses may be subject to limitations.

Gain or loss will generally be U.S. source for purposes of computing a U.S. Holder's foreign tax credit limitation. As described in "*—Indian Taxation*" above, U.S. Holders may be subject to Indian tax on the disposition of Notes. U.S. Holders should consult their tax advisers as to whether they would be able to credit any such Indian tax against their U.S. federal income tax liabilities in their particular circumstances.

Foreign Currency Notes

General. The following discussion describes certain special rules applicable to a U.S. Holder of Notes that are denominated in, or the payments on which are determined by reference to, a single currency other than U.S. dollars, which we refer to as "foreign currency Notes."

The rules applicable to foreign currency Notes could require some or all of the gain or loss on the sale, exchange or other disposition of the Notes to be recharacterized as ordinary income or loss. The rules applicable to foreign currency Notes are complex and their application may depend on the U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a U.S. Holder should make any of these elections may depend on the U.S. Holder's particular U.S. federal income tax situation. U.S. Holders should consult their tax advisers regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Notes.

Payments of Interest on Foreign Currency Notes. A cash method U.S. Holder who receives a payment of qualified stated interest (or who receives proceeds from a sale, exchange or other disposition attributable to accrued interest) in a foreign currency with respect to a foreign currency Note will be required to include in income the U.S. dollar value of the foreign currency payment (determined based on a spot rate on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at that time, and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency. To the extent that a cash method U.S. Holder is required to accrue original issue discount on a foreign currency Note, rules similar to the rules described in the following paragraph will apply with respect to the original issue discount.

In the case of an accrual method U.S. Holder, the U.S. Holder will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount, but reduced by any amortizable bond premium) that has accrued and is otherwise required to be taken into account with respect to a foreign currency Note during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at an average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. Alternatively, a U.S. Holder may elect to translate interest income (including original issue discount) for an interest accrual period into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of an accrual period that spans two taxable years, the spot rate on the last day of the part of the period within the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the Internal Revenue Service. In addition to the interest income accrued as described above, the U.S. Holder may recognize ordinary income or loss (which will not be treated as interest income or expense) with respect to accrued interest income on the date the interest payment or proceeds from the sale, exchange or other disposition attributable to accrued interest are actually received. The amount of ordinary income or loss recognized will equal the difference, if any, between the U.S. dollar value of the foreign currency received (determined based on a spot rate on the date of receipt) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above).

Amortizable Bond Premium on Foreign Currency Notes. Amortizable bond premium (each as defined above) on a foreign currency Note is to be determined in the relevant foreign currency. If an election to amortize bond premium is made, amortizable bond premium taken into account on a current basis will reduce interest income in units of the relevant foreign currency. Foreign currency gain or loss (as defined below) is realized on amortized bond premium with respect to any period by treating the bond premium amortized in the same period in the same manner as a payment of principal of the foreign currency Note (as discussed below). Any foreign currency gain or loss will be ordinary income or loss as described below.

Tax Basis in Foreign Currency Notes. A U.S. Holder's tax basis in a foreign currency Note, and the amount of any subsequent adjustment to the tax basis, will be determined in U.S. dollars. A U.S. Holder's tax basis in a foreign currency Note will be determined based on the spot rate on the date of purchase (or on the settlement date, if the foreign currency Note is traded on an "established securities market" and the U.S. Holder is a cash-basis taxpayer or an electing accrual-basis taxpayer). A U.S. Holder that purchases a foreign currency Note with previously owned foreign currency will recognize ordinary income or loss in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the foreign currency and the U.S. dollar fair market value of the foreign currency Note on the date of purchase (or the settlement date, if the foreign currency Note is traded on an "established securities market" and the U.S. Holder is a cash-basis taxpayer or an electing accrual basis taxpayer).

Sale, Retirement or Other Taxable Disposition of Foreign Currency Notes. Upon the sale, retirement of other taxable disposition of a foreign currency Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, retirement or disposition and the U.S. Holder's tax basis in the foreign currency Note. Generally, and except to the extent of any gain or loss attributable to foreign currency fluctuations as described in the following paragraph, gain or loss realized on the sale, retirement or other taxable disposition of a foreign currency Note will be capital gain or loss, and will be long-term capital gain or loss if at the time of the sale, retirement or disposition the U.S. Holder has owned the foreign currency Note for more than one year. The amount realised on a sale, exchange or retirement of a foreign currency Note will generally be the U.S. dollar value of the foreign currency received (except to the extent attributable to accrued interest), determined on the date of the sale, exchange or retirement. However, if a foreign currency Note is traded on an "established securities market" and the U.S. Holder is a cash-basis taxpayer or an electing accrual-basis taxpayer, the amount realized on the sale of such Note will be determined based on the spot rate on the settlement date of the disposition. An accrual-method U.S. Holder that makes the election described in the preceding sentence or preceding paragraph for foreign currency Notes traded on an established securities market must apply such election consistently to all debt instruments denominated in foreign currency which are traded on established securities market and cannot change it without the consent of the Internal Revenue Service.

Gain or loss realized upon the sale, retirement or other taxable disposition of a foreign currency Note that is attributable to fluctuations in currency exchange rates (referred to as "foreign currency gain or loss") will be ordinary income or loss which will not be treated as interest income or expense. Foreign currency gain or loss attributable to fluctuations in exchange rates generally will equal the difference between (i) the U.S. dollar value of the U.S. Holder's purchase price (excluding any bond premium previously amortized) in the foreign currency of the Note, determined on the date the payment is received in exchange for the Note or the Note is disposed of, and (ii) the U.S. dollar value of the U.S. Holder's purchase price (excluding any bond premium previously amortized) in the foreign currency of the Note, determined on the date the U.S. Holder acquired the Note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on foreign currency Notes described above. The foreign currency gain or loss realized upon the sale, retirement or other taxable disposition of any foreign currency Note will be recognized only to the extent of the total gain or loss realized by a U.S. Holder on the sale, retirement or other taxable disposition of the foreign currency Note. If a U.S. Holder recognizes a loss upon a sale or other disposition of a foreign currency Note and such loss is above certain thresholds, the U.S. Holder may be required to file a disclosure statement with the Internal Revenue Service. U.S. Holders should consult their tax advisers regarding this reporting obligation.

A U.S. Holder will have a tax basis in any foreign currency received on the sale, retirement or other taxable disposition of a foreign currency Note equal to the U.S. dollar value of the foreign currency, determined at the time of such sale, retirement or other taxable disposition. A cash-method taxpayer who buys or sells a foreign currency Note that is traded on an established market is required to translate units of foreign currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss will result from currency fluctuations between the trade date and the settlement of the purchase or sale. An accrual-method taxpayer may elect the same treatment for all purchases and sales of foreign currency obligations if such obligations are traded on an established securities market. This election cannot be changed without the consent of the Internal Revenue Service. Any gain or loss realized by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase foreign currency Notes) will be ordinary income or loss.

Substitution of the Issuer

Unless certain exceptions set forth in U.S. Treasury regulations apply, the substitution of another obligor in place of the Issuer (or of any previous substitute) as the principal debtor under the Notes, as described in *"Terms and Conditions of the Notes-Substitution of Issuer,"* will be considered for U.S. federal income tax purposes to be a deemed exchange of the Notes for new notes, which may result in recognition of taxable gain or loss for U.S. federal income tax purposes and other possible adverse tax consequences. U.S. Holders should consult their tax advisers regarding the tax consequences of any assumption of the Issuer's obligations under the Notes.

Information Reporting and Backup Withholding

Payments of interest and proceeds from the sale of a Note are subject to information reporting and may be subject to backup withholding unless the U.S. Holder is an exempt recipient or, in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. Holders who are individuals (and certain U.S. entities closely held by individuals) may be required to report to the Internal Revenue Service certain information relating to Notes not held through a U.S. financial institution. U.S. Holders who fail to report the required information could be subject to substantial penalties.

Tax Consequences to Non-U.S. Holders of Registered Notes Issued Through the Issuer's New York Branch

As used herein, a "Non-U.S. Holder" is a beneficial owner of a Note that is, for U.S. federal income tax purposes:

- a non-resident alien individual; or

- a foreign corporation.

"Non-U.S. Holder" does not include a holder who is an individual present in the United States for 183 days or more in the taxable year of disposition. Such a holder is urged to consult his or her own tax adviser regarding the U.S. federal income tax consequences of the sale, exchange or other disposition of a Note.

The applicable Pricing Supplement may include a summary of additional or alternative U.S. federal income tax considerations that are not described herein and that may be relevant to a particular series of Notes. For example, the discussion below does not address the U.S. federal income tax treatment of Index Linked Notes, Partly Paid Notes and Dual Currency Notes and the applicable Pricing Supplement will describe certain U.S. federal income tax consequences of owning and disposing of such Notes. Persons considering the purchase of Notes of any series should review the applicable Pricing Supplement in addition to the discussion below.

Taxation of the Notes

Subject to the discussion below concerning backup withholding and FATCA, payments of principal, interest (including original issue discount, if any) and premium on the Notes by the Issuer or any paying agent to any Non-U.S. Holder will not be subject to U.S. federal withholding tax, provided that, in the case of interest,

- the Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of stock of the Issuer entitled to vote and is not a controlled foreign corporation related, directly or indirectly, to the Issuer through stock ownership;

- the certification requirement described below has been fulfilled with respect to the beneficial owner, as discussed below; and

- the interest is not contingent interest the amount of which is determined with reference to the financial performance of the Issuer or a related person or with reference to changes in the value of the Issuer's or a related person's assets.

A Non-U.S. Holder of a Note will not be subject to U.S. federal income tax on gain realized on the sale, exchange or other disposition of such Note, unless the gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States (and, if required by an applicable income tax treaty, attributable to a U.S. permanent establishment).

Certification Requirement

Interest and original issue discount will not be exempt from withholding tax unless the beneficial owner of that Note certifies, generally on Internal Revenue Service Form W-8BEN or W-8BEN-E, as applicable (or any applicable successor form), under penalties of perjury, that it is not a U.S. person.

If a Non-U.S. Holder of a Note is engaged in a trade or business in the United States, and if interest (including original issue discount) on the Note is effectively connected with the conduct of this trade or business (and if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment), the Non-U.S. Holder will not be subject to withholding tax provided that the Non-U.S. Holder provides to the Issuer or applicable withholding agent a properly executed Internal Revenue Service Form W-8ECI claiming an exemption from withholding tax. However, although exempt from the withholding tax discussed in the preceding paragraph, such Non-U.S. Holder will generally be taxed in the same manner as a U.S. Holder (See *"—Tax Consequences to U.S. Holders"* above), and may also be subject to a 30% branch profits tax. Any such holders should consult their tax advisers with respect to the U.S. tax consequences of the ownership and disposition of Notes, including the possible imposition of the 30% branch profits tax.

Information Reporting and Backup Withholding

Information returns will be filed with the Internal Revenue Service in connection with payments of interest or original issue discount on the Notes. Unless the Non-U.S. Holder complies with certification procedures to establish that it is not a U.S. person, information returns may be filed with the U.S. Internal Revenue Service in connection with the proceeds from a sale or other disposition of Notes and the Non-U.S. Holder may be subject to U.S. backup withholding on payments on the Notes or on the proceeds from a sale or other disposition of the Notes. The certification procedures required to claim the exemption from withholding tax on interest and original issue discount described above will satisfy the certification requirements necessary to avoid the backup withholding as well. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holder's U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

FATCA

Provisions commonly referred to as "FATCA" impose withholding of 30% on payments of U.S.-source interest and, beginning in 2019, on payments of certain sales or redemption proceeds to "foreign financial institutions" (which is broadly defined for this purpose and in general includes investment vehicles), including intermediaries, and certain other non-U.S. entities unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) are satisfied or an exemption applies. As described in Conditions 6.5 and 8, if FATCA withholding is required, the Issuer will not be required to pay any additional amounts with respect to any amounts so withheld. If FATCA withholding is imposed, a beneficial owner that is not a foreign financial institution generally will be entitled to a refund of any amounts so withheld by filing a U.S. federal income tax return (which may entail significant administrative burden). Prospective non-U.S. investors should consult their tax advisers regarding the effects of FATCA on their investment in Notes issued by the New York Branch and their ability to obtain a refund of any FATCA withholding.

UNITED STATES BENEFIT PLAN INVESTOR CONSIDERATIONS

The following is a summary of certain considerations associated with an investment in the Notes by a pension, profit sharing or other employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or Section 4975 of the U.S. Internal Revenue Code. THE FOLLOWING IS MERELY A SUMMARY, HOWEVER, AND SHOULD NOT BE CONSTRUED AS LEGAL OR INVESTMENT ADVICE OR AS COMPLETE IN ALL RELEVANT RESPECTS. BECAUSE THIS SUMMARY WAS WRITTEN IN CONNECTION WITH THE MARKETING OF THE NOTE, IT IS NOT INTENDED TO BE USED AND CANNOT BE USED BY ANY NOTE HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES AND/OR EXCISE TAX. ALL PURCHASERS SHOULD CONSULT THEIR LEGAL ADVISORS BEFORE INVESTING ASSETS OF AN EMPLOYEE BENEFIT PLAN IN THE NOTES AND TO MAKE THEIR OWN INDEPENDENT DECISIONS.

Each fiduciary of a pension, profit-sharing or other employee benefit plan subject to Title I of ERISA (an "ERISA Plan") should consider the fiduciary standards of ERISA in the context of the ERISA Plan's particular circumstances before authorizing an investment in the Notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the ERISA Plan.

Section 406 of ERISA and Section 4975 of the Code generally prohibit ERISA Plans, as well as individual retirement accounts, Keogh plans and other plans, accounts and arrangements subject to Section 4975 of the Code (together with ERISA Plans, "Plans"), from engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Plan (together, the "Parties in Interest"). For example, if the Issuer, any Dealer, any Arranger, any Agent or any of their respective affiliates is a Party in Interest with respect to a Plan, the purchase of the Notes by or on behalf of the Plan may be a prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the Notes are acquired pursuant to an exemption from the "prohibited transaction" rules. A violation of these prohibited transaction rules could result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for such persons, unless relief is available under an applicable statutory or administrative exemption.

Certain prohibited transaction class exemptions (the "PTCEs") issued by the United States Department of Labor may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of the Notes. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers). In addition, ERISA Section 408(b)(l7) and Section 4975(d)(20) of the Code provide a limited exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction and provided further that the Plan pays no more and receives no less than adequate consideration in connection with the transaction (the so-called "service provider exemption"). There can be no assurances that any of these statutory or class exemptions will be available with respect to transactions involving the Notes.

Accordingly, the Notes may not be purchased or held by any Plan, any entity whose underlying assets include "plan assets" by reason of any Plan's investment in the entity (a "Plan Asset Entity") or any person investing "plan assets" of any Plan, unless the purchase and holding of the Notes will not result in a nonexempt prohibited transaction. Any purchaser of the Notes or any interest therein, including in the secondary market, will be deemed to have represented that, among other things, (a) either (i) it is not a Plan or Plan Asset Entity and is not purchasing the Notes on behalf of or with "plan assets" of any Plan or Plan Asset Entity or with any assets of a governmental, church or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (the "Similar Laws") or (ii) its purchase, holding and disposition of the Notes will not constitute or result in a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any Similar Law and that such representations shall be deemed to be made each day from the date on which the purchaser purchases through and including the date on which the purchaser disposes of the Notes. See *"Subscription and Sale and Transfer and Selling Restrictions"* herein.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in nonexempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the Notes on behalf of or with "plan assets" of any Plan or plan subject to Similar Laws consult with their counsel regarding the potential consequences under ERISA and the Code and the availability of exemptive relief. Purchasers of the Notes have exclusive responsibility for ensuring that their purchase and holding of the Notes do not violate the fiduciary or prohibited transaction rules of ERISA or the Code or any similar provisions under any Similar Laws. The sale of any Notes to a Plan or plan subject to Similar Laws is in no respect a representation by us or any Dealer or any of our or their affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by any such plans generally or any particular plan, or that such investment is appropriate for such plans generally or any particular plan.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear, Clearstream, Luxembourg or the Central Moneymarkets Unit Service (together, the "Clearing Systems") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Arranger, any Dealer, the Trustee nor any party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The applicable Pricing Supplement will specify the Clearing System(s) applicable for each Series.

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (the "Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. DTC is owned by a number of its direct participants (the "Direct Participants"), which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "Rules"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system (the "DTC Notes") as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the U.S. Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (the "Owners") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co.. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co.. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Certificate, will be legended as set forth under *"Subscription and Sale and Transfer and Selling Restrictions."*

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

CMU

The CMU is a central depository service provided by the Central Moneymarkets Unit of the Hong Kong Monetary Authority (the "HKMA") for the safe custody and electronic trading between the members of this service (the "CMU participants") of capital markets instruments (the "CMU Instruments") which are specified in the CMU Service Reference Manual as capable of being held within the CMU.

The CMU is only available for CMU instruments issued by a CMU participant or by a person for whom a CMU participant acts as an agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all members of the Hong Kong Capital Markets Association and "authorized institutions" under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU is limited. In particular (and unlike the European clearing systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU participants of payments (of interest or principal) under, or notices pursuant to the notice provisions of, CMU Instruments. Instead, the HKMA advises the CMU lodging and paying agent of the identities of the CMU participants to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the CMU lodging and paying agent will make the necessary payments of interest or principal or send notices directly to the relevant CMU participants. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU participants or provide any such certificates on behalf of CMU participants. The CMU lodging and paying agent will collect such certificates from the relevant CMU participants identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg, in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg, each have with the CMU.

Book-entry Ownership of and Payments in Respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Global Certificate accepted in its book-entry settlement system. Upon the issue of any such Global Certificate, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Global Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealers. Ownership of beneficial interests in such a Global Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Certificate, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Certificate accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in US$ of principal and interest in respect of a Global Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than US$, payment will be made to the Agent on behalf of DTC or its nominee and the Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into US$ and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Paying Agents, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Global Certificates

Transfers of any interests in Notes represented by a Global Certificate within DTC, Euroclear, Clearstream, Luxembourg and CMU will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Certificate to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Certificate accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Global Certificate accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under *"Subscription and Sale and Transfer and Selling Restrictions,"* cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Trustee and any custodian (the "Custodian") with whom the relevant Global Certificates have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Certificates will be effected through the Registrar, the Trustee and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agent, the Trustee or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in a programme agreement dated April 13, 2006 (as amended and restated as of May 12, 2011, August 8, 2012, May 23, 2013, September 9, 2014, March 10, 2016, December 1, 2017 and October 5, 2018 and as further amended and/or supplemented from time to time, the "Global Programme Agreement"), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under *"Form of the Notes"* and *"Terms and Conditions of the Notes."* In the Global Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Global Programme and the issue of Notes under the Global Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, one or more Dealers named as Stabilizing Managers (or persons acting on behalf of any Stabilizing Manager) in the relevant Pricing Supplement, to the extent permitted by applicable laws and regulations, may engage in transactions that stabilize, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically, such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilize or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to whether such stabilization activities will take place at all or the magnitude or effect of any such stabilizing or other transactions. Such transactions, if commenced, may be discontinued at any time. Stabilization activities are subject to certain prescribed time limits in certain jurisdictions. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Delivery of the Notes under the Global Programme is expected to occur, unless the Dealers and the Issuer agree otherwise, on the fifth business day following the date of pricing of the Notes (the "T+5"). Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next two succeeding business day may be required, because the Notes will initially settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. The settlement date of a series of Notes will be set out in the applicable Pricing Supplement. Purchasers who wish to trade the Notes on the pricing date or the next two succeeding business day should consult their own advisors.

The Dealers are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Each of the Dealers and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Issuer. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We will pay the relevant Dealers, as compensation for their services in connection with the offering of each Tranche of Notes issued under the Programme, underwriting fees and commissions.

In connection with each Tranche of Notes issued under the Programme, the Dealers may offer the Notes to certain dealers at a price that represents a concession or discount to the issue price to investors.

In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. In connection with each Tranche of Notes issued under the Programme, the Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States or U.S. persons are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes or person wishing to transfer an interest from one Global Certificate to another or from global to definitive form or vice versa, will be deemed to have acknowledged, represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is outside the United States and is not a U.S. person;

- that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

- that, unless it holds an interest in a Regulation S Global Certificate and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United

States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;

- it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;

- that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Certificates and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Certificates;

- that the Notes, other than the Regulation S Global Certificates, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

  "THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND UNDER THE APPLICABLE U.S. STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASE OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE DEALERS THAT (A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, THAT (B) THIS NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (I) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (II) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF SUCH RULE 144A, (III) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (IV) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, THAT (C) EITHER (1) NO PORTION OF THE ASSETS USED BY IT TO ACQUIRE AND HOLD THE NOTES CONSTITUTES ASSETS OF (i) ANY EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (ii) ANY INDIVIDUAL RETIREMENT ACCOUNT ("IRA"), KEOGH PLAN OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (iii) ANY ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" WITHIN THE MEANING OF ERISA OF ANY SUCH PLAN, ACCOUNT OR AGREEMENT (EACH OF THE PLANS, ACCOUNTS, ENTITIES AND OTHER ARRANGEMENTS DESCRIBED IN (i), (ii) and (iii), A "PLAN"), OR (iv) ANY GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS NOT SUBJECT TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE BUT MAY BE SUBJECT TO OTHER LAWS THAT ARE SUBSTANTIALLY SIMILAR TO

THOSE PROVISIONS (EACH, A "SIMILAR LAW"), OR (2) ITS PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF THE NOTES WILL NOT CONSTITUTE OR RESULT IN A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA, OR SECTION 4975 OF THE CODE OR VIOLATE ANY PROVISION OF SIMILAR LAW, AND THAT (D) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN (B) AND (C) ABOVE.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OR TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN".;

- if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (a)(i) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. state securities laws; and it acknowledges that the Regulation S Global Certificates will bear a legend to the following effect unless otherwise agreed to by the Issuer:

  "THIS NOTE (OR ITS PREDECESSOR) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND APPLICABLE U.S. STATE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. TERMS USED HEREIN HAVE THE MEANINGS GIVEN THEM IN REGULATION S UNDER THE SECURITIES ACT. PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE DATE OF THE ORIGINAL ISSUANCE OF THIS NOTE, THIS NOTE MAY BE TRANSFERRED ONLY (A)(I) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT OR (II) TO A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN COMPLIANCE WITH RULE 144A AND (B) IN ACCORDANCE WITH ALL APPLICABLE U.S. STATE SECURITIES LAWS".

- that either (i) no portion of the assets used by it to acquire and hold the Notes constitutes assets of (1) any employee benefit plan that is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (2) any individual retirement account ("IRA"), Keogh plan or other arrangement that is subject to Section 4975 of the Code, (3) any entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each of the plans, accounts, entities and other arrangements described in (1), (2) and (3), a "Plan"), or (4) any governmental, church or non-U.S. plan that is not subject to Section 406 of ERISA or Section 4975 of the Code but may be subject to other laws that are substantially similar to those provisions (each, a

"Similar Law"), or (ii) its purchase, holding and subsequent disposition of the Notes will not constitute or result in a nonexempt prohibited transaction under Section 406 of ERISA, or Section 4975 of the Code or violate any provision of Similar Law; and

- that the Issuer, the Trustee, the Dealers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Legended Notes

No sale of Legended Notes in the United States to any one purchaser will be for less than US$200,000 (or its foreign currency equivalent) principal amount, unless a different minimum denomination is specified in the applicable Pricing Supplement, and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a nonbank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least US$200,000 (or its foreign currency equivalent) principal amount of Registered Notes.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has offered and sold any Notes, and will offer and sell any Notes (a) as part of their distribution at any time and (b) otherwise until the expiration of 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, as determined and certified as provided below, only in accordance with Rule 903 of Regulation S under the Securities Act. Each Dealer who has purchased Notes of a Tranche hereunder (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a Syndicated Issue, the relevant Lead Manager) shall determine and notify the Issuer of the date of completion of the distribution of the Notes of such Tranche. On the basis of such notification or notifications, the Issuer has agreed to notify such Dealer/Lead Manager and the Agent of the end of the distribution compliance period with respect to such Tranche. Each Dealer also agrees that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until the expiration of 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part as determined and certified by the relevant Dealers, in the case of a non-Syndicated Issue, or the Lead Manager, in the case of a Syndicated Issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used above under United States selling restrictions have the meanings given to them by Regulation S.

Each Dealer has represented and agreed that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

In addition in respect of Bearer Notes where TEFRA D is specified in the applicable Pricing Supplement, each Dealer represents and agrees, and each additional Dealer appointed under the Global Programme will be required to represent and agree:

(1) except to the extent permitted under U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "Code")) ("TEFRA D"), (a) that it has not offered or sold, and that during the restricted period it will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a U.S. person, and (b) that it has not delivered and that it will not deliver within the United States or its possessions definitive Bearer Notes that are sold during the restricted period;

(2) that it has and that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Bearer Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a U.S. person, except as permitted by TEFRA D;

(3) if it is a U.S. person that it is acquiring Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(6) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code);

(4) with respect to each affiliate that acquires Bearer Notes from a Dealer for the purpose of offering or selling such Bearer Notes during the restricted period, that such Dealer either (a) repeats and confirms the representations and agreements contained in clauses (1), (2) and (3) above on such affiliate's behalf or (b) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in clauses (1), (2) and (3) above; and

(5) that such Dealer will obtain for the benefit of the Issuer the representations and agreements contained in clauses (1), (2), (3) and (4) above from any person other than its affiliate with whom it enters into a written contract, as defined in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(4) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) for the offer and sale during the restricted period of Bearer Notes.

Terms used in the preceding paragraph have the meanings given to them by the Code, and regulations thereunder, including TEFRA D.

In respect of Bearer Notes where TEFRA C is specified in the applicable Pricing Supplement under U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) ("TEFRA C"), such Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer represents and agrees, and each additional Dealer appointed under the Global Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Notes within the United States or its possessions in connection with their original issuance. Further, each Dealer represents and agrees, and each additional Dealer appointed under the Global Programme will be required to represent and agree, in connection with the original issuance of such Bearer Notes that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of such Bearer Notes. Terms used in this paragraph have the meanings given to them by the Code, and regulations thereunder, including TEFRA C.

In connection with an offer or sale of any Notes pursuant to a private placement in the United States or an offering in reliance on or pursuant to Regulation S, each Dealer has represented and agreed that, it is a "qualified institutional buyer" within the meaning of Rule 144A and an "accredited investor" within the meaning of Rule 501(a) under the Securities Act or (b) a non-U.S. person outside of the United States.

Notwithstanding anything above to the contrary, it is understood that Registered Notes may be offered and sold pursuant to a private placement in the United States, and in connection therewith each Dealer has represented and agreed that:

(1) offers, sales, resales and other transfers of Notes made in the United States made or approved by a Dealer (including offers, resales or other transfers made or approved by a Dealer in connection with secondary trading) shall be made with respect to Registered Notes only and shall be effected pursuant to an exemption from the registration requirements of the Securities Act;

(2) offers, sales, resales and other transfers of Notes made in the United States will be made only in private transactions to institutional investors that are reasonably believed to qualify as "qualified institutional buyers" within the meaning of Rule 144A;

(3) the Notes will be offered in the United States only by approaching prospective purchasers on an individual basis. No general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act will be used in connection with the offering of the Notes in the United States;

(4) no sale of the Notes in the United States to any one purchaser will be for less than US$200,000 (or its foreign currency equivalent) principal amount and no Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a nonbank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least US$200,000 (or its foreign currency equivalent) principal amount of the Notes; and

(5) each Note sold as a part of a private placement in the United States shall contain a legend stating that such Note has not been, and will not be, registered under the Securities Act, that any resale or other transfer of such Note or any interest therein may be made only:

    (a) to the Issuer or any subsidiary thereof;

    (b) to a qualified institutional buyer in a transaction which meets the requirements of Rule 144A;

    (c) outside the United States to a non-U.S. person pursuant to Regulation S under the Securities Act;

    (d) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available); or

    (e) pursuant to an effective registration statement under the Securities Act.

Resale or secondary market transfer of Notes in the United States may be made in the manner and to the parties specified above and to qualified institutional buyers in transactions which meet the requirements of Rule 144A.

The Issuer has represented and agreed that any resale or other transfer, or attempted resale or other transfer of Notes sold as part of a private placement in the United States made other than in compliance with the restrictions set out in paragraphs (1) through (5) above shall not be recognized by the Issuer or any agent of the Issuer and shall be void. The certificates for the Notes sold in the United States shall bear a legend to this effect.

Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealers may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement. The relevant Dealers agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes pursuant to Rule 144A in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. person, other than any qualified institutional buyer within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Offering Circular by any non-U.S. person outside the United States or by any qualified institutional buyer in the United States to any U.S. person or to any other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer is prohibited.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable," each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

   (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or

   (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

   (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"); and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area (the "EEA") which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(1) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "Nonexempt Offer"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Nonexempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Nonexempt Offer;

(2) at any time to any legal entity which is a "qualified investor" as defined in the Prospectus Directive;

(3) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(4) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in paragraphs (1) to (4) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in each Relevant Member State; and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed that:

(1) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(3) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed that:

(1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) (the "SFO") and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Cap. 32) (the "CO") or which do not constitute an offer or invitation to the public within the meaning of the CO or the SFO; and

(2) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

India

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (a) this Offering Circular has not been and will not be registered, produced or published as an offer document (whether as a prospectus in respect of a public offer or information memorandum or other offering material in respect of any private placement under the Indian Companies Act, 2013 and the rules framed thereunder) or any other applicable Indian laws), with the Registrar of Companies, the Reserve Bank of India, the Securities and Exchange Board of India or any other statutory or regulatory body of like nature in India and (b) the Notes have not been and will not be offered or sold in India by means of any document and this Offering Circular or any other offering document or material relating to the Notes have not been and will not be circulated or distributed, directly or indirectly, to any person or to the public in India which would constitute an advertisement, invitation, offer, sale or solicitation of an offer to subscribe for or purchase any securities in violation of Indian laws.

In respect of any INR denominated Notes, each Dealer has further represented and agreed that:

(a) this Offering Circular or any material relating to the Notes have not been and will not be circulated or distributed to any prospective investor who does not meet the FATF Requirements (as defined below) or to any offshore branch or subsidiary of an Indian bank or to any 'related party' of the Issuer (as understood in the context of the Indian Accounting Standards);

(b) the Notes will not be offered or sold and have not been offered or sold as part of the primary issuance to any person who (by way of branch or subsidiary presence) does not meet the FATF Requirements or to any offshore branch or subsidiary of an Indian bank or to any 'related party' of the Issuer (as understood in the context of the Indian Accounting Standards), it being agreed that the Dealers have no responsibility for determining the FATF Requirements compliance status of investors when such Notes are subsequently reoffered or resold; and

(c) it will use its best efforts to promptly provide to the Issuer (i) within two business days of the issuance of the Notes, a list of primary Noteholders in relation to the issuance of any Notes, for the purpose of submission of such a list to the relevant regulatory authorities in India which list shall contain the name and address of the subscriber or entity subscribing, amount of subscription, and the country of residence of the subscribing entity; and (ii) on the Issuer's request subject to applicable laws and regulations, any other information in its possession as requested by the relevant regulatory authorities in India from time to time in relation to the Notes.

For the purposes of this section:

"FATF" means the Financial Action Task Force; and

"FATF Requirements" means an investor who is a resident of a country:

(a) that is a member of the FATF or a member of a FATF-style regional body;

(b) whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to bilateral Memorandum of Understanding with the Securities and Exchange Board of India for information sharing arrangements; and

(c) which is not identified in a public statement of the FATF as:

  (i) being a jurisdiction having strategic anti-money laundering or combating the financing of terrorism deficiencies to which countermeasures apply; or

  (ii) being a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies.

"Related Party" shall have the meaning ascribed to such term under the Ind AS 24.

Disclosure of information relating to holders of the INR denominated Notes

In addition, holders and beneficial owners shall be responsible for compliance with restrictions on the ownership of the INR denominated Notes imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of INR denominated Notes shall be deemed to have acknowledged, represented and agreed that such holders and beneficial owners are eligible to purchase the INR denominated Notes under applicable laws and regulations and are not prohibited under any applicable law or regulation from acquiring, owning or selling the INR denominated Notes. Potential investors should seek independent advice and verify compliance with FATF Requirements prior to any purchase of the INR denominated Notes.

The holders and beneficial owners of INR denominated Notes shall be deemed to confirm that for so long as they hold any INR denominated Notes, they will meet the FATF Requirements and will not be an offshore branch of an Indian bank.

Further, all Noteholders represent and agree that the INR denominated Notes will not be offered or sold on the secondary market to any person who does not comply with the FATF Requirements or which is an offshore branch of an Indian bank.

Singapore

Each Dealer has acknowledged that this Offering Circular has not been registered and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase nor will it offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed nor will it circulate or distribute this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the Securities and Futures Act, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes may not be circulated or distributed, nor may Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the Securities and Futures Act, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

(c) securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the Securities and Futures Act except:

(d) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;

    (i) where no consideration is or will be given for the transfer;

    (ii) where the transfer is by operation of law;

    (iii) as specified in Section 276(7) of the Securities and Futures Act; or

    (iv) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

United Arab Emirates

The offering of the Notes has not been approved or licensed by the Central Bank of UAE ("UAE Central Bank"), the UAE Securities and Commodities Authority ("SCA") or any other relevant licensing authorities in the UAE, and accordingly does not constitute a public offer of securities in the UAE in accordance with the commercial companies law, Federal Law No. 2 of 2015 (as amended), SCA Resolution No. 3 R.M. of 2017 Regulating Promotions and Introductions or otherwise. Accordingly, the notes may not be offered to the public in the UAE. On the basis of current law and practice, the Notes will not be subject to any income or capital gains tax in the DIFC, Dubai or the United Arab Emirates except Value Added Tax, as applicable. Prospective investors in the Notes should consult their own advisers as to the effect on their own particular tax circumstances of an investment in the Notes.

This Offering Circular is strictly private and confidential and is being issued to a limited number of institutional and individual investors:

(a) who meet the criteria of a Qualified Investor as defined in SCA Resolution No. 3 R.M. of 2017 (except natural persons) or who otherwise qualify as sophisticated investors;

(b) upon their request and confirmation that they understand that the Notes have not been approved or licensed by or registered with the UAE Central Bank, the SCA, or any other relevant licensing authorities or governmental agencies in the UAE; and

(c) and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose.

Dubai International Financial Centre

The offering of the Notes has not been reviewed or approved by the Dubai Financial Services Authority (the "DFSA") or any other relevant licensing authorities in the DIFC, and constitutes an Exempt Offer (as defined in the DFSA Markets Rules issued under the Markets Law of 2012). The DFSA has no responsibility for reviewing any documents in connection with Exempt Offers.

This Offering Circular is strictly private and confidential and will only be issued to a limited number of institutional investors who qualify as Professional Clients (as defined in the DFSA Rules) who are not natural persons and must not be provided to any person other than the original recipient, and may not be reproduced or relied upon or used for any other purpose.

The Notes to which this Offering Circular relates may be illiquid and/or subject to restrictions on their resale. Prospective investors should conduct their own due diligence on the Notes. If you do not understand the contents of this Offering Circular, please consult your financial advisor.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan and disclosure under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "Financial Instruments and Exchange Act"). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Italy

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa ("CONSOB") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Dealer has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Offering Circular or any other document relating to the Notes in Italy except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the "Financial Services Act") and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "Issuers Regulation"), all as amended from time to time; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "Banking Act") and CONSOB Regulation No. 16190 of 29 October 2007, all as amended from time to time;

(ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and

(iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

Netherlands

Each Dealer has represented and agreed that the Notes (or any interest therein) are not and may not, directly or indirectly, be offered, sold, pledged, delivered or transferred in the Netherlands, on their issue date or at any time thereafter, and neither the Offering Circular nor any other document in relation to any offering of the Notes (or any interest therein) may be distributed or circulated in the Netherlands, other than to qualified investors as defined in the Prospectus Directive (as defined under "European Economic Area" above), provided that these parties acquire the Notes for their own account or that of another qualified investor.

General

Each Dealer has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Trustee and any other Dealers shall have any responsibility therefor.

None of the Issuer, the Trustee and any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Tranche, the relevant Dealers will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealers and set out in the applicable Pricing Supplement.

LEGAL MATTERS

Certain United States federal law and New York law matters will be passed upon for the Issuer by Davis Polk & Wardwell. Certain Hong Kong law matters will be passed upon for the Issuer by Davis Polk & Wardwell. Certain Indian law matters will be passed upon for the Issuer by Cyril Amarchand Mangaldas.

Certain Singapore law matters will be passed upon for the Issuer by Allen & Gledhill LLP. Certain Dubai law matters will be passed upon for the Issuer by Al Tamimi & Company. Certain United States federal law matters will be passed upon for the Dealers by Linklaters Singapore Pte. Ltd. Certain English law matters will be passed upon for the Dealers by Linklaters Singapore Pte. Ltd.

INDEPENDENT ACCOUNTANTS

The unconsolidated financial statements of ICICI Bank Limited as of and for the years ended March 31, 2016, 2017 and 2018, included in this Offering Circular, have been audited by B S R & Co. LLP, Chartered Accountants, as stated in their report appearing herein which refers to reliance on other auditors.

The consolidated financial statements of ICICI Bank Limited as of and for the years ended March 31, 2016, 2017 and 2018, incorporated by reference in this Offering Circular, have been audited by B S R & Co. LLP, as stated in their report incorporated by reference herein, which refers to reliance on other auditors and unaudited financial statements of certain subsidiaries, associates and joint ventures.

As per statutory requirements, the appointment of B S R & Co. LLP, Chartered Accountants, as independent statutory auditors with respect to the Bank within the meaning of the Indian Companies Act, 2013, as amended and in accordance with the guidelines issued by the Institute of Chartered Accountants of India, for fiscal 2018 has been approved by the board of directors of the Bank and the Reserve Bank of India. The appointment was approved by the shareholders at the Annual General Meeting held on June 30, 2017.

The unconsolidated financial statements of ICICI Bank Limited as of and for the three months ended June 30, 2017 and for the three months ended June 30, 2018, included in this offering circular, have been audited by BSR & Co. LLP, Chartered Accountants, as stated in their report incorporated by reference herein, which refers to reliance on other auditors.

IMPORTANT INFORMATION RELATING TO THE FINANCIAL INFORMATION PRESENTED

This Offering Circular includes our unconsolidated financial statements prepared in accordance with Indian GAAP as applicable to banks and guidelines issued by the Reserve Bank of India from time to time. Our consolidated financial statements at and for the year ended March 31, 2015, prepared in accordance with Indian GAAP as included in our 21st annual report to shareholders, our consolidated financial statements at and for the year ended March 31, 2016, prepared in accordance with Indian GAAP as included in our 22nd annual report to shareholders and our consolidated financial statements at and for the year ended March 31, 2017, prepared in accordance with Indian GAAP as included in our 23rd annual report to shareholders (but not any other parts of such annual reports) are, in each case, incorporated by reference into this Offering Circular. Such information incorporated by reference is part of this Offering Circular. The financial information in our annual reports on Form 20-F for fiscal years 2015, 2016 and 2017 is based on our audited consolidated financial statements and accompanying notes prepared in accordance with Indian GAAP. The consolidated financial statements included in the Form 20-F are audited by KPMG and, as Indian GAAP varies in certain significant respects from U.S. GAAP, present in the notes information relating to the nature and effect of such differences.

GENERAL INFORMATION

Authorization

— The establishment of the Global Programme (previously, the "Medium-Term Note Programme") has been duly authorized by a resolution of the Committee of Directors (the "Committee") of ICICI Bank dated December 18, 2003. The update and an increase in the size of such programme from US$1,000,000,000 to US$3,000,000,000, from US$3,000,000,000 to US$5,000,000,000, from US$5,000,000,000 to US$7,500,000,000, and from US$7,500,000,000 to US$7,500,000,000 have been duly authorized by resolutions of the Committee dated January 2, 2007, February 13, 2007, February 15, 2008, August 13, 2009, December 7, 2010, May 10, 2011, August 1, 2012, March 25, 2013 and October 25, 2013, August 27, 2014, January 20, 2016 and September 24, 2018.

— Currently, approval for the issuance of Notes by ICICI Bank acting through its Head Office is required to be obtained from the Reserve Bank of India and not the Ministry of Finance. The approval must be obtained prior to each issuance of Notes.

— Currently, the issuance of Notes by the Issuer acting through its IFSC Banking Unit or any other foreign branch for borrowings in foreign currency for the purpose of funding its foreign offices in the normal course of banking business outside India, does not require any approval from the Reserve Bank of India and/or the Ministry of Finance provided that such Notes are within the limits prescribed by the Reserve Bank of India and where such Notes are issued through the IFSC Banking Unit, they are required to have a minimum maturity of one year. The Issuer is, however, required to: (a) comply with reporting requirements specified under the guidelines issued by the Reserve Bank of India (by its circular DBS No. FBC.BC.34/13.12.001/1999/2000 dated April 6, 2000), and (b) report the issue of Notes as part of the overseas liabilities and DSBO Returns I and II with respect to operation of foreign branches of Indian banks, as amended, modified or supplemented from time to time.

— The Bank of New York Mellon has given its consent to act as the Trustee for the Noteholders. Furthermore, the Issuer, with the prior consent of the Trustee (such consent not to be unreasonably withheld or delayed) shall include the name of the Trustee in all subsequent periodic communications to be sent to the Noteholders.

Listing

Application has been made to the SGX-ST for permission to deal in and the listing and quotation of any Notes that may be issued pursuant to the Global Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. Admission to the Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Global Programme or the Notes.

Clearing Systems

(4) The Notes to be issued under the Global Programme have been accepted for clearance through Euroclear, Clearstream, Luxembourg and DTC or, if applicable, the CMU. The Issuer may also apply to have Notes accepted for clearance through the CMU. The appropriate Common Code, ISIN and CUSIP and in the case of CMU Notes, the CMU Instrument Number for each Tranche of Notes allocated by Euroclear, Clearstream, Luxembourg, DTC and/or the CMU will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Pricing Supplement.

No Significant Change

— Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Bank since June 30, 2018 and there has been no material adverse change in the financial position or prospects of the Bank since June 30, 2018.

Litigation

— Save as disclosed in this Offering Circular, the Issuer is not involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position of the Issuer.

Accounts

— The auditor of the Issuer as of and for the years ended March 31, 2016, 2017 and 2018 and for the three months ended June 30, 2017 and 2018 was B S R & Co. LLP, chartered accountants who have audited the Issuer's unconsolidated financial statements for those respective periods, as stated in their reports appearing herein, which refer to reliance on other auditors, in accordance with generally accepted auditing standards in India for the periods mentioned above.

— The Trust Deed provides that the Trustee may rely on certificates or reports from the auditors (as defined in the Trust Deed) or any other person in accordance with the provisions of the Trust Deed as sufficient evidence of the facts stated therein whether or not called for by or addressed to the Trustee and whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the auditors or such other person in connection therewith contains a monetary or other limit on the liability of the auditors or such other person. However, the Trustee will have no recourse to the auditors or such other person in respect of such certificates or reports unless the auditors or such other person have agreed to address such certificates or reports to the Trustee.

Documents

— So long as Notes are capable of being issued under the Global Programme, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in New York:

- the Memorandum and Articles of Association (with an English translation thereof) of the Issuer;

- the nonconsolidated and consolidated audited financial statements of the Issuer as of and for the financial years ended March 31, 2016, 2017 and 2018;

- the most recently published audited annual financial statements of the Issuer, the most recently published audited interim financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer (the Issuer currently publishes unaudited consolidated and non-consolidated interim accounts on a quarterly basis);

- the Global Programme Agreement, the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

- a copy of this Offering Circular;

- any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and

- in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

INDEX TO FINANCIAL STATEMENTS

Independent Auditor's Report

To the Board of Directors of ICICI Bank Limited

Opinion

We have audited the condensed standalone interim financial statements of ICICI Bank Limited (the 'Bank'), which comprise the condensed standalone Balance Sheet as at 30 June 2018, and the condensed standalone Profit and Loss account and condensed standalone Cash Flow statement for the quarter then ended, and notes to the condensed standalone interim financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the 'condensed standalone interim financial statements') as required by Accounting Standard ('AS') 25 'Interim Financial Reporting' ('AS 25') and other accounting principles generally accepted in India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed standalone interim financial statements give a true and fair view in conformity with AS 25, provisions of Section 29 of the Banking Regulation Act, 1949, circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time and other accounting principles generally accepted in India, of the state of affairs of the Bank as at 30 June 2018, and loss and its cash flows for the quarter ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143 (10) of the Companies Act, 2013 (the 'Act'). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Condensed Standalone Interim Financial Statements* section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the condensed standalone interim financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Condensed Standalone Interim Financial Statements

The Bank's management and the Board of Directors are responsible for the preparation of these condensed standalone interim financial statements that give a true and fair view of the state of affairs, profit / loss and cash flows of the Bank in accordance with AS 25 prescribed under section 133 of the Act, provisions of Section 29 of the Banking Regulation Act, 1949, circulars and guidelines issued by RBI from time to time and other accounting principles generally accepted in India.. 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 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 condensed standalone interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Responsibilities of Management and Those Charged with Governance for the Condensed Standalone Interim Financial Statements *(Continued)*

In preparing the condensed standalone interim financial statements, management and the Board of Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Condensed Standalone Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the condensed standalone interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed standalone interim financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the condensed standalone interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed standalone interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the condensed standalone interim financial statements, including the disclosures, and whether the condensed standalone interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Condensed Standalone Interim Financial Statements *(Continued)*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

We did not audit the financial statements of Singapore, Bahrain, Hong Kong and Dubai branches included in the condensed interim standalone financial statements of the Bank whose condensed standalone interim financial statements reflect total assets of Rs. 1,091,393 million as at 30 June 2018 and the total revenue of Rs. 10,766 million for the quarter ended on that date, as considered in the condensed standalone interim standalone financial statements. These branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such 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

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
27 July 2018

ICICI Bank

ICICI BANK LIMITED
Unconsolidated Condensed Interim Balance Sheet at June 30, 2018

₹ in million

		At 30.06.2018	At 31.03.2018	At 30.06.2017
CAPITAL AND LIABILITIES	Schedule			
Capital	1	12,865.6	12,858.1	12,827.8
Employees stock options outstanding		55.3	55.7	61.6
Reserves and surplus	2	1,040,494.2	1,038,675.6	993,354.5
Deposits	3	5,468,784.3	5,609,752.1	4,862,539.5
Borrowings	4	1,619,703.3	1,828,586.2	1,414,600.6
Other liabilities and provisions	5	309,372.6	301,963.9	325,771.7
TOTAL CAPITAL AND LIABILITIES		8,451,275.3	8,791,891.6	7,609,155.7
ASSETS				
Cash and balances with Reserve Bank of India	6	310,585.7	331,023.8	287,623.3
Balances with banks and money at call and short notice	7	322,356.5	510,670.0	137,482.5
Investments	8	1,863,604.7	2,029,941.8	1,854,078.8
Advances	9	5,162,887.3	5,123,952.9	4,640,752.4
Fixed assets	10	78,170.5	79,035.1	80,226.4
Other assets	11	713,670.6	717,268.0	608,992.3
TOTAL ASSETS		8,451,275.3	8,791,891.6	7,609,155.7
Contingent liabilities	12	14,485,022.3	12,892,440.0	10,340,332.0
Bills for collection		352,884.8	285,883.6	240,025.5
Significant accounting policies and notes to accounts	17 & 18			

The Schedules referred to above form an integral part of the Unconsolidated 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

Girish Chandra Chaturvedi
Chairman
DIN-00110996

Uday M. Chitale
Director
DIN-00043268

Sandeep Bakhshi
Chief Operating Officer
(Designate)
DIN-00109206

Manoj Kumar Vijai
Partner
Membership no.: 046882

Vishakha Mulye
Executive Director
DIN-00203578

Vijay Chandok
Executive Director
DIN-01545262

Anup Bagchi
Executive Director
DIN-00105962

Sandeep Batra
President -
Corporate Centre

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

Rakesh Jha
Chief Financial Officer

Place: Mumbai
Date: July 27, 2018

Ajay Mittal
Chief Accountant

ICICI Bank

ICICI BANK LIMITED

Unconsolidated Condensed Interim Profit and Loss Account for the three months ended June 30, 2018

₹ in million

	Schedule	Three months ended 30.06.2018	Year ended 31.03.2018	Three months ended 30.06.2017
I. INCOME				
Interest earned	13	147,223.6	549,658.9	134,591.3
Other income	14	38,518.1	174,196.3	33,879.1
TOTAL INCOME		185,741.7	723,855.2	168,470.4
II. EXPENDITURE				
Interest expended	15	86,204.6	319,400.5	78,692.9
Operating expenses	16	41,453.3	157,039.4	37,944.4
Provisions and contingencies (refer note 18.26)		59,279.3	179,641.1	31,343.1
TOTAL EXPENDITURE		186,937.2	656,081.0	147,980.4
III. PROFIT/(LOSS)				
Net profit/(loss) for the period/year		(1,195.5)	67,774.2	20,490.0
Profit brought forward		184,952.6	187,449.4	187,449.4
TOTAL PROFIT/(LOSS)		183,757.1	255,223.6	207,939.4
IV. APPROPRIATIONS/TRANSFERS (refer note 18.30)				
Transfer to Statutory Reserve		..	16,944.0	..
Transfer to Reserve Fund		..	10.5	..
Transfer to Capital Reserve		..	25,654.6	..
Transfer to Capital Redemption Reserve		3,500.0	..	..
Transfer to/(from) Investment Reserve Account		..	..	..
Transfer to Revenue and other reserves		..	7,000.0	..
Transfer to Special Reserve		..	6,000.0	..
Dividend paid during the period/year		..	14,574.6	14,574.6
Corporate dividend tax paid during the period/year		..	87.3	87.3
Balance carried over to balance sheet		180,257.1	184,952.6	193,277.5
TOTAL		183,757.1	255,223.6	207,939.4
Significant accounting policies and notes to accounts	17 & 18			
Earnings per share (refer note 18.1)				
Basic (`)		(0.19)	10.56	3.20
Diluted (`)		(0.18)	10.46	3.17
Face value per share (`)		2.00	2.00	2.00

The Schedules referred to above form an integral part of the Unconsolidated 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

Girish Chandra Chaturvedi
Chairman
DIN-00110996

Uday M. Chitale
Director
DIN-00043268

Sandeep Bakhshi
Chief Operating Officer (Designate)
DIN-00109206

Manoj Kumar Vijai
Partner
Membership no.: 046882

Vishakha Mulye
Executive Director
DIN-00203578

Vijay Chandok
Executive Director
DIN-01545262

Anup Bagchi
Executive Director
DIN-00105962

Sandeep Batra
President - Corporate Centre

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

Rakesh Jha
Chief Financial Officer

Place: Mumbai
Date: July 27, 2018

Ajay Mittal
Chief Accountant

ICICI Bank

ICICI BANK LIMITED

Unconsolidated Condensed Interim Cash Flow Statement for the three months ended June 30, 2018

₹ in million

		Three months ended 30.06.2018	Year ended 31.03.2018	Three months ended 30.06.2017
Cash flow from/(used in) operating activities				
Profit/(loss) before taxes		(1,629.1)	74,345.5	25,745.7
Adjustments for:				
Depreciation and amortisation		2,131.8	8,926.7	2,266.8
Net (appreciation)/depreciation on investments[1]		(3,732.8)	(24,564.8)	4,290.5
Provision in respect of non-performing and other assets		55,062.5	142,445.1	22,684.5
General provision for standard assets		486.4	2,771.1	1,480.0
Provision for contingencies & others		717.4	9,080.1	187.7
Income from subsidiaries, joint ventures and consolidated entities		(3,174.5)	(12,140.6)	(1,342.7)
(Profit)/loss on sale of fixed assets		(14.3)	(38.0)	(5.6)
	(i)	49,847.4	200,825.1	55,306.9
Adjustments for:				
(Increase)/decrease in investments		250,903.0	23,193.1	23,772.4
(Increase)/decrease in advances		(92,200.7)	(648,694.3)	(26,553.1)
Increase/(decrease) in deposits		(140,967.8)	709,361.4	(37,851.1)
(Increase)/decrease in other assets		9,672.4	(66,412.2)	10,943.0
Increase/(decrease) in other liabilities and provisions		6,308.6	(52,290.3)	(18,469.6)
	(ii)	33,715.5	(34,842.3)	(48,158.4)
Refund/(payment) of direct taxes	(iii)	(5,194.3)	(32,946.3)	(262.4)
Net cash flow from/(used in) operating activities (i)+(ii)+(iii)	(A)	78,368.6	133,036.5	6,886.1
Cash flow from/(used in) investing activities				
Redemption/sale from/(investments in) subsidiaries and/or joint ventures (including application money)		11,383.0	60,860.5	..
Income from subsidiaries, joint ventures and consolidated entities		3,174.5	12,140.6	1,342.7
Purchase of fixed assets		(1,707.4)	(8,240.9)	(3,844.0)
Proceeds from sale of fixed assets		59.3	219.1	56.9
(Purchase)/sale of held-to-maturity securities		(91,436.4)	(454,667.3)	(261,562.3)
Net cash flow from/(used in) investing activities	(B)	(78,527.0)	(389,688.0)	(264,006.7)
Cash flow from/(used in) financing activities				
Proceeds from issue of share capital (including ESOPs)		698.7	3,939.5	1,085.4
Proceeds from long-term borrowings		28,534.6	339,671.1	39,470.7
Repayment of long-term borrowings		(67,166.8)	(329,302.7)	(107,563.8)
Net proceeds/(repayment) of short-term borrowings		(170,504.2)	341,537.0	6,854.3
Dividend and dividend tax paid		..	(14,661.9)	(14,574.6)
Net cash flow from/(used in) financing activities	(C)	(208,437.7)	341,183.0	(74,728.0)
Effect of exchange fluctuation on translation reserve	(D)	(155.6)	31.7	(176.3)

ICICI Bank

Unconsolidated Condensed Interim Cash Flow Statement for the three months ended June 30, 2018

₹ in million

	Three months ended 30.06.2018	Year ended 31.03.2018	Three months ended 30.06.2017
Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C) + (D)	(208,751.7)	84,563.2	(332,024.9)
Cash and cash equivalents at beginning of the period/year	841,693.9	757,130.7	757,130.7
Cash and cash equivalents at end of the period/year	632,942.2	841,693.9	425,105.8

1. For the three months ended June 30, 2018, includes gain on sale of a part of equity investment in a subsidiary, ICICI Prudential Life Insurance Company Limited, through an offer for sale on stock exchanges (year ended March 31, 2018: includes gain on sale of a part of equity investment in the subsidiaries, ICICI Lombard General Insurance Company Limited and ICICI Securities Limited, through initial public offers (IPO)).
2. Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

As per our Report of even date.

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration no.: 101248W/W-100022

Girish Chandra Chaturvedi
Chairman
DIN-00110996

Uday M. Chitale
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Executive Director

Sandeep Batra
President - Corporate Centre

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

Rakesh Jha
Chief Financial Officer

Place: Mumbai
Date: July 27, 2018

Ajay Mittal
Chief Accountant

ICICI Bank

Schedules forming part of the unconsolidated balance sheet

₹ in million

	At 30.06.2018	At 31.03.2018	At 30.06.2017
SCHEDULE 1 - CAPITAL			
Authorised capital			
10,000,000,000 equity shares of ₹ 2 each (March 31, 2018: 10,000,000,000 equity shares of ₹ 2 each; June 30, 2017: 10,000,000,000 equity shares of ₹ 2 each)	20,000.0	20,000.0	20,000.0
15,000,000 shares of ₹ 100 each (March 31, 2018: 15,000,000 shares of ₹ 100 each; June 30, 2017: 15,000,000 shares of ₹ 100 each)[1]	1,500.0	1,500.0	1,500.0
350 preference shares of ₹ 10.0 million each (March 31, 2018: 350 preference shares of ₹ 10.0 million each; June 30, 2017: 350 preference shares of ₹ 10.0 million each)[2]	3,500.0	3,500.0	3,500.0
Equity share capital Issued, subscribed and paid-up capital 6,427,990,776 equity shares of ₹ 2 each (March 31, 2018: 5,824,476,135 equity shares; June 30, 2017: 5,824,476,135 equity shares)	12,856.0	11,649.0	11,649.0
Add: 3,742,052[3] equity shares of ₹ 2 each (March 31, 2018: 603,514,641[3,4] equity shares; June 30, 2017: 588,353,849[3,4] equity shares) issued during the period	7.5	1,207.0	1,176.7
	12,863.5	12,856.0	12,825.7
Add: 266,089 equity shares of ₹ 10 each forfeited (March 31, 2018: 266,089 equity shares; June 30, 2017: 266,089 equity shares)	2.1	2.1	2.1
TOTAL CAPITAL	12,865.6	12,858.1	12,827.8

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 dated March 30, 2010, the issued and paid-up preference shares are grouped under Schedule 4 - 'Borrowings'.
3. Represents equity shares issued pursuant to exercise of employee stock options during the three months ended June 30, 2018 (year ended March 31, 2018: 20,530,097 equity shares; three months ended June 30, 2017: 5,369,305 equity shares).
4. For the year ended March 31, 2018 and three months ended June 30, 2017, includes 582,984,544 equity shares issued as bonus shares pursuant to approval by the shareholders of the Bank through postal ballot on June 12, 2017.
5. Each equity share of the Bank with face value of ₹ 10 was sub-divided into five equity shares with face value of ₹ 2 each on December 5, 2014.

Schedules forming part of the unconsolidated balance sheet

₹ in million

	At 30.06.2018	At 31.03.2018	At 30.06.2017
SCHEDULE 2 - RESERVES AND SURPLUS			
I. Statutory reserve (refer note 18.30)			
Opening balance	228,968.5	212,024.5	212,024.5
Additions during the period/year	..	16,944.0	..
Deductions during the period/year	..	..	..
Closing balance	228,968.5	228,968.5	212,024.5
II. Special reserve (refer note 18.30)			
Opening balance	89,790.0	83,790.0	83,790.0
Additions during the period/year	..	6,000.0	..
Deductions during the period/year	..	..	..
Closing balance	89,790.0	89,790.0	83,790.0
III. Securities premium			
Opening balance	325,709.4	322,970.0	322,970.0
Additions during the period/year[1]	691.6	3,905.3	1,075.7
Deductions during the period/year[2]	..	(1,165.9)	(1,166.0)
Closing balance	326,401.0	325,709.4	322,879.7
IV. Investment reserve account (refer note 18.30)			
Opening balance	..	..	..
Additions during the period/year	..	..	..
Deductions during the period/year	..	..	..
Closing balance	..	..	..
V. Capital reserve (refer note 18.30)			
Opening balance	128,261.7	102,607.1	102,607.1
Additions during the period/year[3]	..	25,654.6	..
Deductions during the period/year	..	..	..
Closing balance	128,261.7	128,261.7	102,607.1
VI. Capital redemption reserve			
Opening balance	..	..	..
Additions during the period/year	3,500.0	..	..
Deductions during the period/year	..	..	..
Closing balance	3,500.0	..	..
VII. Foreign currency translation reserve			
Opening balance	16,563.4	16,531.7	16,531.7
Additions during the period/year	..	31.7	..
Deductions during the period/year	(155.7)	..	(176.4)
Closing balance	16,407.7	16,563.4	16,355.3
VIII. Revaluation reserve (refer note 18.24 and 18.30)			
Opening balance	30,031.9	30,421.4	30,421.4
Additions during the period/year[4]	..	249.1	..
Deductions during the period/year[5]	..	(638.6)	(4.0)
Closing balance	30,031.9	30,031.9	30,417.4
IX. Reserve fund (refer note 18.30)			
Opening balance	66.4	55.9	55.9
Additions during the period/year[6]	..	10.5	..
Deductions during the period/year	..	..	..
Closing balance	66.4	66.4	55.9
X. Revenue and other reserves (refer note 18.30)			
Opening balance	39,585.7	31,947.1	31,947.1
Additions during the period/year	..	7,638.6	..
Deductions during the period/year	..	..	..
Closing balance	39,585.7	39,585.7	31,947.1
XI. Balance in profit and loss account[7]	177,481.3	179,698.6	193,277.5
TOTAL RESERVES AND SURPLUS	1,040,494.2	1,038,675.6	993,354.5

1. Represents amount on account of exercise of employee stock options.
2. Represents amount utilised on account of issuance of bonus shares during the year ended March 31, 2018 and three months ended June 30, 2017.
3. Represents 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.
4. Represents gain on revaluation of premises carried out by the Bank.
5. Represents loss on revaluation on account of certain assets which are held for sale at June 30, 2018 (March 31, 2018: represents amount transferred from Revaluation Reserve to General Reserve on account of incremental depreciation charge on revaluation amounting to ₹ 572.4 million and revaluation surplus on assets sold amounting to ₹ 66.2 million; June 30, 2017: represents loss on revaluation on account of certain assets which are held for sale).
6. Includes appropriations made to Reserve Fund in accordance with regulations applicable to Sri Lanka branch for the year ended March 31, 2018.
7. Includes reversal of provision amounting to ₹ 2,478.2 million as recognised through profit and loss account for the three months ended June 30, 2018, from the provision amounting to ₹ 5,254.0 million made for frauds on non-retail accounts through reserves and surplus during the year ended March 31, 2018, as permitted by RBI.

ICICI Bank

Schedules forming part of the unconsolidated balance sheet

₹ in million

	At 30.06.2018	At 31.03.2018	At 30.06.2017
SCHEDULE 3 - DEPOSITS			
A. I. Demand deposits			
i) From banks	49,207.4	66,198.9	44,000.1
ii) From others	717,687.0	823,383.5	636,733.6
II. Savings bank deposits	1,996,042.2	2,009,670.5	1,699,502.0
III. Term deposits			
i) From banks	118,300.0	115,526.5	88,042.5
ii) From others	2,587,547.7	2,594,972.7	2,394,261.3
TOTAL DEPOSITS	5,468,784.3	5,609,752.1	4,862,539.5
B. I. Deposits of branches in India	5,416,737.8	5,560,172.5	4,798,094.8
II. Deposits of branches outside India	52,046.5	49,579.6	64,444.7
TOTAL DEPOSITS	5,468,784.3	5,609,752.1	4,862,539.5

₹ in million

	At 30.06.2018	At 31.03.2018	At 30.06.2017
SCHEDULE 4 - BORROWINGS			
I. Borrowings in India			
i) Reserve Bank of India	10,000.0	115,920.0	..
ii) Other banks	35,388.0	26,811.2	22,603.0
iii) Other institutions and agencies			
a) Government of India	..	..	..
b) Financial institutions	149,500.0	228,142.5	99,500.0
iv) Borrowings in the form of bonds and debentures (excluding subordinated debt)	197,836.4	209,052.3	210,289.0
v) Application money-bonds	..	..	..
vi) Capital instruments			
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital)	89,800.0	94,800.0	39,250.0
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital)	79,033.3	84,035.1	84,040.5
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, redeemed at par on April 20, 2018)	..	3,500.0	3,500.0
d) Unsecured redeemable debentures/bonds (subordinated debt included in Tier 2 capital)	136,072.9	136,007.1	158,680.1
TOTAL BORROWINGS IN INDIA	697,630.6	898,268.2	617,862.6
II. Borrowings outside India			
i) Capital instruments			
Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital)	..	..	..
ii) Bonds and notes	434,233.3	414,847.9	419,356.0
iii) Other borrowings	487,839.4	515,470.1	377,382.0
TOTAL BORROWINGS OUTSIDE INDIA	922,072.7	930,318.0	796,738.0
TOTAL BORROWINGS	1,619,703.3	1,828,586.2	1,414,600.6

1. Secured borrowings in I and II above amount to Nil (March 31, 2018: Nil; June 30, 2017: Nil) except borrowings of ₹ 10,000 million (March 31, 2018: ` 164,562.5 million; June 30, 2017: ` 67.3 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.

ICICI Bank

Schedules forming part of the unconsolidated balance sheet

₹ in million

	At 30.06.2018	At 31.03.2018	At 30.06.2017
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I. Bills payable[1]	74,322.7	71,725.0	78,433.5
II. Inter-office adjustments (net)	720.6	976.4	3,929.2
III. Interest accrued	30,306.7	32,725.8	30,634.6
IV. Sundry creditors	62,049.3	65,150.0	84,270.4
V. General provision for standard assets (refer note 18.15)	26,587.4	25,906.6	24,588.4
VI. Others (including provisions)[1,2]	115,385.9	105,480.1	103,915.6
TOTAL OTHER LIABILITIES AND PROVISIONS	309,372.6	301,963.9	325,771.7

1. Balances in travel and prepaid card accounts amounting to ₹ 12,283.2 million have been re-classified from line item 'VI. Others (including provisions)' to line item 'I. Bills payable' for the three months ended June 30, 2017, in accordance with RBI guidelines.
2. Includes specific provision for standard loans amounting to ₹ 7,642.8 million (March 31, 2018: ₹ 7,967.1 million; June 30, 2017: ₹ 21,145.2 million).

₹ in million

	At 30.06.2018	At 31.03.2018	At 30.06.2017
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I. Cash in hand (including foreign currency notes)	77,540.6	80,447.9	73,948.0
II. Balances with Reserve Bank of India in current accounts	233,045.1	250,575.9	213,675.3
TOTAL CASH AND BALANCES WITH RESERVE BANK OF INDIA	310,585.7	331,023.8	287,623.3

₹ in million

	At 30.06.2018	At 31.03.2018	At 30.06.2017
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I. In India			
i) Balances with banks			
a) In current accounts	2,247.5	2,770.6	15,277.3
b) In other deposit accounts	4,040.4	2,078.3	104.9
ii) Money at call and short notice			
a) With banks	68,847.0	190,613.8	15,000.0
b) With other institutions	25,440.0	26,044.5	..
TOTAL	100,574.9	221,507.2	30,382.2
II. Outside India			
i) In current accounts	89,652.1	167,043.0	27,187.1
ii) In other deposit accounts	55,517.8	43,441.4	19,545.1
iii) Money at call and short notice	76,611.7	78,678.4	60,368.1
TOTAL	221,781.6	289,162.8	107,100.3
TOTAL BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	322,356.5	510,670.0	137,482.5

ICICI Bank

₹ in million

	At 30.06.2018	At 31.03.2018	At 30.06.2017
SCHEDULE 8 - INVESTMENTS			
I. Investments in India [net of provisions]			
i) Government securities	1,337,955.9	1,391,852.9	1,332,742.6
ii) Other approved securities	..	..	..
iii) Shares (includes equity and preference shares)	20,253.0	23,780.7	29,624.5
iv) Debentures and bonds	88,536.3	153,889.1	81,919.4
v) Subsidiaries and/or joint ventures[1]	61,201.7	61,488.8	62,405.0
vi) Others (commercial paper, mutual fund units, pass through certificates, security receipts, certificate of deposits and other related investments)	287,645.2	331,088.0	277,534.8
TOTAL INVESTMENTS IN INDIA	1,795,592.1	1,962,099.5	1,784,226.3
II. Investments outside India [net of provisions]			
i) Government securities	24,063.2	23,477.2	17,292.9
ii) Subsidiaries and/or joint ventures abroad (includes equity and preference shares)	36,826.9	36,826.9	40,817.4
iii) Others (equity shares, bonds and certificate of deposits)	7,122.5	7,538.2	11,742.2
TOTAL INVESTMENTS OUTSIDE INDIA	68,012.6	67,842.3	69,852.5
TOTAL INVESTMENTS	1,863,604.7	2,029,941.8	1,854,078.8
A. Investments in India			
Gross value of investments	1,842,192.5	2,003,754.4	1,808,519.4
Less: Aggregate of provision/depreciation/(appreciation)	46,600.4	41,654.9	24,293.1
Net investments	1,795,592.1	1,962,099.5	1,784,226.3
B. Investments outside India			
Gross value of investments	73,820.2	73,275.2	70,755.0
Less: Aggregate of provision/depreciation/(appreciation)	5,807.6	5,432.9	902.5
Net investments	68,012.6	67,842.3	69,852.5
TOTAL INVESTMENTS	1,863,604.7	2,029,941.8	1,854,078.8

1. During the three months ended June 30, 2018, the Bank sold a part of its equity investment in a subsidiary, ICICI Prudential Life Insurance Company Limited, through an offer for sale on stock exchanges (year ended March 31, 2018: the Bank sold a part of its equity investment in the subsidiaries, ICICI Lombard General Insurance Company Limited and ICICI Securities Limited, through initial public offers (IPO)).
2. Refer note 18.8 - Investments.

ICICI Bank

Schedules forming part of the unconsolidated balance sheet

₹ in million

	At 30.06.2018	At 31.03.2018	At 30.06.2017
SCHEDULE 9 - ADVANCES [net of provisions]			
A. i) Bills purchased and discounted[1]	315,154.9	282,717.6	196,292.1
ii) Cash credits, overdrafts and loans repayable on demand	1,295,766.4	1,302,545.3	1,061,847.2
iii) Term loans	3,551,966.0	3,538,690.0	3,382,613.1
TOTAL ADVANCES	5,162,887.3	5,123,952.9	4,640,752.4
B. i) Secured by tangible assets (includes advances against book debts)	3,803,791.1	3,772,296.9	3,579,607.4
ii) Covered by bank/government guarantees	92,388.7	81,194.6	62,106.9
iii) Unsecured	1,266,707.5	1,270,461.4	999,038.1
TOTAL ADVANCES	5,162,887.3	5,123,952.9	4,640,752.4
C. I. Advances in India			
i) Priority sector	1,084,314.7	929,701.7	1,086,894.1
ii) Public sector	154,784.7	197,704.5	133,743.5
iii) Banks	297.6	777.4	1,037.1
iv) Others	3,279,003.8	3,351,468.5	2,705,439.2
TOTAL ADVANCES IN INDIA	4,518,400.8	4,479,652.1	3,927,113.9
II. Advances outside India			
i) Due from banks	18,479.0	18,706.9	6,847.9
ii) Due from others			
a) Bills purchased and discounted	134,944.0	89,025.3	40,500.7
b) Syndicated and term loans	348,909.2	379,320.0	502,331.3
c) Others	142,154.3	157,248.6	163,958.6
TOTAL ADVANCES OUTSIDE INDIA	644,486.5	644,300.8	713,638.5
TOTAL ADVANCES	5,162,887.3	5,123,952.9	4,640,752.4

1. Net of bills re-discounted amounting to Nil (March 31, 2018: Nil; June 30, 2017: Nil).

Schedules forming part of the unconsolidated balance sheet

₹ in million

	At 30.06.2018	At 31.03.2018	At 30.06.2017
SCHEDULE 10 - FIXED ASSETS			
I. Premises			
Gross block			
At cost at March 31 of preceding year	73,921.1	72,701.3	72,701.3
Additions during the period/year[1]	150.9	1,501.3	528.4
Deductions during the period/year	(62.9)	(281.5)	(64.0)
Closing balance	74,009.1	73,921.1	73,165.7
Less: Depreciation to date[2]	(14,184.2)	(13,795.3)	(12,602.6)
Net block[3]	59,824.9	60,125.8	60,563.1
II. Other fixed assets (including furniture and fixtures)			
Gross block			
At cost at March 31 of preceding year	59,585.0	53,522.9	53,522.9
Additions during the period/year	934.6	7,493.4	3,696.8
Deductions during the period/year	(448.7)	(1,431.3)	(165.1)
Closing balance	60,070.9	59,585.0	57,054.6
Less: Depreciation to date[4]	(44,139.9)	(43,090.3)	(39,805.9)
Net block	15,931.0	16,494.7	17,248.7
III. Assets given on lease			
Gross block			
At cost at March 31 of preceding year	16,714.6	16,904.6	16,904.6
Additions during the period/year	..	..	..
Deductions during the period/year	..	(190.0)	(190.0)
Closing balance	16,714.6	16,714.6	16,714.6
Less: Depreciation to date, accumulated lease adjustment and provisions[5]	(14,300.0)	(14,300.0)	(14,300.0)
Net block	2,414.6	2,414.6	2,414.6
TOTAL FIXED ASSETS	78,170.5	79,035.1	80,226.4

1. Includes revaluation gain amounting to Nil on account of revaluation carried out by the Bank (March 31, 2018: ₹ 249.1 million; June 30, 2017: Nil).
2. Includes depreciation charge amounting to ₹ 441.1 million for the three months ended June 30, 2018 (year ended March 31, 2018: ` 1,754.3 million; three months ended June 30, 2017: ₹ 431.0 million), including depreciation charge of ₹ 145.8 million for the three months ended June 30, 2018 (year ended March 31, 2018: ₹ 572.4 million; three months ended June 30, 2017: ₹ 143.0 million) on account of revaluation.
3. Includes assets of ₹ 45.2 million (March 31, 2018: ₹ 37.4 million; June 30, 2017: ₹ 69.8 million) which are held for sale.
4. Includes depreciation charge amounting to ₹ 1,437.2 million for the three months ended June 30, 2018 (year ended March 31, 2018: ₹ 6,053.1 million; three months ended June 30, 2017: ₹ 1,558.0 million).
5. The depreciation charge/lease adjustment/provisions is Nil for the three months ended June 30, 2018 (year ended March 31, 2018: insignificant amount; three months ended June 30, 2017: Nil).

Schedules forming part of the unconsolidated balance sheet

₹ in million

	At 30.06.2018	At 31.03.2018	At 30.06.2017
SCHEDULE 11 - OTHER ASSETS			
I. Inter-office adjustments (net)	..	..	..
II. Interest accrued	60,512.3	69,899.2	55,578.9
III. Tax paid in advance/tax deducted at source (net)	67,309.9	61,699.2	47,354.1
IV. Stationery and stamps	1.1	1.4	1.2
V. Non-banking assets acquired in satisfaction of claims[1,2,3]	19,533.3	19,650.8	25,712.5
VI. Advances for capital assets	1,662.1	1,215.0	1,458.0
VII. Deposits	15,559.8	14,146.2	10,929.6
VIII. Deferred tax assets (net) (refer note 18.27)	74,825.9	74,770.2	57,745.3
IX. Deposits in Rural Infrastructure and Development Fund	258,403.6	269,249.9	236,672.6
X. Others[4]	215,862.6	206,636.1	173,540.1
TOTAL OTHER ASSETS	713,670.6	717,268.0	608,992.3

1. During the three months ended June 30, 2018, the Bank has not acquired any assets (year ended March 31, 2018: ₹ 952.6 million; three months ended June 30, 2017: ₹ 952.6 million) in satisfaction of claims under debt-asset swap transactions with certain borrowers. No assets were sold during the three months ended June 30, 2018 (year ended March 31, 2018: ₹ 279.1 million; three months ended June 30, 2017: Nil).
2. During the three months ended June 30, 2018, the Bank has not converted any non-banking assets into banking assets (year ended March 31, 2018: ₹ 345.6 million; three months ended June 30, 2017: ₹ 140.4 million).
3. Represents balance net of provision held amounting to ₹ 13,180.8 million (March 31, 2018: ₹ 13,184.2 million; June 30, 2017: ₹ 7,494.2 million).
4. For the year ended March 31, 2018, includes receivable amounting to ₹ 3,988.7 million pertaining to a non-performing loan sold during the year ended March 31, 2018, which was received by the Bank on April 2, 2018.

₹ in million

	At 30.06.2018	At 31.03.2018	At 30.06.2017
SCHEDULE 12 - CONTINGENT LIABILITIES			
I. Claims against the Bank not acknowledged as debts	63,562.3	62,660.2	46,521.8
II. Liability for partly paid investments	12.5	12.5	12.5
III. Liability on account of outstanding forward exchange contracts[1]	3,856,068.9	4,326,689.2	4,307,417.1
IV. Guarantees given on behalf of constituents			
a) In India	765,667.0	747,815.4	734,101.2
b) Outside India	203,482.4	197,543.7	196,804.7
V. Acceptances, endorsements and other obligations	403,956.2	410,036.4	426,377.3
VI. Currency swaps[1]	415,061.1	416,989.4	411,833.4
VII. Interest rate swaps, currency options and interest rate futures[1]	8,693,464.4	6,592,928.2	4,149,776.0
VIII. Other items for which the Bank is contingently liable	83,747.5	137,765.0	67,488.0
TOTAL CONTINGENT LIABILITIES	14,485,022.3	12,892,440.0	10,340,332.0

1. Represents notional amount.
2. Refer note 18.11 - Exchange traded interest rate derivatives and currency derivatives and note 18.12 - Forward rate agreement (FRA)/Interest rate swaps (IRS)/Cross currency swaps (CCS).
3. Refer note 18.36 - Description of contingent liabilities.

ICICI Bank

Schedules forming part of the unconsolidated profit and loss account

₹ in million

	Three months ended 30.06.2018	Year ended 31.03.2018	Three months ended 30.06.2017
SCHEDULE 13 - INTEREST EARNED			
I. Interest/discount on advances/bills	109,818.0	408,662.1	98,473.1
II. Income on investments	31,358.2	115,681.7	28,271.3
III. Interest on balances with Reserve Bank of India and other inter-bank funds	2,265.5	6,633.8	1,985.0
IV. Others[1,2]	3,781.9	18,681.3	5,861.9
TOTAL INTEREST EARNED	147,223.6	549,658.9	134,591.3

1. Includes interest on income tax refunds amounting to ₹ 77.5 million (March 31, 2018: ₹ 2,625.9 million; June 30, 2017: ₹ 1,772.0 million).
2. Includes interest and amortisation of premium on non-trading interest rate swaps and foreign currency swaps.

₹ in million

	Three months ended 30.06.2018	Year ended 31.03.2018	Three months ended 30.06.2017
SCHEDULE 14 - OTHER INCOME			
I. Commission, exchange and brokerage	23,400.3	87,894.1	20,175.3
II. Profit/(loss) on sale of investments (net)[1,2]	8,725.3	63,058.5	9,662.9
III. Profit/(loss) on revaluation of investments (net)	(1,878.8)	(5,162.0)	(892.9)
IV. Profit/(loss) on sale of land, buildings and other assets (net)[3]	14.3	38.0	5.6
V. Profit/(loss) on exchange/derivative transactions (net)	4,934.6	15,431.5	3,355.4
VI. Income earned by way of dividends, etc. from subsidiary companies and/or joint ventures abroad/in India	3,174.5	12,140.6	1,342.7
VII. Miscellaneous income (including lease income)	147.9	795.6	230.1
TOTAL OTHER INCOME	38,518.1	174,196.3	33,879.1

1. For the three months ended June 30, 2018, includes gain on sale of a part of equity investment in a subsidiary, ICICI Prudential Life Insurance Company Limited, through an offer for sale on stock exchanges (year ended March 31, 2018: includes gain on sale of a part of equity investment in the subsidiaries, ICICI Lombard General Insurance Company Limited and ICICI Securities Limited, through initial public offers (IPO)).
2. Refer note 18.8 - Investments.
3. Includes profit/(loss) on sale of assets given on lease.

₹ in million

	Three months ended 30.06.2018	Year ended 31.03.2018	Three months ended 30.06.2017
SCHEDULE 15 - INTEREST EXPENDED			
I. Interest on deposits	62,769.0	234,287.7	58,188.7
II. Interest on Reserve Bank of India/inter-bank borrowings	3,709.5	9,493.2	1,788.9
III. Others (including interest on borrowings of erstwhile ICICI Limited)	19,726.1	75,619.6	18,715.3
TOTAL INTEREST EXPENDED	86,204.6	319,400.5	78,692.9

₹ in million

	Three months ended 30.06.2018	Year ended 31.03.2018	Three months ended 30.06.2017
SCHEDULE 16 - OPERATING EXPENSES			
I. Payments to and provisions for employees	15,138.8	59,139.5	15,111.6
II. Rent, taxes and lighting[1]	3,041.6	11,763.8	2,885.4
III. Printing and stationery	478.7	1,770.9	370.3
IV. Advertisement and publicity	1,135.2	4,013.7	622.5
V. Depreciation on Bank's property	1,878.3	7,807.4	1,988.9
VI. Directors' fees, allowances and expenses	12.8	15.3	6.5
VII. Auditors' fees and expenses	25.0	83.9	19.3
VIII. Law charges	221.5	805.7	208.0
IX. Postages, courier, telephones, etc.	1,053.8	3,728.9	843.7
X. Repairs and maintenance	3,732.1	14,856.6	3,375.3
XI. Insurance	1,638.7	5,484.6	1,282.6
XII. Direct marketing agency expenses	3,485.5	13,035.6	2,874.8
XIII. Other expenditure[2]	9,611.3	34,533.5	8,355.5
TOTAL OPERATING EXPENSES	41,453.3	157,039.4	37,944.4

1. Includes lease expense amounting to ₹ 2,282.2 million (March 31, 2018: ₹ 8,966.3 million; June 30, 2017: ₹ 2,156.9 million).
2. Net of recoveries from group companies towards shared services.

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES

Overview

ICICI Bank Limited (ICICI Bank or the Bank), incorporated in Vadodara, India is a publicly held banking company engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. ICICI Bank is a banking company governed by the Banking Regulation Act, 1949. The Bank also has overseas branches in Bahrain, China, Dubai, Hong Kong, Qatar, Singapore, South Africa, Sri Lanka, United States of America and Offshore Banking units.

Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of ICICI Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the historical cost convention and the accrual method of accounting, except in the case of interest and other income on non-performing assets (NPAs) where it is recognised upon realisation.

The preparation of financial statements requires 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

There are no changes in the significant accounting policies during the three months ended June 30, 2018 as compared to those followed in the previous year.

SCHEDULE 18

NOTES FORMING PART OF THE ACCOUNTS

The following disclosures have been made taking into account the requirements of Accounting Standards (ASs) and Reserve Bank of India (RBI) guidelines in this regards.

1. Earnings per share

Basic and diluted earnings per equity share are computed in accordance with AS 20 – Earnings per share. Basic earnings per equity share is computed by dividing net profit/(loss) after tax by the weighted average number of equity shares outstanding during the period/year. Diluted earnings per equity share is computed using the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the period/year.

The following table sets forth, for the periods indicated, the computation of earnings per share.

` in million, except per share data

Particulars	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Basic			
Weighted average number of equity shares outstanding	6,429,565,393	6,417,180,759	6,410,128,225
Net profit/(loss) attributable to equity share holders	(1,195.5)	67,774.2	20,489.9
Basic earnings per share (`)	(0.19)	10.56	3.20
Diluted			
Weighted average number of equity shares outstanding	6,481,627,151	6,482,375,300	6,473,747,761
Net profit/(loss) attributable to equity share holders	(1,195.5)	67,774.2	20,489.9
Diluted earnings per share (`)[1]	(0.18)	10.46	3.17
Nominal value per share (`)	2.00	2.00	2.00

1. The dilutive impact is due to options granted to employees by the Bank.

2. Business/information ratios

The following table sets forth, for the periods indicated, the business/information ratios.

Sr. No.	Particulars	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
1.	Interest income to working funds[1,6]	7.04%	7.06%	7.17%

Sr. No.	Particulars	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
2.	Non-interest income to working funds[1,6]	1.84%	2.24%	1.80%
3.	Operating profit to working funds[1,2,6]	2.78%	3.18%	2.76%
4.	Return on assets[3,6]	(0.06%)	0.87%	1.09%
5.	Net profit/(loss) per employee[4,6] (` in million)	(0.1)	0.8	1.0
6.	Business (average deposits plus average advances) per employee[4,5] (` in million)	117.9	107.8	102.1

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 period/year before provisions and contingencies.
3. For the purpose of computing the ratio, assets represent the monthly average of total assets computed for reporting dates of Form X submitted to RBI under Section 27 of the Banking Regulation Act, 1949.
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.
6. Annualised for three months ended June 30, 2018 and June 30, 2017.

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 June 30, 2018, Basel III guidelines require the Bank to maintain a minimum Capital to Risk-Weighted Assets Ratio (CRAR) of 11.025% with minimum CET1 CRAR of 7.525% and minimum Tier-1 CRAR of 9.025%. The minimum total CRAR, Tier-1 CRAR and CET1 CRAR requirement include capital conservation buffer of 1.875% and additional capital requirement of 0.15% on account of the Bank being designated as Domestic Systemically Important Bank.

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

` in million, except percentages

Particulars	At June 30, 2018	At March 31, 2018	At June 30, 2017
CET1 CRAR (%)	14.42%	14.43%	13.96%
Tier-1 CRAR (%)	15.84%	15.92%	14.59%
Tier-2 CRAR (%)	2.51%	2.50%	3.10%
Total CRAR (%)	18.35%	18.42%	17.69%
Amount of equity capital raised	..	..	..
Amount of Additional Tier-1 capital raised; of which			
a) Perpetual Non-Cumulative Preference Shares	..	..	..
b) Perpetual Debt Instruments	..	55,550.0	..
Amount of Tier-2 capital raised; of which			
a) Debt Capital Instruments	..	..	..
b) Preference Share Capital Instruments	..	..	..

Particulars	At June 30, 2018	At March 31, 2018	At June 30, 2017
[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 a phased manner from January 1, 2015 as given below.

Starting from January 1	2015	2016	2017	2018	2019
Minimum LCR	60.0%	70.0%	80.0%	90.0%	100.0%

The following table sets forth, for the periods indicated, the quarterly average of unweighted and weighted values of the LCR of the Bank. The simple average has been computed based on daily values.

` in million

Sr. No.	Particulars	Three months ended June 30, 2018		Three months ended March 31, 2018		Three months ended June 30, 2017	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High quality liquid assets							
1.	Total high quality liquid assets	N.A.	1,075,242.1	N.A.	1,051,010.5	N.A.	942,795.6
Cash outflows							
2.	Retail deposits and deposits from small business customers, of which:	3,223,104.7	294,825.9	3,112,229.1	284,256.3	2,912,193.2	266,892.7
(i)	Stable deposits	549,693.1	27,484.7	539,332.4	26,966.6	486,532.5	24,326.6
(ii)	Less stable deposits	2,673,411.6	267,341.2	2,572,896.7	257,289.7	2,425,660.7	242,566.1
3.	Unsecured wholesale funding, of which:	1,501,366.0	769,860.5	1,509,284.6	787,868.8	1,303,929.4	687,643.7
(i)	Operational deposits (all counterparties)	366,500.6	91,625.1	332,945.6	83,236.4	293,633.6	73,408.4

Sr. No.	Particulars	Three months ended June 30, 2018		Three months ended March 31, 2018		Three months ended June 30, 2017	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
(ii)	Non-operational deposits (all counterparties)	1,069,717.7	613,087.7	1,080,293.7	608,587.1	957,827.7	561,767.2
(iii)	Unsecured debt	65,147.7	65,147.7	96,045.3	96,045.3	52,468.1	52,468.1
4.	Secured wholesale funding	N.A.	..	N.A.	0.5	N.A.	..
5.	Additional requirements, of which:	401,489.6	102,984.7	412,412.9	102,112.1	511,234.8	118,756.1
(i)	Outflows related to derivative exposures and other collateral requirements	56,467.4	56,467.4	54,873.2	54,873.2	59,159.5	59,159.5
(ii)	Outflows related to loss of funding on debt products	282.3	282.3	321.3	321.3	347.1	347.1
(iii)	Credit and liquidity facilities	344,739.9	46,235.0	357,218.4	46,917.6	451,728.2	59,249.5
6.	Other contractual funding obligations	86,189.2	86,189.2	79,394.0	79,394.0	75,950.9	75,950.9
7.	Other contingent funding obligations	1,985,322.0	76,286.3	1,940,166.6	74,522.5	1,813,323.3	68,455.3
8.	Total cash outflows	N.A.	1,330,146.6	N.A.	1,328,154.2	N.A.	1,217,698.7
9.	Secured lending (e.g. reverse repos)	85,174.1	12.6	50,994.0	4.5	96,918.4	..
10.	Inflows from fully performing exposures	424,585.1	367,647.2	432,268.3	364,081.4	303,300.0	231,349.4
11.	Other cash inflows	42,576.6	26,095.4	45,186.8	27,789.9	57,371.9	37,316.4
12.	Total cash inflows	552,335.8	393,755.2	528,449.1	391,875.8	457,590.3	268,665.8
13.	Total HQLA	N.A.	1,075,242.1	N.A.	1,051,010.5	N.A.	942,795.6
14.	Total net cash outflows (8)-(12)	N.A.	936,391.4	N.A.	936,278.4	N.A.	949,032.9
15.	Liquidity coverage ratio (%)	N.A.	114.83%	N.A.	112.25%	N.A.	99.34%

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 the overseas branches is maintained taking into consideration both host country and the RBI regulations.

The Bank during the three months ended June 30, 2018 maintained average HQLA (after haircut) of ` 1,075,242.1 million (March 31, 2018: ` 1,051,010.5 million, June 30, 2017: ` 942,795.6 million) against the average liquidity requirement of ` 842,752.3 million (March 31, 2018: ` 842,650.4 million, June 30, 2017: ` 759,226.3 million) at minimum LCR requirement of 90.0% (March 31, 2018: 90.0%, June 30, 2017: 80.0%). HQLA primarily includes government securities in excess of minimum statutory liquidity ratio (SLR) and to the extent allowed under marginal standing facility (MSF) and facility to avail liquidity for LCR (FALLCR) of ` 861,529.2 million (March 31, 2018: ` 815,035.6 million, June 30, 2017: ` 785,164.9 million). In June 2018, RBI permitted banks to reckon an additional 2.0% of their net demand and time liabilities (NDTL), under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) within the mandatory statutory liquidity requirement (SLR), as Level 1 high quality liquid assets (HQLA) for the purpose of computing their liquidity coverage ratio (LCR). Hence, the carve-out from SLR, under FALLCR will now be 11.0% compared to the earlier 9.0%. This takes the total carve out from SLR available to banks to 13.0% of their NDTL. Additionally, cash balance in excess of cash reserve requirement with RBI and balances with central banks of countries where the Bank's branches are located amounted to ` 148,239.1 million (March 31, 2018: ` 160,400.8 million, June 30, 2017: ` 106,249.1 million). Further, average level 2 assets primarily consisting of AA- and above rated corporate bonds and commercial papers, amounted to ` 46,296.0 million (March 31, 2018: ` 50,909.9 million, June 30, 2017: ` 37,880.7 million).

At June 30, 2018, top liability products/instruments and their percentage contribution to the total liabilities of the Bank were term deposits 32.02% (March 31, 2018: 30.83%, June 30, 2017: 32.62%), savings account deposits 23.62% (March 31, 2018: 22.86%, June 30, 2017: 22.33%), bond borrowings 11.09% (March 31, 2018: 10.68%, June 30, 2017: 11.98%) and current account deposits 9.07% (March 31, 2018: 10.12%, June 30, 2017: 8.95%). Top 20 depositors constituted 7.38% (March 31, 2018: 6.20%, June 30, 2017: 6.99%) of total deposits of the Bank at June 30, 2018. 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 8.59% (March 31, 2018: 8.92%, June 30, 2017: 9.74%) of the total liabilities of the Bank at June 30, 2018.

The weighted cash outflows are primarily driven by unsecured wholesale funding which includes operational deposits, non-operational deposits and unsecured debt. During the three months ended June 30, 2018, unsecured wholesale funding contributed 57.88% (March 31, 2018: 59.32%, June 30, 2017: 56.47%) 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 22.16% (March 31, 2018: 21.40%, June 30, 2017: 21.92%) and 5.74% (March 31, 2018: 5.61%, June 30, 2017: 5.62%) of the total weighted cash outflows, respectively. The other contingent funding obligations primarily include bank guarantees (BGs) and letters of credit (LCs) issued on behalf of the Bank's clients.

In view of the margin rules for non-centrally cleared derivative transactions issued by the Basel Committee on Banking Supervision and RBI, currently in a draft stage, certain derivative transactions would be subject to margin reset and consequent collateral exchange would be as governed by Credit Support Annex (CSA). The margin rules are applicable for both the domestic and overseas operations of the Bank. The Bank has entered into CSAs which would require maintenance of collateral due to valuation changes on transactions under the CSA framework. The Bank considers the increased liquidity requirement on account of valuation changes in the transactions settled through Qualified Central Counterparties (QCCP) in India including the Clearing Corporation of India (CCIL) and other exchange houses as well as for transactions covered under CSAs. The potential outflows on account of such transactions have been considered based on the look-back approach prescribed in the RBI guidelines.

The average LCR of the Bank for the three months ended June 30, 2018 was 114.83% (March 31, 2018: 112.25%, June 30, 2017: 99.34%). During the three months ended June 30, 2018, other than Indian Rupee, USD was the only significant foreign currency which constituted more than 5.00% of the balance sheet size of the Bank. The average LCR of the Bank for USD currency, computed based on daily LCR values, was 112.25% for the three months ended June 30, 2018 (March 31, 2018: 112.57%, June 30, 2017: 29.13%).

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 three months ended June 30, 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 Basel Committee on Banking Supervision (BCBS) document 'International Convergence of Capital Measurement and Capital Standards: A Revised Framework'. This segment also includes income from credit cards, debit cards, third party product distribution and the associated costs.
- Wholesale Banking includes all advances to trusts, partnership firms, companies and statutory bodies, which are not included under Retail Banking.
- Treasury includes the entire investment and derivative portfolio of the Bank.
- Other Banking includes leasing operations and other items not attributable to any particular business segment.

Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

All liabilities are transfer priced to a central treasury unit, which pools all funds and lends to the business units at appropriate rates based on the relevant maturity of assets being funded after adjusting for regulatory reserve requirements.

The transfer pricing mechanism of the Bank is periodically reviewed. The segment results are determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

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

` in million

	For the three months ended June 30, 2018					
Sr. No.	Particulars	Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1.	Revenue	137,131.7	79,406.3	132,363.6	2,560.3	351,461.9
2.	Less: Inter-segment revenue					165,720.2
3.	Total revenue (1)-(2)					185,741.7
4.	Segment results	20,463.7	(36,755.4)	14,174.6	488.0	(1,629.1)
5.	Unallocated expenses					..
6.	Operating profit (4)-(5)					(1,629.1)
7.	Income tax expenses (including deferred tax credit)					(433.6)
8.	Net profit/(loss) (6)-(7)					(1,195.5)
9.	Segment assets	2,625,383.8	2,649,099.9	2,922,813.7	111,842.1	8,309,139.5
10.	Unallocated assets[1]					142,135.8
11.	Total assets (9)+(10)					8,451,275.3
12.	Segment liabilities	4,190,733.9	1,476,029.1	2,749,963.3[2]	34,549.0	8,451,275.3
13.	Unallocated liabilities					..
14.	Total liabilities (12)+(13)					8,451,275.3
15.	Capital expenditure	823.8	254.7	..	7.0	1,085.5
16.	Depreciation	1,352.3	509.1	0.1	16.8	1,878.3

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax assets (net).
2. Includes share capital and reserves and surplus.

` in million

For the year ended March 31, 2018						
Sr. No.	Particulars	Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1.	Revenue	502,625.4	300,940.2	519,603.8	12,787.2	1,335,956.6
2.	Less: Inter-segment revenue					612,101.4
3.	Total revenue (1)-(2)					723,855.2
4.	Segment results	71,414.2	(82,813.0)	81,149.3	4,595.0	74,345.5
5.	Unallocated expenses					..
6.	Operating profit (4)-(5)					74,345.5
7.	Income tax expenses (including deferred tax credit)					6,571.3
8.	Net profit (6)-(7)					67,774.2
9.	Segment assets	2,586,385.4	2,657,712.2	3,303,399.8	107,924.8	8,655,422.2
10.	Unallocated assets[1]					136,469.4
11.	Total assets (9)+(10)					8,791,891.6
12.	Segment liabilities	4,135,023.7	1,672,682.4	2,946,198.7[2]	37,986.8	8,791,891.6
13.	Unallocated liabilities					..
14.	Total liabilities (12)+(13)					8,791,891.6
15.	Capital expenditure	7,393.7	1,302.8	24.3	24.8	8,745.6
16.	Depreciation	6,665.6	1,081.8	17.7	42.3	7,807.4

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax assets (net).
2. Includes share capital and reserves and surplus.

` in million

For the three months ended June 30, 2017						
Sr. No.	Particulars	Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1.	Revenue	121,964.5	72,285.9	119,550.9	4,288.1	318,089.4
2.	Less: Inter-segment revenue					149,619.0
3.	Total revenue (1)-(2)					168,470.4
4.	Segment results	16,864.5	(6,653.7)	13,204.4	2,330.5	25,745.7
5.	Unallocated expenses					..
6.	Operating profit (4)-(5)					25,745.7
7.	Income tax expenses (including deferred tax credit)					5,255.7
8.	Net profit (6)-(7)					20,490.0
9.	Segment assets	2,244,653.5	2,512,292.2	2,637,943.3	109,167.3	7,504,056.3
10.	Unallocated assets[1]					105,099.4
11.	Total assets (9)+(10)					7,609,155.7
12.	Segment liabilities	3,659,739.7	1,429,492.4	2,481,192.9[2]	38,730.7	7,609,155.7
13.	Unallocated liabilities					..
14.	Total liabilities (12)+(13)					7,609,155.7
15.	Capital expenditure	3,786.3	410.7	15.9	12.3	4,225.2
16.	Depreciation	1,689.0	279.4	4.3	16.2	1,988.9

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

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

` in million

Revenues	Three months ended June 30, 2018	Year Ended March 31, 2018	Three months ended June 30, 2017
Domestic operations	176,992.5	685,764.0	158,763.7
Foreign operations	8,749.2	38,091.2	9,706.7
Total	185,741.7	723,855.2	168,470.4

` in million

Assets	At June 30, 2018	At March 31, 2018	At June 30, 2017
Domestic operations	7,436,800.4	7,724,037.0	6,650,751.7
Foreign operations	872,339.1	931,385.2	853,304.6
Total	8,309,139.5	8,655,422.2	7,504,056.3

Segment assets do not include tax paid in advance/tax deducted at source (net) and deferred tax assets (net).

The following table sets forth, for the periods indicated, capital expenditure and depreciation thereon for the geographical segments.

` in million

Particulars	Capital expenditure incurred during			Depreciation provided during		
	Three months ended June 30, 2018	Year Ended March 31, 2018	Three months ended June 30, 2017	Three months ended June 30, 2018	Year Ended March 31, 2018	Three months ended June 30, 2017
Domestic operations	1,044.8	8,584.1	4,214.3	1,855.5	7,739.8	1,975.8
Foreign operations	40.7	161.5	10.9	22.8	67.6	13.1
Total	1,085.5	8,745.6	4,225.2	1,878.3	7,807.4	1,988.9

6. Maturity pattern

The following table sets forth, the maturity pattern of assets and liabilities of the Bank at June 30, 2018.

` in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1]	Total foreign currency assets[2]	Total foreign currency liabilities[2]
Day 1	8,329.1	345,924.8	71,477.8	..	25,988.2	1,702.8
2 to 7 days	53,417.0	69,112.7	304,300.5	40,254.2	193,192.2	30,549.4
8 to 14 days	74,554.1	50,925.4	110,324.7	9,297.1	19,573.6	17,282.1
15 to 30 days	96,370.1	80,970.3	105,978.1	35,461.9	61,055.3	43,571.4
31 days to 2 months	182,767.2	36,040.6	154,161.7	45,660.6	61,629.2	49,212.0
2 to 3 months	257,509.3	45,430.5	175,613.8	38,442.9	76,534.7	60,509.8
3 to 6 months	432,171.8	95,148.5	291,381.7	184,438.6	143,786.1	174,540.1
6 months to 1 year	552,413.7	196,018.9	496,472.5	195,034.4	110,651.3	204,561.7
1 to 3 years	1,243,657.0	202,950.2	553,443.9	448,512.7	140,032.7	344,920.7
3 to 5 years	911,055.9	288,768.0	1,609,700.9	307,323.5	85,249.3	115,220.3
Above 5 years	1,350,642.1	452,314.8	1,595,928.7	315,277.4	209,350.3	121,292.4
Total	5,162,887.3	1,863,604.7	5,468,784.3	1,619,703.3	1,127,042.9	1,163,362.7

1. Includes foreign currency balances.
2. Excludes off-balance sheet assets and liabilities.

The following table sets forth, the maturity pattern of assets and liabilities of the Bank at March 31, 2018.

` in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1]	Total foreign currency assets[2]	Total foreign currency liabilities[2]
Day 1	8,269.3	248,957.1	92,186.7	..	12,974.8	1,597.0
2 to 7 days	45,366.0	220,653.2	435,307.2	155,100.1	320,146.2	8,076.4
8 to 14 days	51,069.5	80,973.0	142,865.4	31,043.3	18,014.4	23,194.4
15 to 30 days	114,084.8	100,440.0	83,340.3	48,153.1	45,594.1	42,027.0
31 days to 2 months	176,811.3	40,682.1	195,498.1	51,716.4	67,639.3	29,495.8
2 to 3 months	211,245.8	54,101.1	161,686.7	78,375.8	60,259.6	74,672.7
3 to 6 months	448,622.1	99,057.9	294,857.1	97,585.3	104,404.0	119,756.2
6 months to 1 year	552,756.4	191,411.3	487,247.8	215,439.8	113,605.0	211,011.2
1 to 3 years	1,240,469.0	274,485.7	557,322.3	531,721.2	162,479.4	418,914.5
3 to 5 years	905,127.2	275,685.9	1,586,822.7	267,450.8	88,163.8	117,477.0
Above 5 years	1,370,131.5	443,494.5	1,572,617.8	352,000.4	227,599.5	113,742.0
Total	5,123,952.9	2,029,941.8	5,609,752.1	1,828,586.2	1,220,880.1	1,159,964.2

1. Includes foreign currency balances.
2. Excludes off-balance sheet assets and liabilities.

The following table sets forth the maturity pattern of assets and liabilities of the Bank at June 30, 2017.

` in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings [1]	Total foreign currency assets[2]	Total foreign currency liabilities[2]
Day 1	8,824.3	431,864.6	61,443.8	..	12,607.2	1,050.3
2 to 7 days	47,416.7	77,229.9	268,352.0	4,669.6	108,748.6	15,994.7
8 to 14 days	36,018.9	59,733.3	122,117.7	12,456.0	13,828.7	18,517.9
15 to 30 days	93,492.3	103,295.2	92,519.7	25,038.9	35,569.1	14,947.4
31 days to 2 months	144,910.9	49,480.5	185,921.9	29,424.3	44,184.4	24,643.4
2 to 3 months	169,002.3	38,086.6	220,942.8	27,163.6	47,573.1	37,965.1
3 to 6 months	321,386.0	80,789.0	238,356.4	102,344.9	103,357.5	99,768.7
6 months to 1 year	518,899.3	106,236.0	328,600.6	243,210.7	99,667.9	196,054.7
1 to 3 years	1,230,217.6	204,727.1	516,650.1	427,093.5	223,235.5	379,221.6
3 to 5 years	904,636.4	268,722.5	1,419,038.4	204,093.5	167,107.1	130,557.1
Above 5 years	1,165,947.7	433,914.1	1,408,596.1	339,105.6	199,827.6	103,826.6
Total	4,640,752.4	1,854,078.8	4,862,539.5	1,414,600.6	1,055,706.7	1,022,547.5

1. Includes foreign currency balances.
2. Excludes off-balance sheet assets and liabilities.

The estimates and assumptions used by the Bank for classification of assets and liabilities under the different maturity buckets is based on the returns submitted to RBI for the relevant periods.

7. Preference shares

During the three months ended June 30, 2018, the Bank redeemed preference shares of ` 3,500.0 million after obtaining requisite approval from RBI. The Bank has created capital redemption reserve of ` 3,500.0 million as required under the Companies Act, 2013.

8. Investments

The following table sets forth, for the periods indicated, the details of investments and the movement of provision held towards depreciation on investments of the Bank.

` in million

Sr. No.	Particulars	At June 30, 2018	At March 31, 2018	At June 30, 2017
1.	Value of Investments			
i)	Gross value of investments			
	a) In India	1,842,192.5	2,003,754.4	1,808,519.5
	b) Outside India	73,820.2	73,275.2	70,754.9
ii)	Provision for depreciation			
	c) In India	(46,600.4)	(41,654.9)	(24,293.1)
	d) Outside India	(5,807.6)	(5,432.9)	(902.5)
iii)	Net value of investments			
	e) In India	1,795,592.1	1,962,099.5	1,784,226.4
	f) Outside India	68,012.6	67,842.3	69,852.4
2.	Movement of provisions held towards depreciation on investments			
i)	Opening balance	47,087.8	35,429.8	35,429.8
ii)	Add: Provisions made during the period/year	5,628.8	28,923.0	3,487.3
iii)	Less: Write-off/write-back of excess provisions during the period/year	(308.6)	(17,265.0)	(13,721.5)
iv)	Closing balance	52,408.0	47,087.8	25,195.6

During the three months ended June 30, 2018, the Bank sold approximately 2.00% of its shareholding in ICICI Prudential Life Insurance Limited for a total consideration of ` 11,459.7 million and made a gain (net of sale related expenses) of ` 11,095.9 million on this sale.

During the year ended March 31, 2018, the Bank sold approximately 7.00% of its shareholding in ICICI Lombard General Insurance Company Limited in the IPO for a total consideration of ` 20,994.3 million and made a gain (net of IPO related expenses) of ` 20,121.5 million on this sale. Further, the Bank sold approximately 20.78% of its shareholding in ICICI Securities Limited in the IPO for a total consideration of ` 34,801.2 million and made a gain (net of IPO related expenses) of ` 33,197.7 million on this sale.

The following table sets forth, for the periods indicated, break-up of other investments in Schedule 8.

` in million

Investments	At June 30, 2018	At March 31, 2018	At June 30, 2017
I. In India			
Pass through certificates	121,942.9	120,469.0	131,080.0
Commercial paper	58,682.3	128,647.6	73,434.9
Certificate of deposits	68,805.2	43,897.9	35,023.3
Security receipts	34,379.4	34,383.0	34,053.6
Venture funds	3,481.7	3,436.8	3,276.3
Others	353.7	253.7	666.7
Total	287,645.2	331,088.0	277,534.8

Investments	At June 30, 2018	At March 31, 2018	At June 30, 2017
II. Outside India			
Certificate of deposits	4,447.8	4,234.9	3,292.0
Shares	281.7	309.5	176.8
Bonds	1,373.1	2,023.0	6,981.6
Venture funds	1,019.9	970.8	1,291.8
Total	7,122.5	7,538.2	11,742.2
Grand total	294,767.7	338,626.2	289,277.0

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

During the three months ended June 30, 2018, with the approval of Board of Directors, the Bank transferred securities amounting to ` 157,519.9 million from held-to-maturity (HTM) category to available-for-sale (AFS) category, being transfer of securities at the beginning of the accounting year as permitted by RBI. Further, the Bank has not sold any securities under HTM category during the three months ended June 30, 2018. During the year ended March 31, 2018, the Bank undertook 52 transactions for sale of securities with a net book value of ` 44,039.5 million, which was 4.69% of the HTM portfolio at April 1, 2017 (three months ended June 30, 2017: Nil). The above sale is excluding sale to RBI under pre-announced open market operation auctions and repurchase of government securities by Government of India, as permitted by RBI guidelines. The market value of investments held in the HTM category was ` 1,481,685.5 million at June 30, 2018 (March 31, 2018: ₹ 1,549,786.6 million, June 30, 2017: ` 403,923.8 million), which includes investments in unlisted subsidiaries/joint ventures at cost.

10. Derivatives

The Bank is a major participant in the financial derivatives market. The Bank deals in derivatives for balance sheet management, proprietary trading and market making purposes whereby the Bank offers derivative products to its customers, enabling them to hedge their risks.

Dealing in derivatives is carried out by identified groups in the treasury of the Bank based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Treasury Control and Service Group (TCSG) conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting and ensures compliance with various internal and regulatory guidelines.

The market making and the proprietary trading activities in derivatives are governed by the Investment policy and Derivative policy of the Bank, which lays down the position limits, stop loss limits as well as other risk limits. The Risk Management Group (RMG) lays down the methodology for computation and monitoring of risk. The Risk Committee of the Board (RCB) reviews the Bank's risk management policy in relation to various risks including credit and recovery policy, investment policy, derivative policy, Asset Liability Management (ALM) policy and operational risk management policy. The RCB comprises independent directors and the Managing Director & CEO.

The Bank measures and monitors risk of its derivatives portfolio using such risk metrics as Value at Risk (VaR), stop loss limits and relevant greeks for options. Risk reporting on derivatives forms an integral part of the management information system.

The use of derivatives for hedging purposes is governed by the hedge policy approved by ALCO. Subject to prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate, floating rate or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter.

Hedge derivative transactions are accounted for pursuant to the principles of hedge accounting based on guidelines issued by RBI. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the profit and loss account. The premium on option contracts is accounted for as per Foreign Exchange Dealers Association of India (FEDAI) guidelines.

Over the counter (OTC) derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with the respective counter parties. The exposure on account of derivative transactions is computed as per RBI guidelines.

The following tables set forth, for the periods indicated, the details of derivative positions.

` in million

Sr. No.	Particulars	At June 30, 2018		At June 30, 2017	
		Currency derivative[1]	Interest rate derivative[2]	Currency derivative[1]	Interest rate derivative[2]
1.	Derivatives (Notional principal amount)				
	a) For hedging	550.6	403,366.7	6,835.2	384,001.8
	b) For trading	1,046,117.8	7,658,490.4	1,002,751.8	3,168,020.7
2.	Marked to market positions[3]				
	a) Asset (+)	25,865.9	23,160.6	24,565.4	13,939.4
	b) Liability (-)	(18,237.6)	(24,649.1)	(18,224.5)	(15,020.8)
3.	Credit exposure[4]	75,464.0	98,570.3	72,972.0	53,494.6
4.	Likely impact of one percentage change in interest rate (100*PV01)[5]				
	a) On hedging derivatives[6]	0.0[7]	12,287.7	17.3	11,549.2
	b) On trading derivatives	1,317.9	411.8	1,027.2	614.6
5.	Maximum and minimum of 100*PV01 observed during the period				
	a) On hedging[6]				
	Maximum	1.3	12,807.0	31.6	12,385.2
	Minimum	0.0[7]	12,071.3	15.7	11,549.2
	b) On trading				
	Maximum	1,451.7	1,347.0	1,157.9	1,050.5
	Minimum	1,242.7	10.7	925.7	343.2

1. Exchange traded and OTC options, cross currency interest rate swaps and currency futures are included in currency derivatives.
2. OTC Interest rate options, Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
3. For trading portfolio including accrued interest.
4. Includes accrued interest and has been computed based on current exposure method.
5. Amounts given are absolute values on a net basis, excluding options.
6. The swap contracts entered into for hedging purpose would have an opposite and off-setting impact with the underlying on-balance sheet items.
7. Insignificant amount.

` in million

Sr. No.	Particulars	At March 31, 2018	
		Currency derivatives[1]	Interest rate derivatives[2]
1.	Derivatives (Notional principal amount)		
	a) For hedging	524.1	385,450.3
	b) For trading	994,889.8	5,629,053.4
2.	Marked to market positions[3]		
	a) Asset (+)	22,385.8	16,311.0
	b) Liability (-)	(13,461.6)	(17,429.8)
3.	Credit exposure[4]	72,907.7	74,451.6
4.	Likely impact of one percentage change in interest rate (100*PV01)[5]		
	a) On hedging derivatives[6]	1.3	12,597.9
	b) On trading derivatives	1,425.2	370.1
5.	Maximum and minimum of 100*PV01 observed during the year		
	a) On hedging[6]		
	Maximum	31.6	14,133.6
	Minimum	1.1	10,992.5
	b) On trading		
	Maximum	1,425.2	1,732.1
	Minimum	735.3	2.0

1. Exchange traded and OTC options, cross currency interest rate swaps and currency futures are included in currency derivatives.
2. OTC Interest rate options, Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
3. For trading portfolio including accrued interest.
4. Includes accrued interest and has been computed based on current exposure method.
5. Amounts given are absolute values on a net basis, excluding options.
6. The swap contracts entered into for hedging purpose would have an opposite and off-setting impact with the underlying on-balance sheet items.

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

` in million

Sr. No.	Particulars	At June 30, 2018		At June 30, 2017	
		Trading	Non-trading	Trading	Non-trading
1.	Forex contracts (Notional principal amount)	3,549,575.3	306,493.6	4,103,664.7	203,752.4
2.	Marked to market positions				
	a) Asset (+)	20,163.1	2,581.9	24,270.1	1,866.4
	b) Liability (-)	(18,889.1)	(2,465.2)	(20,719.9)	(2,238.3)
3.	Credit exposure[1]	112,206.8	6,649.4	128,159.2	4,413.3
4.	Likely impact of one percentage change in interest rate (100*PV01)[2]	84.8	25.6	46.8	4.2

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

` in million

Sr. No.	Particulars	At March 31, 2018	
		Trading	Non-trading
1.	Forex contracts (Notional principal amount)	4,049,874.7	276,814.5
2.	Marked to market positions		
	a) Asset (+)	18,880.0	921.0
	b) Liability (-)	(17,457.4)	(2,851.5)
3.	Credit exposure[1]	124,398.4	6,523.2
4.	Likely impact of one percentage change in interest rate (100*PV01)[2]	63.5	2.4

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

The net overnight open position (NOOP) at June 29, 2018 (as per last NOOP value reported to RBI for the three months ended June 30, 2018) was ` 916.8 million (March 31, 2018: ` 992.6 million, June 30, 2017: ` 1,168.9 million).

The Bank has no exposure in credit derivative instruments (funded and non-funded) including credit default swaps (CDS) and principal protected structures at June 30, 2018 (March 31, 2018: Nil, June 30, 2017: Nil).

The Bank offers deposits to customers of its overseas branches with structured returns linked to interest, forex, credit or equity benchmarks. The Bank covers these exposures in the inter-bank market. At June 30, 2018, the net open notional position on this portfolio was Nil (March 31, 2018: Nil, June 30, 2017: Nil) with no mark-to-market gain/loss (March 31, 2018: Nil, June 30, 2017: Nil).

The profit and loss impact on the aforementioned structured deposits portfolio on account of mark-to-market and realised profit and loss during the three months ended June 30, 2018 was Nil (year ended March 31, 2018: Nil, three months ended June 30, 2017: Nil). The non-Indian Rupee denominated derivatives are marked to market by the Bank based on counter-party valuation quotes or internal models using inputs from market sources such as Bloomberg/Reuters, counter-parties and Fixed Income Money Market and Derivative Association (FIMMDA). The Indian Rupee denominated credit derivatives are marked to market by the Bank based on CDS curve published by FIMMDA.

11. Exchange traded interest rate derivatives and currency derivatives

Exchange traded interest rate derivatives

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

` in million

Sr. No.	Particulars	At June 30, 2018	At March 31, 2018	At June 30, 2017
1.	Notional principal amount of exchange traded interest rate derivatives undertaken during the period/year - 10 year Government Security Notional Bond	60.0	52,811.0	3,616.0
2.	Notional principal amount of exchange traded interest rate derivatives outstanding - 10 year Government Security Notional Bond	..	1,000.0	..
3.	Notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective'	N.A.	N.A.	N.A.
4.	Mark-to-market value of exchange traded interest rate derivatives outstanding and not 'highly effective'	N.A.	N.A.	N.A.

Exchange traded currency derivatives

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

` in million

Sr. No.	Particulars	At June 30, 2018	At March 31, 2018	At June 30, 2017
1.	Notional principal amount of exchange traded currency derivatives undertaken during the period/year	497,232.1	1,395,871.3	319,710.0
2.	Notional principal amount of exchange traded currency derivatives options outstanding	25,635.8	34,651.8	13,949.8
3.	Notional principal amount of exchange traded currency derivatives outstanding and not 'highly effective'	N.A.	N.A.	N.A.
4.	Mark-to-market value of exchange traded currency derivatives outstanding and not 'highly effective'	N.A.	N.A.	N.A.

12. Forward rate agreement (FRA)/Interest rate swaps (IRS)/Cross currency swaps (CCS)

The Bank enters into FRA, IRS and CCS contracts for balance sheet management and market making purposes whereby the Bank offers derivative products to its customers to enable them to hedge their interest rate risk and currency risk within the prevalent regulatory guidelines.

A FRA is a financial contract between two parties to exchange interest payments for 'notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is London Inter-Bank Offered Rate (LIBOR) of various currencies.

An IRS is a financial contract between two parties exchanging or swapping a stream of interest payments for a 'notional principal' amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like Mumbai Inter-Bank Offered Rate (MIBOR), Indian Government Securities Benchmark Rate (INBMK), Mumbai Inter-Bank Forward Offer Rate (MIFOR) and LIBOR of various currencies.

A CCS is a financial contract between two parties exchanging interest payments and principal, wherein interest payments and principal in one currency would be exchanged for an equally valued interest payments and principal in another currency.

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

The following table sets forth, for the periods indicated, the details of the FRA/IRS.

` in million

Sr. No.	Particulars	At June 30, 2018	At March 31, 2018	At June 30, 2017
1.	The notional principal of FRA/IRS	8,011,124.9	5,956,569.2	3,505,068.2
2.	Losses which would be incurred if all counter parties failed to fulfil their obligations under the agreement[1]	23,865.6	18,466.2	17,980.1
3.	Collateral required by the Bank upon entering into FRA/IRS	..	..	..
4.	Concentration of credit risk[2]	612.7	583.2	1,194.7
5.	The fair value of FRA/IRS[3]	(10,138.5)	(6,363.0)	2,270.3

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.

The following table sets forth, for the periods indicated, the details of the CCS.

` in million

Sr. No.	Particulars	At June 30, 2018	At March 31, 2018	At June 30, 2017
1.	The notional principal of CCS[1]	415,061.1	416,989.4	411,833.4
2.	Losses which would be incurred if all counter parties failed to fulfil their obligations under the agreement[2]	22,745.4	18,255.0	20,093.0
3.	Collateral required by the Bank upon entering into CCS	..	..	..
4.	Concentration of credit risk[3]	10,570.4	5,180.3	2,787.5
5.	Fair value of CCS[4]	9,635.5	8,765.1	7,331.5

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

13. Non-performing assets

The following table sets forth, for the periods indicated, the details of movement of gross non-performing assets (NPAs), net NPAs and provisions.

` in million

Sr. No.	Particulars	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
1.	Net NPAs (funded) to net advances (%)	4.67%	5.43%	5.41%
2.	Movement of NPAs (Gross)			
	a) Opening balance[1]	532,401.8	421,593.9	421,593.9
	b) Additions: Fresh NPAs during the period/year	39,971.8	286,349.5	49,253.8
	Sub-total (1)	572,373.6	707,943.4	470,847.7
	c) Reductions during the period/year			
	• Upgradations	(1,850.1)	(38,668.2)	(1,448.8)
	• Recoveries (excluding recoveries made from upgraded accounts)	(18,761.2)	(53,186.8)	(26,304.0)
	• Technical/prudential write-offs	(18,376.5)	(67,720.7)	(13,549.5)
	• Write-offs other than technical/prudential write-offs	(7,599.2)	(15,965.9)	(2,504.4)
	Sub-total (2)	(46,587.0)	(175,541.6)	(43,806.7)
	d) Closing balance[1] (1)-(2)	525,786.6	532,401.8	427,041.0
3.	Movement of net NPAs			
	a) Opening balance[1]	278,235.6	252,168.1	252,168.1
	b) Additions during the period/year	22,398.6	147,672.6	32,716.8
	c) Reductions during the period/year	(59,556.2)	(121,605.1)	(33,977.8)
	d) Closing balance[1]	241,078.0	278,235.6	250,907.1
4.	Movement of provision for NPAs (excluding provision on standard assets)			
	a) Opening balance[1]	254,166.2	169,425.8	169,425.8
	b) Addition during the period/year	59,565.5	198,649.5	32,829.9
	Sub-total (1)	313,731.7	368,075.3	202,255.7
	c) Write-off/(write-back) of excess provisions			
	• Write-back of excess provision on account of upgradations	(393.8)	(14,289.9)	(461.1)
	• Write-back of excess provision on account of reduction in NPAs	(2,661.0)	(15,956.7)	(9,618.8)
	• Provision utilised for write-offs	(25,968.3)	(83,662.5)	(16,041.9)
	Sub-total (2)	(29,023.1)	(113,909.1)	(26,121.8)
	d) Closing balance[1] (1)-(2)	284,708.6	254,166.2	176,133.9

1. Net of write-off.

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

` in million

Particulars	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Opening balance	172,128.4	121,658.1	121,658.1
Add: Technical/prudential write-offs during the period/year	18,376.5	67,720.7	13,549.5
Sub-total (1)	190,504.9	189,378.8	135,207.6
Less: Recoveries made from previously technical/prudential written-off accounts during the period/year	(642.4)	(2,040.2)	(302.3)
Less: Sacrifice made from previously technical/prudential written-off accounts during the period/year	(4,500.7)	(15,210.2)	(2,264.9)
Sub-total (2)	(5,143.1)	(17,250.4)	(2,567.2)
Closing balance (1)-(2)	185,361.8	172,128.4	132,640.4

On February 12, 2018, RBI issued a revised framework for resolution of stressed assets, which superceded the existing guidelines on SDR, change in ownership outside SDR (except projects under implementation) and S4A with immediate effect. Under the revised framework, the stand-still benefits for accounts where any of these schemes had been invoked but not yet implemented were revoked and accordingly these accounts were classified as per the extant RBI norms on income recognition and asset classification in the three months ended March 31, 2018.

Further, in accordance with RBI guidelines, the loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. During the three months ended June 30, 2018, the Bank classified certain loans as NPAs at overseas branches amounting to ` 2,109.3 million (year ended March 31, 2018: Nil, three months ended June 30, 2017: Nil) as per the requirement of these guidelines and made a provision of ` 1,456.6 million (year ended March 31, 2018: Nil, three months ended June 30, 2017: Nil) on these loans.

Accounts covered under Insolvency and Bankruptcy Code, 2016

During the three months ended June 30, 2017 and three months ended September 30, 2017, RBI had advised banks to initiate insolvency resolution process under the provisions of Insolvency and Bankruptcy Code, 2016 (IBC) for certain specific accounts. Banks were required to make provision at 40% on the secured portion and 100% on unsecured portion of the loan, or provision as per extant RBI guideline on asset classification norms, whichever is higher at March 31, 2018. Banks were required to further increase the provision on secured portion of the loan to 50% at June 30, 2018. Accordingly, the Bank has made an additional provision of ₹ 7,067.8 million on these accounts during the three months ended June 30, 2018 and holds a provision of ₹ 92,078.8 million in respect of outstanding loans amounting to ₹ 133,510.2 million to these borrowers which amounts to provision coverage of 69.0% at June 30, 2018.

14. Floating provision

During the three months ended June 30, 2018, the Bank did not make any floating provision (March 31, 2018: Nil, June 30, 2017: Nil).

The following table sets forth, for the periods indicated, the movement in floating provision held by the Bank.

` in million

Particulars	At June 30, 2018	At March 31, 2018	At June 30, 2017
Opening balance[1]	1.9	1.9	1.9
Add: Provision made during the period/year	..	..	..
Less: Provision utilised during the period/year	..	..	..
Closing balance[1]	1.9	1.9	1.9

1. Includes amount taken over from erstwhile Bank of Rajasthan upon amalgamation.

15. General provision on standard assets

The general provision on standard assets held by the Bank at June 30, 2018 was ` 26,587.4 million (March 31, 2018: ` 25,906.6 million, June 30, 2017: ` 24,588.4 million). The general provision on standard assets amounting to ` 486.4 million was made during the three months ended June 30, 2018 (year ended March 31, 2018: provision made by ` 2,771.1 million, three months ended June 30, 2017: provision made by ` 1,480.0 million) as per applicable RBI guidelines.

RBI, through its circular dated January 15, 2014 had advised banks to create incremental provision on standard loans and advances to entities with unhedged foreign currency exposure (UFCE). The Bank assesses the UFCEs of the borrowers through its credit appraisal and internal ratings process. The Bank also undertakes reviews of such exposures through thematic reviews evaluating the impact of exchange rate fluctuations on the Bank's portfolio on an yearly basis.

The Bank has made Nil provision against borrowers with UFCE during the three months ended June 30, 2018 (year ended March 31, 2018: ` 50.0 million, three months ended June 30, 2017: ` 200.0 million). The Bank held incremental capital of ` 6,063.8 million at June 30, 2018 on advances to borrowers with UFCE (March 31, 2018: ` 5,487.5 million, June 30, 2017: ` 4,657.5 million).

On April 18, 2017, RBI through its circular advised that the provisioning rates prescribed as per the prudential norms circular are the regulatory minimum and banks are encouraged to make provisions at higher rates in respect of advances to stressed sectors of the economy and had specifically highlighted the telecom sector. Accordingly, during the three months ended June 30, 2018, the Bank as per its Board approved policy, has reversed additional general provision amounting to ` 708.8 million (year ended March 31, 2018: provision made ` 1,911.5 million, three months ended June 30, 2017: provision made ` 1,601.2 million) on standard loans to specific borrowers below certain rating threshold and in specific identified stressed sectors.

16. Provision Coverage Ratio

The provision coverage ratio of the Bank at June 30, 2018 computed as per the extant RBI guidelines was 54.1% (March 31, 2018: 47.7%, June 30, 2017: 41.2%).

17. Priority Sector Lending Certificates (PSLCs)

During the three months ended June 30, 2018, the Bank purchased PSLCs under small and marginal farmers category amounting to ` 19,700.0 million (year ended March 31, 2018: ` 25,000.0 million, three months ended June 30, 2017: Nil). The Bank did not sell any PSLC during the three months ended June 30, 2018 (year ended March 31, 2018: sale of PSLC under general category amounting to ` 1,000.0 million, three months ended June 30, 2017: Nil).

18. Securitisation

A. The Bank sells loans through securitisation and direct assignment. The following tables set forth, for the periods indicated, the information on securitisation and direct assignment activity of the Bank as an originator till May 7, 2012.

` in million, except number of loans securitised

Particulars	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
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[1]	8.2	28.1	14.2

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

` in million

Particulars	At June 30, 2018	At March 31, 2018	At June 30, 2017
Outstanding credit enhancement (funded)	3,469.1	3,469.7	3,992.1
Outstanding liquidity facility	0.4	0.1	0.6
Net outstanding servicing asset/(liability)	(14.5)	(15.5)	(18.6)
Outstanding subordinate contributions	1,468.9	1,469.7	1,478.2

The outstanding credit enhancement in the form of guarantees amounted to Nil at June 30, 2018 (March 31, 2018: Nil, June 30, 2017: Nil) and outstanding liquidity facility in the form of guarantees amounted to ` 265.5 million at June 30, 2018 (March 31, 2018: ` 265.8 million, June 30, 2017: ` 265.2 million).

The outstanding credit enhancement in the form of guarantees for third party originated securitisation transactions amounted to ` 4,668.9 million at June 30, 2018 (March 31, 2018: ` 4,189.5 million, June 30, 2017: ` 2,501.7 million) and outstanding liquidity facility for third party originated securitisation transactions amounted to Nil at June 30, 2018 (March 31, 2018: Nil, June 30, 2017: Nil).

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

` in million

Particulars	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Opening balance	823.3	802.7	802.7
Additions during the period/year	1.5	25.0	1.1
Deductions during the period/year	(1.0)	(4.4)	(1.3)
Closing balance	823.8	823.3	802.5

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.

a. The Bank, as an originator, has not sold any loan through securitisation during the three months ended June 30, 2018 (March 31, 2018: Nil, June 30, 2017: Nil).

b. The following table sets forth, for the periods indicated, the information on the loans sold through direct assignment.

` in million

Sr. No.	Particulars	At June 30, 2018	At March 31, 2018	At June 30, 2017
1.	Number of SPVs sponsored by the bank for securitisation transactions	..	..	..
2.	Total amount of assets sold through direct assignment during the period/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	19.8	19.8	30.0
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	..	..	12.2
	b) On-balance sheet exposures			
	i) Exposure to own securitisation			
	• First loss	..	..	..
	• Others	..	..	..
	ii) Exposure to third party securitisation			
	• First loss	..	..	..
	• Others	..	..	40.4

The overseas branches of the Bank, as originators, sold two loans through direct assignment amounting to ` 1,303.6 million during the three months ended June 30, 2018 (year ended March 31, 2018: 15 loans amounting to ` 19,132.7 million, three months ended June 30, 2017: four loans amounting to ` 3,146.5 million).

19. Financial assets transferred during the period/year to securitisation company (SC)/reconstruction company (RC)

The Bank has not transferred certain assets to Asset Reconstruction Companies (ARCs) in terms of the guidelines issued by RBI circular no. DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014. For the purpose of the valuation of the underlying security receipts issued by the underlying trusts managed by ARCs, the SRs are valued at their respective net asset values as advised by the ARCs.

The following table sets forth, for the periods indicated, the details of the assets transferred.

` in million, except number of accounts

Particulars	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Number of accounts	..	12	2
Aggregate value (net of provisions) of accounts sold to SC/RC	..	2,718.5	1,671.6
Aggregate consideration[3]	..	3,039.3	1,922.1
Additional consideration realised in respect of accounts transferred in earlier years	..	..	..
Aggregate gain/(loss) over net book value[1,2,3]	..	320.8	250.5

1. During the three months ended June 30, 2018, there was no loss on sale of financial assets to ARCs (year ended March 31, 2018: Nil, three months ended June 30, 2017: Nil).
2. During the three months ended June 30, 2018, there was no gain on sale of financial assets to ARCs (year ended March 31, 2018: gain of ` 320.8 million, three months ended June 30, 2017: gain of ` 250.5 million), out of which Nil (year ended March 31, 2018: ` 200.2 million, three months ended June 30, 2017: ` 200.2 million) is set aside towards the security receipts received on such sale.
3. During the three months ended June 30, 2018, excludes security receipts received amounting to Nil towards interest overdue not recognised as income (year ended March 31, 2018: ` 34.5 million, three months ended June 30, 2017: Nil).

The following tables set forth, for the periods indicated, the details of investments in security receipts (SRs).

` in million

Particulars	At June 30, 2018	At March 31, 2018	At June 30, 2017
Net book value of investments in SRs which are -			
-Backed by NPAs sold by the Bank as underlying[1]	23,803.5	23,803.5	24,063.8
-Backed by NPAs sold by other banks/financial institutions (FIs)/non-banking financial companies (NBFCs) as underlying	49.0	52.6	157.9
Total	23,852.5	23,856.1	24,221.7

1. During the three months ended June 30, 2018, no investment in a security receipt was fully redeemed by the ARC (year ended March 31, 2018: Nil, three months ended June 30, 2017: Nil) and there was no gain/loss to the Bank (year ended March 31, 2018: Nil, three months ended June 30, 2017: Nil).

` in million

Sr. No.	Particulars	At June 30, 2018			
		SRs issued within past five years	SRs issued more than five years ago but within past eight years	SRs issued more than eight years ago	Total
1.	Book value of SRs backed by NPAs sold by the Bank as underlying	26,502.2	..	..	26,502.2
	Provision held against above	2,698.7	..	..	2,698.7
2.	Book value of SRs backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying	..	49.0	..	49.0
	Provision held against above	..	..	..	..
Gross book value		26,502.2	49.0	..	26,551.2
Total provision held against above		2,698.7	..	..	2,698.7
Net book value		23,803.5	49.0	..	23,852.5

` in million

Sr. No.	Particulars	At March 31, 2018			
		SRs issued within past five years	SRs issued more than five years ago but within past eight years	SRs issued more than eight years ago	Total
1.	Book value of SRs backed by NPAs sold by the Bank as underlying	26,502.2	..	..	26,502.2
	Provision held against above	2,698.7	..	..	2,698.7
2.	Book value of SRs backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying	..	52.6	..	52.6
	Provision held against above	..	..	..	..
Gross book value		26,502.2	52.6	..	26,554.8
Total provision held against above		2,698.7	..	..	2,698.7
Net book value		23,803.5	52.6	..	23,856.1

` in million

Sr. No.	Particulars	At June 30, 2017			
		SRs issued within past five years	SRs issued more than five years ago but within past eight years	SRs issued more than eight years ago	Total
1.	Book value of SRs backed by NPAs sold by the Bank as underlying	26,762.6	..	..	26,762.6
	Provision held against above	2,698.7	..	..	2,698.7
2.	Book value of SRs backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying	93.4	64.4	..	157.8
	Provision held against above	..	..	..	..
Gross book value		26,856.0	64.4	..	26,920.4
Total provision held against above		2,698.7	..	..	2,698.7
Net book value		24,157.3	64.4	..	24,221.7

20. Details of non-performing assets purchased/sold, excluding those sold to SC/RC

The Bank did not purchase any non-performing assets in terms of the guidelines issued by RBI circular no. DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014 during the three months ended June 30, 2018 (year ended March 31, 2018: Nil, three months ended June 30, 2017: Nil).

The following table sets forth, for the periods indicated, details of non-performing assets sold, excluding those sold to SC/RC.

` in million, except number of accounts

Particulars	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Number of accounts	..	1	..
Aggregate value (net of provisions) of accounts sold, excluding those sold to SC/RC	..	3,444.5	..
Aggregate consideration	..	3,988.7	..
Aggregate gain/(loss) over net book value	..	544.2	..

During the three months ended June 30, 2018, the Bank did not sell any non-performing loan to an entity, other than to a financial intermediary (year ended March 31, 2018: Nil, three months ended June 30, 2017: Nil).

21. Information in respect of restructured assets

The following table sets forth, for the three months ended June 30, 2018, details of restructured loan assets under CDR mechanism.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2018					
	No. of borrowers	8	..	30	5	43
	Amount outstanding	4,169.8	..	41,833.9	276.8	46,280.5
	Provision thereon	356.1	..	35,677.2	276.8	36,310.1
2.	Fresh restructuring during the three months ended June 30, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the three months ended June 30, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2018[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(217.7)	..	45.8	(0.2)	(172.1)

` in million, except number of accounts

Sr. No.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total
	Details	(a)	(b)	(c)	(d)	(e)
	Provision thereon	717.5	..	4,130.9	(0.2)	4,848.2
5.	Restructured standard advances at April 1, 2018, which cease to attract higher provisioning and/or additional risk weight at June 30, 2018 and hence need not be shown as restructured standard advances at July 1, 2018					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2018					
	No. of borrowers	(2)	..	2	..	..
	Amount outstanding	(814.8)	..	814.8	..	..
	Provision thereon	(814.8)	..	814.8	..	..
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2018					
	No. of borrowers	..	..	..	(1)	(1)
	Amount outstanding	..	..	(1,663.8)	(6.1)	(1,669.9)
	Provision thereon	..	..	(1,663.8)	(6.1)	(1,669.9)
8.	Restructured accounts at June 30, 2018					
	No. of borrowers	6	..	32	4	42
	Amount outstanding	3,137.3	..	41,030.7	270.5	44,438.5
	Provision thereon	258.8	..	38,959.1	270.5	39,488.4

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

The following table sets forth, for the three months ended June 30, 2018, details of restructured loan assets under SME debt restructuring mechanism.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2018					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	0.3	..	..	..	0.3
	Provision thereon	..	..	..	..	..
2.	Fresh restructuring during the three months ended June 30, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the three months ended June 30, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2018[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(0.2)	..	..	..	(0.2)
	Provision thereon	..	..	..	..	..
5.	Restructured standard advances at April 1, 2018, which cease to attract higher provisioning and/or additional risk weight at June 30, 2018 and hence need not be shown as restructured standard advances at July 1, 2018					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
8.	Restructured accounts at June 30, 2018					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	0.1	..	..	..	0.1
	Provision thereon	..	..	..	..	..

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

The following table sets forth, for the three months ended June 30, 2018, details of other restructured loan assets.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Others				
	Asset Classification Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2018					
	No. of borrowers	233	231	973	91	1,528
	Amount outstanding	11,779.7	58.8	93,040.4	675.8	105,554.7
	Provision thereon	65.7	31.5	52,577.5	675.8	53,350.5
2.	Fresh restructuring during the three months ended June 30, 2018					
	No. of borrowers	..	347	285	6	638
	Amount outstanding	..	122.1	119.7	0.7	242.5
	Provision thereon	..	46.2	110.2	0.7	157.1
3.	Upgradations to restructured standard category during the three months ended June 30, 2018					
	No. of borrowers	12	(7)	(5)	..	..
	Amount outstanding	1.5	(1.2)	(0.7)	..	(0.4)
	Provision thereon	..	(0.3)	(0.7)	..	(1.0)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2018[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	336.3	(3.8)	738.7	3.7	1,074.9
	Provision thereon	(5.0)	0.7	3,477.6	3.7	3,477.0
5.	Restructured standard advances at April 1, 2018, which cease to attract higher provisioning and/or additional risk weight at June 30, 2018 and hence need not be shown as restructured standard advances at July 1, 2018					
	No. of borrowers	(1)	N.A.	N.A.	N.A.	(1)
	Amount outstanding	(799.5)	N.A.	N.A.	N.A.	(799.5)
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2018					
	No. of borrowers	(3)	(44)	45	2	..
	Amount outstanding	(0.8)	(12.9)	11.4	0.8	(1.5)
	Provision thereon	..	(11.2)	11.1	0.8	0.7
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2018					
	No. of borrowers	..	(24)	(64)	(5)	(93)
	Amount outstanding	..	(2.4)	(21,760.6)	(126.2)	(21,889.2)
	Provision thereon	..	(0.8)	(9,105.4)	(126.2)	(9,232.4)
8.	Restructured Accounts at June 30, 2018					
	No. of borrowers	241	503	1,234	94	2,072
	Amount outstanding	11,317.2	160.5	72,148.9	554.8	84,181.4
	Provision thereon	60.7	66.1	47,070.3	554.8	47,751.9

1. Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application pending allotment) as part of restructuring scheme, etc.
2. 'Others' mechanism also include cases restructured under Joint Lender Forum (JLF) mechanism.

The following table sets forth, for the three months ended June 30, 2018, details of total restructured loan assets.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Total				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2018					
	No. of borrowers	242	231	1,003	96	1,572
	Amount outstanding	15,949.8	58.8	134,874.3	952.6	151,835.5
	Provision thereon	421.8	31.5	88,254.7	952.6	89,660.6
2.	Fresh restructuring during the three months ended June 30, 2018					
	No. of borrowers	..	347	285	6	638
	Amount outstanding	..	122.1	119.7	0.7	242.5
	Provision thereon	..	46.2	110.2	0.7	157.1
3.	Upgradations to restructured standard category during the three months ended June 30, 2018					
	No. of borrowers	12	(7)	(5)	..	..
	Amount outstanding	1.5	(1.2)	(0.7)	..	(0.4)
	Provision thereon	..	(0.3)	(0.7)	..	(1.0)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2018[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	118.4	(3.8)	784.5	3.5	902.6
	Provision thereon	712.5	0.7	7,608.5	3.5	8,325.2
5.	Restructured standard advances at April 1, 2018, which cease to attract higher provisioning and/or additional risk weight at June 30, 2018 and hence need not be shown as restructured standard advances at July 1, 2018					
	No. of borrowers	(1)	N.A.	N.A.	N.A.	(1)
	Amount outstanding	(799.5)	N.A.	N.A.	N.A.	(799.5)
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2018					
	No. of borrowers	(5)	(44)	47	2	..
	Amount outstanding	(815.6)	(12.9)	826.2	0.8	(1.5)
	Provision thereon	(814.8)	(11.2)	825.9	0.8	0.7
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2018					
	No. of borrowers	..	(24)	(64)	(6)	(94)
	Amount outstanding	..	(2.4)	(23,424.4)	(132.3)	(23,559.1)
	Provision thereon	..	(0.8)	(10,769.2)	(132.3)	(10,902.3)
8.	Restructured accounts at June 30, 2018					
	No. of borrowers	248	503	1,266	98	2,115
	Amount outstanding	14,454.6	160.5	113,179.6	825.3	128,620.0
	Provision thereon[2]	319.5	66.1	86,029.4	825.3	87,240.3

1. Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.
2. The Bank additionally holds provision amounting to ` 1,924.8 million on these accounts.

The following table sets forth, for the year ended March 31, 2018, details of restructured loan assets under CDR mechanism.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2017					
	No. of borrowers	19	..	20	6	45
	Amount outstanding	27,578.1	..	39,893.0	1,018.4	68,489.5
	Provision thereon	1,936.6	..	21,571.1	1,018.4	24,526.1
2.	Fresh restructuring during the year ended March 31, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the year ended March 31, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2018[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(7,802.3)	..	(740.9)	77.6	(8,465.6)
	Provision thereon	10,475.4	..	14,974.4	77.6	25,527.4
5.	Restructured standard advances at April 1, 2017, which cease to attract higher provisioning and/or additional risk weight at March 31, 2018 and hence need not be shown as restructured standard advances at April 1, 2018					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2018					
	No. of borrowers	(11)	..	11	..	..
	Amount outstanding	(15,606.0)	..	15,606.0	..	..
	Provision thereon	(12,055.9)	..	12,055.9	..	..
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2018					
	No. of borrowers	..	..	(1)	(1)	(2)
	Amount outstanding	..	..	(12,924.2)	(819.2)	(13,743.4)
	Provision thereon	..	..	(12,924.2)	(819.2)	(13,743.4)
8.	Restructured accounts at March 31, 2018					
	No. of borrowers	8	..	30	5	43
	Amount outstanding	4,169.8	..	41,833.9	276.8	46,280.5
	Provision thereon	356.1	..	35,677.2	276.8	36,310.1

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

The following table sets forth, for the year ended March 31, 2018, details of restructured loan assets under SME debt restructuring mechanism.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total
	Details	(a)	(b)	(c)	(d)	(e)
1.	Restructured accounts at April 1, 2017					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	1.0	..	..	..	1.0
	Provision thereon	..	..	..	..	..
2.	Fresh restructuring during the year ended March 31, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the year ended March 31, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2018[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(0.7)	..	..	..	(0.7)
	Provision thereon	..	..	..	..	..
5.	Restructured standard advances at April 1, 2017, which cease to attract higher provisioning and/or additional risk weight at March 31, 2018 and hence need not be shown as restructured standard advances at April 1, 2018					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
8.	Restructured accounts at March 31, 2018					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	0.3	..	..	..	0.3
	Provision thereon	..	..	..	..	..

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

The following table sets forth, for the year ended March 31, 2018, details of other restructured loan assets.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Others				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2017					
	No. of borrowers	284	221	765	98	1,368
	Amount outstanding	17,903.4	2,447.8	55,002.6	530.3	75,884.1
	Provision thereon	896.2	368.3	21,478.7	530.3	23,273.5
2.	Fresh restructuring during the year ended March 31, 2018					
	No. of borrowers	6	218	149[3]	2	375
	Amount outstanding	3.8	57.3	53,659.8[3]	0.6	53,721.5
	Provision thereon	0.2	31.3	29,274.6[3]	0.6	29,306.7
3.	Upgradations to restructured standard category during the year ended March 31, 2018					
	No. of borrowers	8	(1)	..	(7)	..
	Amount outstanding	2.8	(0.3)	..	(2.9)	(0.4)
	Provision thereon	..	..	..	(2.9)	(2.9)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2018[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	1,258.4	..	(15,467.9)	26.8	(14,182.7)
	Provision thereon	5,201.7	..	4,700.3	26.8	9,928.8
5.	Restructured standard advances at April 1, 2017, which cease to attract higher provisioning and/or additional risk weight at March 31, 2018 and hence need not be shown as restructured standard advances at April 1, 2018					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2018					
	No. of borrowers	(24)	(160)	179	5	..
	Amount outstanding	(7,232.1)	(2,440.4)	9,908.5	124.1	360.1
	Provision thereon	(6,032.3)	(366.9)	6,958.9	124.1	683.8
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2018					
	No. of borrowers	(41)	(47)	(120)	(7)	(215)
	Amount outstanding	(156.6)	(5.6)	(10,062.6)	(3.1)	(10,227.9)
	Provision thereon	(0.1)	(1.1)	(9,835.0)	(3.1)	(9,839.3)
8.	Restructured Accounts at March 31, 2018					
	No. of borrowers	233	231	973	91	1,528
	Amount outstanding	11,779.7	58.8	93,040.4	675.8	105,554.7
	Provision thereon	65.7	31.5	52,577.5	675.8	53,350.5

1. Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application pending allotment) as part of restructuring scheme, etc.
2. Others' mechanism also include cases restructured under Joint Lender Forum (JLF) mechanism.
3. Includes loans to three borrowers amounting to ` 20,964.2 million which were NPA at March 31, 2017 and classified as restructured based on RBI's direction.

The following table sets forth, for the year ended March 31, 2018, details of total restructured loan assets.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Total				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2017					
	No. of borrowers	304	221	785	104	1,414
	Amount outstanding	45,482.5	2,447.8	94,895.6	1,548.7	144,374.6
	Provision thereon	2,832.8	368.3	43,049.8	1,548.7	47,799.6
2.	Fresh restructuring during the year ended March 31, 2018					
	No. of borrowers	6	218	149	2	375
	Amount outstanding	3.8	57.3	53,659.8	0.6	53,721.5
	Provision thereon	0.2	31.3	29,274.6	0.6	29,306.7
3.	Upgradations to restructured standard category during the year ended March 31, 2018					
	No. of borrowers	8	(1)	..	(7)	..
	Amount outstanding	2.8	(0.3)	..	(2.9)	(0.4)
	Provision thereon	..	..	..	(2.9)	(2.9)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2018[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(6,544.6)	..	(16,208.8)	104.4	(22,649.0)
	Provision thereon	15,677.1	..	19,674.7	104.4	35,456.2
5.	Restructured standard advances at April 1, 2017, which cease to attract higher provisioning and/or additional risk weight at March 31, 2018 and hence need not be shown as restructured standard advances at April 1, 2018					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2018					
	No. of borrowers	(35)	(160)	190	5	..
	Amount outstanding	(22,838.1)	(2,440.4)	25,514.5	124.1	360.1
	Provision thereon	(18,088.2)	(366.9)	19,014.8	124.1	683.8
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2018					
	No. of borrowers	(41)	(47)	(121)	(8)	(217)
	Amount outstanding	(156.6)	(5.6)	(22,986.8)	(822.3)	(23,971.3)
	Provision thereon	(0.1)	(1.1)	(22,759.2)	(822.3)	(23,582.7)
8.	Restructured accounts at March 31, 2018					
	No. of borrowers	242	231	1,003	96	1,572
	Amount outstanding	15,949.8	58.8	134,874.3	952.6	151,835.5
	Provision thereon[2]	421.8	31.5	88,254.7	952.6	89,660.6

1. Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.
2. The Bank additionally holds provision amounting to ` 2,068.4 million on these accounts.

The following table sets forth, for the three months ended June 30, 2017, details of restructured loan assets under CDR mechanism.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2017					
	No. of borrowers	19	..	20	6	45
	Amount outstanding	27,578.1	..	39,893.0	1,018.4	68,489.5
	Provision thereon	1,936.6	..	21,571.1	1,018.4	24,526.1
2.	Fresh restructuring during the three months ended June 30, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the three months ended June 30, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(2,030.5)	..	(699.3)	74.2	(2,655.6)
	Provision thereon	(217.4)	..	4,962.3	74.2	4,819.1
5.	Restructured standard advances at April 1, 2017, which cease to attract higher provisioning and/or additional risk weight at June 30, 2017 and hence need not be shown as restructured standard advances at July 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2017					
	No. of borrowers	(6)	..	6	..	..
	Amount outstanding	(15,260.0)	..	12,085.3	..	(3,174.7)
	Provision thereon	(658.5)	..	7,171.7	..	6,513.2
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2017					
	No. of borrowers	..	..	..	(1)	(1)
	Amount outstanding	..	..	..	(103.2)	(103.2)
	Provision thereon	..	..	..	(103.2)	(103.2)
8.	Restructured accounts at June 30, 2017					
	No. of borrowers	13	..	26	5	44
	Amount outstanding	10,287.6	..	51,279.0	989.4	62,556.0
	Provision thereon	1,060.7	..	33,705.1	989.4	35,755.2

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

The following table sets forth, for the three months ended June 30, 2017, details of restructured loan assets under SME debt restructuring mechanism.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total
	Details	(a)	(b)	(c)	(d)	(e)
1.	Restructured accounts at April 1, 2017					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	1.0	..	..	..	1.0
	Provision thereon	..	..	..	..	..
2.	Fresh restructuring during the three months ended June 30, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the three months ended June 30, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(0.2)	..	..	..	(0.2)
	Provision thereon	..	..	..	..	..
5.	Restructured standard advances at April 1, 2017, which cease to attract higher provisioning and/or additional risk weight at June 30, 2017 and hence need not be shown as restructured standard advances at July 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
8.	Restructured accounts at June 30, 2017					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	0.8	..	..	..	0.8
	Provision thereon	..	..	..	..	..

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

The following table sets forth, for the three months ended June 30, 2017, details of other restructured loan assets.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Others				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured accounts at April 1, 2017					
	No. of borrowers	284	221	765	98	1,368
	Amount outstanding	17,903.4	2,447.8	55,002.6	530.3	75,884.1
	Provision thereon	896.2	368.3	21,478.7	530.3	23,273.5
2.	Fresh restructuring during the three months ended June 30, 2017					
	No. of borrowers	6	..	1	..	7
	Amount outstanding	3.8	..	0.1	..	3.9
	Provision thereon	0.2	..	..	..	0.2
3.	Upgradations to restructured standard category during the three months ended June 30, 2017					
	No. of borrowers	3	..	..	(3)	..
	Amount outstanding	1.1	..	..	(1.5)	(0.4)
	Provision thereon	..	..	..	(1.5)	(1.5)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	449.2	159.4	(2,464.2)	4.1	(1,851.5)
	Provision thereon	(0.6)	105.1	(1,765.2)	4.1	(1,656.6)
5.	Restructured standard advances at April 1, 2017, which cease to attract higher provisioning and/or additional risk weight at June 30, 2017 and hence need not be shown as restructured standard advances at July 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2017					
	No. of borrowers	(28)	(139)	159	8	..
	Amount outstanding	(2,988.9)	163.7	2,757.3	8.9	(59.0)
	Provision thereon	(0.2)	23.8	2,566.8	8.9	2,599.3
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2017					
	No. of borrowers	(4)	(7)	(22)	(4)	(37)
	Amount outstanding	(0.6)	(1.1)	(251.6)	(0.5)	(253.8)
	Provision thereon	..	(0.2)	(250.8)	(0.5)	(251.5)
8.	Restructured Accounts at June 30, 2017					
	No. of borrowers	261	75	903	99	1,338
	Amount outstanding	15,368.0	2,769.8	55,044.2	541.3	73,723.3
	Provision thereon	895.6	497.0	22,029.5	541.3	23,963.4

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

The following table sets forth, for the three months ended June 30, 2017, details of total restructured loan assets.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Total				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2017					
	No. of borrowers	304	221	785	104	1,414
	Amount outstanding	45,482.5	2,447.8	94,895.6	1,548.7	144,374.6
	Provision thereon	2,832.8	368.3	43,049.8	1,548.7	47,799.6
2.	Fresh restructuring during the three months ended June 30, 2017					
	No. of borrowers	6	..	1	..	7
	Amount outstanding	3.8	..	0.1	..	3.9
	Provision thereon	0.2	..	..	..	0.2
3.	Upgradations to restructured standard category during the three months ended June 30, 2017					
	No. of borrowers	3	..	..	(3)	..
	Amount outstanding	1.1	..	..	(1.5)	(0.4)
	Provision thereon	..	..	..	(1.5)	(1.5)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(1,581.5)	159.4	(3,163.5)	78.3	(4,507.3)
	Provision thereon	(218.0)	105.1	3,197.1	78.3	3,162.5
5.	Restructured standard advances at April 1, 2017, which cease to attract higher provisioning and/or additional risk weight at June 30, 2017 and hence need not be shown as restructured standard advances at July 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2017					
	No. of borrowers	(34)	(139)	165	8	..
	Amount outstanding	(18,248.9)	163.7	14,842.6	8.9	(3,233.7)
	Provision thereon	(658.7)	23.8	9,738.5	8.9	9,112.5
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2017					
	No. of borrowers	(4)	(7)	(22)	(5)	(38)
	Amount outstanding	(0.6)	(1.1)	(251.6)	(103.7)	(357.0)
	Provision thereon	..	(0.2)	(250.8)	(103.7)	(354.7)
8.	Restructured accounts at June 30, 2017					
	No. of borrowers	275	75	929	104	1,383
	Amount outstanding	25,656.4	2,769.8	106,323.2	1,530.7	136,280.1
	Provision thereon[2]	1,956.3	497.0	55,734.6	1,530.7	59,718.6

1. Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.
2. The Bank additionally holds provision amounting to ` 3,219.1 million on these accounts.

The following table sets forth, for the periods indicated, details of cases under Strategic Debt Restructuring (SDR) scheme (accounts which are currently under the stand-still period).

` in million, except number of borrowers

Particulars	At June 30, 2018[1]	At March 31, 2018[1]	At June 30, 2017
Number of borrowers where SDR has been invoked	..	..	11
Gross amount outstanding[2,3]			
- Standard	..	..	45,074.0
- NPA	..	..	..
Gross amount outstanding for borrowers where conversion of debt to equity is pending[2,3]			
- Standard	..	..	6,604.0
- NPA	..	..	..
Gross amount outstanding for borrowers where conversion of debt to equity has taken place[2,3]			
- Standard	..	..	38,470.0
- NPA	..	..	..

1. With effect from February 12, 2018, RBI has withdrawn SDR scheme. Accordingly, at March 31, 2018, cases where SDR has been invoked but not implemented are classified as per the extant Income Recognition and Asset Classification norms of RBI and have not been included here.
2. At June 30, 2017, five cases amounting to ` 5,763.5 million classified as standard restructured.
3. Represents gross loans and credit substitutes.

The Bank does not recognise any amount towards interest on the cases under SDR. With effect from February 12, 2018, RBI has withdrawn the scheme and the interest income, for cases where SDR were not implemented has been recognised as per the Income Recognition and Asset Classification norms of RBI.

The following table sets forth, for the periods indicated, details for cases of change in ownership outside SDR scheme (accounts which are currently under the stand-still period).

` in million, except number of borrowers

Particulars	At June 30, 2018[1]	At March 31, 2018[1]	At June 30, 2017
Number of borrowers where the Bank has decided to effect change in ownership	..	..	3
Gross amount outstanding[2]			
- Standard	..	..	56,303.4
- NPA	..	..	..
Gross amount outstanding for borrowers where conversion of debt to equity/invocation of pledge of equity shares is pending[2]			
- Standard	..	..	1,203.0
- NPA	..	..	..

Particulars	At June 30, 2018[1]	At March 31, 2018[1]	At June 30, 2017
Gross amount outstanding for borrowers where conversion of debt to equity/invocation of pledge of equity shares has taken place[2]			
- Standard	..	..	55,100.4
- NPA	..	..	..
Gross amount outstanding for borrowers where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity[2]			
- Standard	..	..	..
- NPA	..	..	..

1. With effect from February 12, 2018, Reserve Bank of India (RBI) has withdrawn change of management outside SDR scheme. Accordingly, at March 31, 2018, cases where change of management outside SDR has been invoked but not implemented are classified as per the extant Income Recognition and Asset Classification norms of RBI and have not been included here.
2. Represents gross loans and credit substitutes.

The Bank does not recognise any amount towards interest on the cases under change of management outside SDR. With effect from February 12, 2018, RBI has withdrawn the scheme and the interest income, for cases where the change in management outside SDR were not implemented has been recognised as per the Income Recognition and Asset Classification norms of RBI.

During the three months ended June 30, 2018, the Bank has not upgraded any borrower to standard category subsequent to change in ownership in accordance with RBI circular dated February 12, 2018. (year ended March 31, 2018: one borrower with fund based outstanding of ₹ 15,452.7 million, which included ₹ 10,262.0 million of credit substitutes and shares converted as per the resolution plan at March 31, 2018. The Bank held an aggregate provision of ₹ 7,785.1 million against this borrower, of which ₹ 6,508.2 million was against credit substitutes and shares at March 31, 2018).

The following table sets forth, for the periods indicated, details for cases of change in ownership for projects under implementation (accounts which are currently under the stand-still period).

` in million, except number of borrowers

Particulars	At June 30, 2018	At March 31, 2018	At June 30, 2017
Number of project loan borrowers where the Bank has decided to effect change in ownership	..	1	..
Gross amount outstanding			
- Standard	..	2,346.3	..
- Standard restructured	..	..	..
- NPA	..	..	..

The following table sets forth, for the periods indicated, details of cases where scheme for Sustainable Structuring of Stressed Assets (S4A) is implemented.

` in million, except number of borrowers

Particulars	At June 30, 2018	At March 31, 2018	At June 30, 2017
Number of borrowers where S4A has	6	6	4
Total gross amount outstanding[1]			
- Standard	6,165.3[2]	6,596.9[2]	4,077.6
- NPA	1,478.6	1,144.8	..
Gross amount outstanding in Part A			
- Standard	3,818.8[2]	4,084.9[2]	2,266.8
- NPA	277.0	108.7	..
Gross amount outstanding in Part B			
- Standard	2,346.5	2,512.0	1,810.8
- NPA	1,201.6	1,036.1	..
Provision held			
- Standard	1,337.5	1,281.4	814.8
- NPA	1,110.2	789.0	..

1. Represents loans, credit substitutes and shares under S4A scheme.
2. Includes outstanding amounting to ` 1,214.4 million at June 30, 2018 (March 31, 2018: ` 1,327.2 million, June 30, 2017: Nil) which was upgraded to standard from NPA on implementation of S4A.

The Bank does not recognise any amount towards interest on the cases under S4A. With effect from February 12, 2018, RBI has withdrawn the scheme and the interest income, for cases where S4A were not implemented has been recognised as per the Income Recognition and Asset Classification norms of RBI.

The following table sets forth, for the periods indicated, details of cases under flexible structuring of existing loans.

` in million, except number of borrowers

Particulars	Three months ended June 30,	Year ended March 31,	Three months ended June 30,
Number of borrowers taken up for flexible structuring	..	3[1]	1
Amount of loans taken up for flexible structuring[2]	..	11,709.8	8,832.8
- Standard	..	..	..
Exposure weighted average duration of loans taken up for flexible structuring			
- Before applying flexible structuring	..	4.57	4.66
- After applying flexible structuring	..	10.98	11.76

1. During the year ended March 31, 2018, two borrowers were taken up for flexible structuring, out of which one borrower was demerged into two entities through National Company Law Appellate Tribunal (NCLAT) order dated February 28, 2018.
2. Represents implementation amount.

22. Concentration of Deposits, Advances, Exposures and NPAs

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

Concentration of deposits	At June 30, 2018	At March 31, 2018	At June 30, 2017
Total deposits of 20 largest depositors	403,789.4	347,959.8	339,756.6
Deposits of 20 largest depositors as a percentage of total deposits of the Bank	7.38%	6.20%	6.99%

` in million

Concentration of advances[1]	At June 30, 2018	At March 31, 2018	At June 30, 2017
Total advances to 20 largest borrowers (including banks)	1,250,659.0	1,365,485.0	1,146,815.1
Advances to 20 largest borrowers as a percentage of total advances of the Bank	12.97%	14.11%	12.77%

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

`
in million

Concentration of exposures[1]	At June 30, 2018	At March 31, 2018	At June 30, 2017
Total exposure to 20 largest borrowers/customers (including banks)	1,303,977.8	1,431,945.8	1,159,219.4
Exposures to 20 largest borrowers/customers as a percentage of total exposure of the Bank	12.88%	13.95%	12.30%

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

` in million

Concentration of NPAs	At June 30, 2018	At March 31, 2018	At June 30 2017
Total exposure[1] to top four NPA accounts	157,973.4	154,385.3	125,601.6

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

(II) Sector-wise advances

` in million, except percentages

Sr. No.	Particulars	At June 30, 2018		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
A.	Priority sector			
1.	Agriculture and allied activities	392,027.4	15,700.6	4.00%
2.	Advances to industries sector eligible as priority sector lending	238,895.0	6,511.0	2.73%
3.	Services	94,470.0	2,027.1	2.15%
	of which:			
	Transport operators	34,778.3	396.5	1.14%
	Wholesale trade	37,286.1	1,069.4	2.87%
4.	Personal loans	377,043.9	4,711.5	1.25%
	of which:			
	Housing	292,459.5	2,860.0	0.98%
	Vehicle loans	77,781.4	1,589.2	2.04%
	Sub-total (A)	1,102,436.3	28,950.2	2.63%
B.	Non-priority sector			
1.	Agriculture and allied activities	..	..	0.00%
2.	Advances to industries sector	1,608,900.9	403,455.2	25.08%
	of which:			
	Infrastructure	494,378.4	129,711.7	26.24%
	Basic metal and metal products	203,191.5	47,052.4	23.16%
3.	Services	1,106,634.0	72,152.2	6.52%
	of which:			
	Commercial real estate	272,900.1	15,420.3	5.65%
	Wholesale trade	145,865.6	8,703.2	5.97%
	Non-banking financial companies	138,683.2	0.1	0.00%
4.	Personal loans[1]	1,630,836.1	21,228.9	1.30%
	of which:			
	Housing	1,096,635.7	8,796.1	0.80%
	Sub-total (B)	4,346,371.0	496,836.3	11.43%
	Total (A)+(B)	5,448,807.3	525,786.5	9.65%

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.	Particulars	At March 31, 2018		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
A.	Priority sector			
1.	Agriculture and allied activities	393,267.6	12,330.0	3.14%
2.	Advances to industries sector eligible as priority sector lending	231,019.8	4,387.3	1.90%
3.	Services	75,247.9	1,599.6	2.13%
	of which:			
	Transport operators	14,846.4	165.5	1.12%
	Wholesale trade	36,832.9	971.5	2.64%
4.	Personal loans	243,380.3	2,498.2	1.03%
	of which:			
	Housing	229,255.3	2,255.3	0.98%
	Vehicle loans	11,946.7	120.2	1.01%
	Sub-total (A)	942,915.6	20,815.1	2.21%
B.	Non-priority sector			
1.	Agriculture and allied activities	..	..	0.00%
2.	Advances to industries sector	1,629,611.9	415,068.6	25.47%
	of which:			
	Infrastructure	484,409.9	127,310.9	26.28%
	Basic metal and metal products	253,136.8	63,862.2	25.23%
3.	Services	1,109,598.3	75,133.1	6.77%
	of which:			
	Commercial real estate	280,361.6	10,704.7	3.82%
	Wholesale trade	131,292.0	5,789.1	4.41%
	Non-banking financial companies	135,066.6	0.2	0.00%
4.	Personal loans[1]	1,697,325.1	21,385.0	1.26%
	of which:			
	Housing	1,120,039.7	8,706.7	0.78%
	Sub-total (B)	4,436,535.3	511,586.7	11.53%
	Total (A)+(B)	5,379,450.9	532,401.8	9.90%

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.	Particulars	At June 30, 2017		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
A.	Priority sector			
1.	Agriculture and allied activities	347,020.4	11,538.6	3.33%
2.	Advances to industries sector eligible as priority sector lending	177,516.9	5,458.8	3.08%
3.	Services	156,393.3	2,878.5	1.84%
	of which:			
	Transport operators	95,410.0	1,436.9	1.51%
	Wholesale trade	19,272.3	595.7	3.09%
4.	Personal loans	420,896.2	5,810.7	1.38%
	of which:			
	Housing	272,127.6	2,616.2	0.96%
	Vehicle loans	136,640.8	2,788.1	2.04%
	Sub-total (A)	1,101,826.8	25,686.6	2.33%
B.	Non-priority sector			
1.	Agriculture and allied activities	..	..	..
2.	Advances to industries sector	1,606,144.3	324,901.7	20.23%
	of which:			
	Infrastructure	501,990.6	90,975.1	18.12%
	Basic metal and metal products	319,715.1	80,193.8	25.08%
3.	Services	856,669.6	63,505.5	7.41%
	of which:			
	Commercial real estate	254,176.1	7,841.9	3.09%
	Wholesale trade	124,415.0	5,387.5	4.33%
	Non-banking financial companies	108,987.8	0.2	0.00%
4.	Personal loans[1]	1,263,778.5	12,947.2	1.02%
	of which:			
	Housing	933,298.1	6,221.9	0.67%
	Sub-total (B)	3,726,592.4	401,354.4	10.77%
	Total (A)+(B)	4,828,419.2	427,041.0	8.84%

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

` in million

Particulars	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Total assets[1]	872,339.1	931,385.2	853,304.6
Total NPAs (net)	100,677.2	122,524.3	78,431.2
Total revenue[1]	8,749.2	38,091.2	9,706.7

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) for the three months ended June 30, 2018

(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[1]
A.	Domestic
	1. ICICI Strategic Investments Fund[2]
	2. India Advantage Fund-III[2]
	3. India Advantage Fund-IV[2]
B.	Overseas
	None

1. SPVs/Trusts which are consolidated and set-up/sponsored by the Bank/Subsidiaries of the Bank.
2. The nature of business of the above entities is venture capital fund.

(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

23. Exposure to sensitive sectors

The Bank has exposure to sectors, which are sensitive to asset price fluctuations. The sensitive sectors include capital markets and real estate.

The following table sets forth, for the periods indicated, the position of exposure to capital market sector.

` in million

Sr. No.	Particulars	At June 30, 2018	At March 31, 2018	At June 30, 2017
1.	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds, the corpus of which is not exclusively invested in corporate debt	24,949.7	24,451.5	28,067.8
2.	Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	1,278.2	1,336.0	1,508.2
3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	38,997.8	49,530.2	53,227.4
4.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/ convertible debentures/units of equity oriented mutual funds does not fully cover the advances	..	..	..
5.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers	77,460.3	74,928.9	61,781.2
6.	Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	..	..	..
7.	Bridge loans to companies against expected equity flows/issues	..	..	4,822.9
8.	Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	..	..	..

Sr. No.	Particulars	At June 30, 2018	At March 31, 2018	At June 30, 2017
9.	Financing to stockbrokers for margin trading	..	..	..
10.	All exposures to venture capital funds (both registered and unregistered)	5,728.3	5,634.3	5,798.9
11.	Others	591.7	591.7	2,154.6
	Total exposure to capital market[1]	149,006.0	156,472.6	157,361.0

1. At June 30, 2018, excludes investment in equity shares of ` 27,031.7 million (March 31, 2018: ` 27,085.1 million, June 30, 2017: ` 20,948.4 million) exempted from the regulatory ceiling, out of which investments of ` 25,428.4 million (March 31, 2018: ` 25,481.8 million, June 30, 2017: ` 20,778.9 million) were acquired under resolution schemes of RBI.

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

` in million

Sr. No.	Particulars	At June 30, 2018	At March 31, 2018	At June 30, 2017
I	Direct exposure	2,031,474.5	2,003,591.0	1,808,429.9
	i) Residential mortgages	1,598,054.3	1,573,084.4	1,412,097.5
	of which: individual housing loans eligible for priority sector advances	194,490.7	188,656.5	186,289.1
	ii) Commercial real estate[1]	405,567.2	400,703.7	360,631.5
	iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposure	27,853.0	29,802.9	35,700.9
	a. Residential	23,559.9	25,370.6	31,662.3
	b. Commercial real estate	4,293.1	4,432.3	4,038.6
II	Indirect exposure	178,929.1	189,766.3	133,028.5
	i) Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	178,929.1	189,766.3	133,028.5
	ii) Others	..	..	..
	Total exposure to real estate sector	2,210,403.6	2,193,357.3	1,941,458.4

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.

24. Revaluation of fixed assets

The Bank follows the revaluation model for its premises (land and buildings) other than improvements to leasehold property as per AS 10 – 'Property, Plant and Equipment'. The Bank had initially revalued its premises at March 31, 2016 and subsequently as per the Bank's policy, annual revaluation was carried out through external valuers, using methodologies such as direct comparison method and income generation method and the incremental amount has been taken to revaluation reserve. The revalued amount at June 30, 2018 was ` 56,375.9 million (March 31, 2018: ` 56,637.9 million, June 30, 2017: ` 57,042.9 million) as compared to the historical cost less accumulated depreciation of ` 26,489.8 million (March 31, 2018: ` 26,606.0 million, June 30, 2017: ` 26,788.2 million). Depreciation of ` 145.8 million (June 30, 2017: ` 143.0 million) has been charged to profit and loss account on account of revaluation gain, which will be transferred to general reserve from revaluation reserve at March 31, 2019.

The revaluation reserve is not available for distribution of dividend.

25. Insurance business

The following table sets forth, for the periods indicated, the break-up of income derived from insurance business.

` in million

Sr. No.	Particulars	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
1.	Income from selling life insurance policies	1,758.4	8,821.1	1,242.2
2.	Income from selling non-life insurance policies	231.5	1,133.5	243.5
3.	Income from selling mutual fund/collective investment scheme products	1,142.4	4,999.5	968.0

26. Provisions and contingencies

The following table sets forth, for the periods indicated, the break-up of provisions and contingencies included in profit and loss account.

` in million

Particulars	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Provisions for depreciation of investments	3,446.6	18,773.4	1,735.2
Provision towards non-performing and other assets[1]	55,062.5	142,445.2	22,684.5
Provision towards income tax			
- Current[2]	(416.4)	26,618.5	8,279.6
- Deferred	(17.2)	(20,047.2)	(3,023.9)
Floating provision	..	..	..

Particulars	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Other provisions and contingencies[3]	1,203.8	11,851.2	1,667.7
Total provisions and contingencies	59,279.3	179,641.1	31,343.1

1. Includes provision towards NPA amounting to ` 54,709.5 million (March 31, 2018: ` 163,793.6 million, June 30, 2017: ` 22,997.4 million).
2. During the year ended March 31, 2018, the Bank has recognised Minimum Alternate Tax (MAT) credit as an asset amounting to ` 2,178.0 million, as the normal income tax liability related to the year ended March 31, 2017 was less than the MAT computed as per section 115JB of the Income tax Act, 1961. The MAT asset has been fully utilised against the normal income tax liability for the year ended March 31, 2018.
3. Includes general provision made towards standard assets amounting to ` 486.4 million (March 31, 2018: ` 2,771.1 million, June 30, 2017: provision made by ` 1,480.0 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 AS 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Bank recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

The following table sets forth, for the periods indicated, the movement in provision for legal and fraud cases, operational risk and other contingencies.

` in million

Particulars	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Opening provision	10,996.6	7,861.3	7,861.3
Movement during the period/year (net)	592.4	3,135.3	78.0
Closing provision	11,589.0	10,996.6	7,939.3

1. Excludes provision towards sundry expenses.

27. Deferred tax

At June 30, 2018, the Bank has recorded net deferred tax assets of ` 74,825.9 million (March 31, 2018: ` 74,770.2 million, June 30, 2017: ` 57,745.3 million), which have been included in other assets.

The following table sets forth, for the periods indicated, the break-up of deferred tax assets and liabilities into major items.

` in million

Particulars	At June 30, 2018[1]	At March 31, 2018[1]	At June 30, 2017[2]
Deferred tax assets			
Provision for bad and doubtful debts	102,045.7	102,010.3	81,518.6
Foreign currency translation reserve[3]	862.0	861.2	5,708.8
Others	6,609.7	6,603.6	4,681.3
Total deferred tax assets	109,517.4	109,475.1	91,908.7
Deferred tax liabilities			
Special reserve deduction	28,633.8	28,653.2	27,361.5
Depreciation on fixed assets	4,980.6	4,974.6	5,273.1
Interest on refund of taxes[3]	1,077.1	1,077.1	1,528.8
Total deferred tax liabilities	34,691.5	34,704.9	34,163.4
Total net deferred tax assets/(liabilities)	74,825.9	74,770.2	57,745.3

1. Tax rate of 34.944% is adopted based on Finance Act, 2018.
2. Tax rate of 34.608% is adopted based on Finance Act, 2017.
3. These items are considered in accordance with the requirements of Income Computation and Disclosure Standards (ICDS).

As per ICDS and subsequent circular issued by Central Board of Direct Taxes, during the year ended March 31, 2017, the Bank had recognised tax expense and deferred tax asset on closing balance of Foreign Currency Translation Reserve (FCTR) at March 31, 2017. Delhi High Court struck down certain part of ICDS in November 2017. Further, pursuant to amendments in Income tax Act 1961 through Finance Act, 2018, the movement during the year in FCTR has become taxable effective from April 1, 2016. Accordingly, tax expense of ` 4,159.0 million and equal amount of deferred tax asset on the opening balance of FCTR at April 1, 2016 recognised earlier under ICDS has been reversed.

28. Proposed dividend on equity and preference shares

The Board of Directors at its meeting held on May 7, 2018 has recommended a dividend of ` 1.50 per equity share for the year ended March 31, 2018 (year ended March 31, 2017: ` 2.50 per equity share). The declaration and payment of dividend is subject to requisite approvals.

The Board at its meeting held on April 2, 2018 recommended an interim dividend of ` 100.00 per preference share for the year ended March 31, 2018. The interim dividend will be placed for ratification by the shareholders as final dividend.

According to the revised AS 4 - ‘Contingencies and events occurring after the balance sheet date’ as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not accounted for proposed dividend (including tax) as a liability for the year ended March 31, 2018. However, the Bank has considered proposed dividend in determining capital funds in computing capital adequacy ratio at March 31, 2018.

29. Related party transactions

The Bank has transactions with its related parties comprising subsidiaries, associates/joint ventures/other related entities, key management personnel and relatives of key management personnel.

I. Related parties

Subsidiaries

ICICI Bank Canada, ICICI Bank UK PLC, ICICI Home Finance Company Limited, ICICI International Limited, ICICI Investment Management Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Prudential Asset Management Company Limited, ICICI Prudential Life Insurance Company Limited, ICICI Prudential Pension Funds Management Company Limited, ICICI Prudential Trust Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Securities Limited, ICICI Securities Primary Dealership Limited, ICICI Trusteeship Services Limited and ICICI Venture Funds Management Company Limited.

Associates/joint ventures/other related entities

ICICI Merchant Services Private Limited, ICICI Strategic Investments Fund[1], India Advantage Fund-III, India Advantage Fund-IV, India Infradebt Limited, I-Process Services (India) Private Limited, NIIT Institute of Finance, Banking and Insurance Training Limited, Comm Trade Services Limited, ICICI Foundation for Inclusive Growth and Arteria Technologies Private Limited[2].

1. Entity consolidated as per Accounting Standard (AS) 21 on 'Consolidated Financial Statements'.

2. Identified as related party effective from May 29, 2018.

Key management personnel

Ms. Chanda Kochhar, Mr. Sandeep Bakhshi[1], Ms. Vishakha Mulye, Mr. Vijay Chandok, Mr. Anup Bagchi and Mr. N. S. Kannan[2].

1. Identified as related party effective from June 19, 2018.
2. Ceased to be related party effective close of business hours on June 18, 2018.

Relatives of key management personnel

Mr. Deepak Kochhar, Mr. Arjun Kochhar, Ms. Aarti Kaji, Mr. Mahesh Advani, Ms. Mona Bakhshi[1], Mr. Shivam Bakhshi[1], Ms. Esha Bakhshi[1], Ms. Minal Bakhshi[1], Mr. Sameer Bakhshi[1], Mr. Vivek Mulye, Ms. Vriddhi Mulye, Dr. Gauresh Palekar, Ms. Shalaka Gadekar, Ms. Poonam Chandok, Ms. Saluni Chandok, Ms. Simran Chandok, Mr. C. V. Kumar, Ms. Shad Kumar, Ms. Sanjana Gulati, Ms. Mitul Bagchi, Mr. Aditya Bagchi, Mr. Shishir Bagchi, Mr. Arun Bagchi, Ms. Rangarajan Kumudalakshmi[2], Ms. Aditi Kannan[2], Ms. Sudha Narayanan[2], Mr. Raghunathan Narayanan[2] and Mr. Rangarajan Narayanan[2].

1. Identified as related party effective from June 19, 2018.
2. Ceased to be related party effective close of business hours on June 18, 2018.

II. Transactions with related parties

The following table sets forth, for the periods indicated, the significant transactions between the Bank and its related parties.

₹ in million

Items	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Interest income			
Subsidiaries	94.5	489.1	108.7
Associates/joint ventures/others	5.7	29.4	10.9
Key management personnel	3.1	9.0	2.7
Relatives of key management personnel	0.0[1]	0.1	0.0[1]
Total interest income	103.3	527.6	122.3
Fee, commission and other income			
Subsidiaries	2,300.9	12,080.3	1,772.2
Associates/joint ventures/others	18.4	13.9	3.8
Key management personnel	0.0[1]	0.0[1]	0.0[1]
Relatives of key management personnel	0.0[1]	0.0[1]	0.0[1]
Total fee, commission and other income	2,319.3	12,094.2	1,776.0
Commission income on guarantees issued			
Subsidiaries	7.9	35.2	5.9
Associates/joint ventures/others	0.0[1]	0.1	0.0[1]
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total commission income on guarantees issued	7.9	35.3	5.9
Income from custodial services			
Subsidiaries	4.9	26.8	5.8
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total income from custodial services	4.9	26.8	5.8
Gain/(loss) on forex and derivative transactions (net)[2]			
Subsidiaries	(1,907.5)	44.5	554.3
Associates/joint ventures/others	..	(0.0)[1]	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total gain/(loss) on forex and derivative transactions (net)	(1,907.5)	44.5	554.3

₹ in million

Items	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Dividend income			
Subsidiaries	3,174.5	12,140.6	1,342.7
Associates/joint ventures/others	..	62.9	..
Total dividend income	3,174.5	12,203.5	1,342.7
Insurance claims received			
Subsidiaries	30.8	127.5	30.1
Associates/joint ventures/others	..	..	..
Total insurance claims received	30.8	127.5	30.1
Recovery of lease of premises, common corporate and facilities expenses			
Subsidiaries	411.7	1,611.1	375.5
Associates/joint ventures/others	16.9	69.2	17.0
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total recovery of lease of premises, common corporate and facilities expenses	428.6	1,680.3	392.5
Payment of lease of premises, common corporate and facilities expenses			
Subsidiaries	18.1	73.1	18.1
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total payment of lease of premises, common corporate and facilities expenses	18.1	73.1	18.1
Recovery for secondment of employees			
Subsidiaries	16.7	11.2	3.6
Associates/joint ventures/others	3.6	8.7	3.4
Total recovery for secondment of employees	20.3	19.9	7.0
Reimbursement of expenses from related parties			
Subsidiaries	1.3	1.4	1.4
Associates/joint ventures/others	..	3.3	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total reimbursement of expenses from related parties	1.3	4.7	1.4
Interest expense			
Subsidiaries	46.3	303.6	71.2
Associates/joint ventures/others	2.9	5.4	1.9

₹ in million

Items	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Key management personnel	0.6	10.2	0.2
Relatives of key management personnel	1.2	3.1	0.2
Total interest expense	51.0	322.3	73.5
Remuneration to wholetime directors[3]			
Key management personnel	57.0	232.9	54.4
Total remuneration to wholetime directors	57.0	232.9	54.4
Reimbursement of expenses to related parties			
Subsidiaries	35.0	784.5	9.7
Associates/joint ventures/others	..	0.1	0.1
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total reimbursement of expenses to related parties	35.0	784.6	9.8
Insurance premium paid			
Subsidiaries	1,377.6	2,869.0	942.4
Associates/joint ventures/others	..	..	..
Total insurance premium paid	1,377.6	2,869.0	942.4
Brokerage, fee and other expenses			
Subsidiaries	227.4	503.9	70.7
Associates/joint ventures/others	2,142.8	6,833.4	1,711.7
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total brokerage, fee and other expenses	2,370.2	7,337.3	1,782.4
Donation given			
Subsidiaries	..	..	..
Associates/joint ventures/others	100.0	560.0	50.0
Total donation given	100.0	560.0	50.0
Dividend paid			
Subsidiaries	..	..	..
Associates/joint ventures/others	..	..	..
Key management personnel	..	8.3	..
Relatives of key management personnel	..	0.0[1]	..
Total dividend paid	..	8.3	..
Purchase of investments			
Subsidiaries	13,629.8	50,279.2	7,421.2
Associates/joint ventures/others	..	..	..

₹ in million

Items	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total purchase of investments	13,629.8	50,279.2	7,421.2
Investments in the securities issued by related parties			
Subsidiaries	..	..	..
Associates/joint ventures/others	..	6,462.0	4,100.0
Total investments in the securities issued by related parties	..	6,462.0	4,100.0
Sale of investments			
Subsidiaries	14,374.8	29,950.3	11,741.2
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total sale of investments	14,374.8	29,950.3	11,741.2
Redemption/buyback of securities			
Subsidiaries	..	5,065.0	..
Associates/joint ventures/others	..	190.1	21.5
Total redemption/buyback of securities		5,255.1	21.5
Unfunded risk participation			
Subsidiaries	..	1,291.6	1,291.6
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total unfunded risk participation	..	1,291.6	1,291.6
Sale of loans			
Subsidiaries	..	1,403.9	1,403.9
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total sale of loans	..	1,403.9	1,403.9
Purchase of fixed assets			
Subsidiaries	0.3	1.2	1.3
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..

₹ in million

Items	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Total purchase of fixed assets	0.3	1.2	1.3
Sale of fixed assets			
Subsidiaries	0.8	2.2	..
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total sale of fixed assets	0.8	2.2	..

1. Insignificant amount.
2. The Bank undertakes derivative transactions with its subsidiaries, associates, joint ventures and other related entities. The Bank manages its foreign exchange and interest rate risks arising from these transactions by covering them in the market. While the Bank, within its overall position limits covers these transactions in the market, the above amounts represent only the transactions with its subsidiaries, associates, joint ventures and other related entities and not the offsetting/covering transactions.
3. Excludes the perquisite value on account of employee stock options exercised.

III. Material transactions with related parties

The following table sets forth, for the periods indicated, the material transactions between the Bank and its related parties. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

₹ in million

Particulars		Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Interest income				
1	ICICI Home Finance Company Limited	64.7	368.5	92.3
2	ICICI Securities Primary Dealership Limited	29.4	111.6	13.4
Fee, commission and other income				
1	ICICI Prudential Life Insurance Company Limited	1,753.4	8,818.7	1,236.3
2	ICICI Lombard General Insurance Company Limited	301.1	1,213.7	256.4
3	ICICI Prudential Asset Management Company Limited	112.8	1,360.8	142.5
Commission income on guarantees issued				
1	ICICI Bank UK PLC	7.5	33.3	5.7
Income from custodial services				

₹ in million

Particulars		Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
1	ICICI Prudential Asset Management Company Limited	4.0	23.7	5.0
2	ICICI Securities Primary Dealership Limited	0.9	3.1	0.8
Gain/(loss) on forex and derivative transactions (net)[1]				
1	ICICI Securities Primary Dealership Limited	(1,891.3)	(565.1)	296.8
2	ICICI Bank UK PLC	(36.5)	535.3	261.9
3	ICICI Home Finance Company Limited	17.2	(7.9)	(12.8)
4	ICICI Lombard General Insurance Company Limited	2.1	8.7	2.1
5	ICICI Prudential Life Insurance Company Limited	0.2	54.0	0.1
6	ICICI Prudential Asset Management Company Limited	..	14.8	3.8
Dividend income				
1	ICICI Prudential Life Insurance Company Limited	2,505.0	5,435.9	..
2	ICICI Prudential Asset Management Company Limited	513.1	2,268.6	405.1
3	ICICI Securities Limited	..	1,771.8	480.2
4	ICICI Home Finance Company Limited	..	495.0	149.4
5	ICICI Lombard General Insurance Company Limited	..	404.6	214.2
Insurance claims received				
1	ICICI Prudential Life Insurance Company Limited	21.5	85.2	19.1
2	ICICI Lombard General Insurance Company Limited	9.3	42.2	11.0
Recovery of lease of premises, common corporate and facilities expenses				
1	ICICI Home Finance Company Limited	88.4	377.5	85.5
2	ICICI Securities Limited	79.4	288.0	69.4
3	ICICI Prudential Life Insurance Company Limited	63.8	232.7	48.9
4	ICICI Bank UK PLC	58.1	260.6	61.8

₹ in million

Particulars		Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
5	ICICI Lombard General Insurance Company Limited	57.4	226.4	50.7
6	ICICI Bank Canada	43.6	147.0	36.5
Payment of lease of premises, common corporate and facilities expenses				
1	ICICI Venture Funds Management Company Limited	15.9	66.3	15.9
Recovery for secondment of employees				
1	ICICI Securities Limited	15.4	10.1	2.4
2	I-Process Services (India) Private Limited	3.6	8.7	3.4
3	ICICI Prudential Life Insurance Company Limited	1.1	1.2	1.2
Reimbursement of expenses from related parties				
1	ICICI Home Finance Company Limited	1.3	1.4	1.4
2	India Infradebt Limited	..	3.3	..
Interest expense				
1	ICICI Securities Limited	26.6	87.1	17.1
2	ICICI Prudential Life Insurance Company Limited	10.4	190.0	48.3
3	ICICI Bank UK PLC	8.7	24.6	5.6
Remuneration to wholetime directors[2]				
1	Ms. Chanda Kochhar	15.2	63.3	15.3
2	Mr. Sandeep Bakhshi[3]	1.4	N.A.	N.A.
3	Ms. Vishakha Mulye	11.4	43.1	9.8
4	Mr. Vijay Chandok	10.3	44.1	10.3
5	Mr. Anup Bagchi	9.3	37.3	8.1
6	Mr. N. S. Kannan[4]	9.4	45.1	10.9
Reimbursement of expenses to related parties				
1	ICICI Bank UK PLC	34.5	27.9	7.3
2	ICICI Lombard General Insurance Company Limited	0.3	193.6	..
3	ICICI Bank Canada	0.2	6.7	1.1
4	ICICI Securities Limited	..	553.8	..
5	ICICI Prudential Life Insurance Company Limited	..	2.4	1.2
Insurance premium paid				
1	ICICI Lombard General Insurance Company Limited	1,016.1	1,699.5	765.0

₹ in million

	Particulars	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
2	ICICI Prudential Life Insurance Company Limited	361.6	1,169.5	177.4
Brokerage, fee and other expenses				
1	I-Process Services (India) Private Limited	1,166.6	4,516.6	986.4
2	ICICI Merchant Services Private Limited	974.3	2,303.1	721.6
Donation given				
1	ICICI Foundation for Inclusive Growth	100.0	560.0	50.0
Dividend paid				
1	Ms. Chanda Kochhar	..	5.7	..
2	Mr. Sandeep Bakhshi[3]	..	N.A.	N.A.
3	Ms. Vishakha Mulye	..	1.5	..
4	Mr. Vijay Chandok	..	0.0[5]	..
5	Mr. Anup Bagchi	..	..	..
6	Mr. N. S. Kannan[4]	..	1.1	..
Purchase of investments				
1	ICICI Securities Primary Dealership Limited	11,221.2	42,642.3	5,744.2
2	ICICI Prudential Life Insurance Company Limited	2,408.6	6,045.6	1,200.6
Investments in the securities issued by related parties				
1	India Infradebt Limited	..	6,462.0	4,100.0
Sale of investments				
1	ICICI Securities Primary Dealership Limited	13,373.0	12,379.0	5,038.9
2	ICICI Prudential Life Insurance Company Limited	1,001.8	16,353.3	5,933.7
Redemption/buyback of investments				
1	ICICI Bank Canada	..	5,065.0	..
2	India Advantage Fund-III	..	108.2	11.4
3	India Advantage Fund-IV	..	81.9	10.1
Unfunded risk participation				
1	ICICI Bank UK PLC	..	1,291.6	1,291.6
Sale of loans				
1	ICICI Bank UK PLC	..	1,403.9	1,403.9
Purchase of fixed assets				
1	ICICI Prudential Life Insurance Company Limited	0.3	..	0.2
2	ICICI Home Finance	..	1.1	1.1

₹ in million

Particulars		Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
	Company Limited			
3	ICICI Securities Primary Dealership Limited	..	0.1	..
Sale of fixed assets				
1	ICICI Securities Limited	0.8	..	..
2	ICICI Prudential Asset Management Company Limited	..	2.2	..

1. The Bank undertakes derivative transactions with its subsidiaries, associates, joint ventures and other related entities. The Bank manages its foreign exchange and interest rate risks arising from these transactions by covering them in the market. While the Bank, within its overall position limits covers these transactions in the market, the above amounts represent only the transactions with its subsidiaries, associates, joint ventures and other related entities and not the offsetting/covering transactions.
2. Excludes the perquisite value on account of employee stock options exercised.
3. Identified as related party effective from June 19, 2018.
4. Ceased to be related party effective close of business hours on June 18, 2018.
5. Insignificant amount.

IV. Related party outstanding balances

The following table sets forth, for the periods indicated, the balances payable to/receivable from related parties.

₹ in million

Items	At June 30, 2018	At March 31, 2018	At June 30, 2017
Deposits with the Bank			
Subsidiaries	10,932.4	7,652.6	3,435.2
Associates/joint ventures/others	1,352.2	1,070.4	523.2
Key management personnel	173.5	146.1	150.7
Relatives of key management personnel	36.2	120.8	45.9
Total deposits with the Bank	12,494.3	8,989.9	4,155.0
Investments of related parties in the Bank			
Subsidiaries	1,577.1	3,477.6	3,518.7
Associates/joint ventures/others	..	..	..
Key management personnel	8.2	7.9	7.3
Relatives of key management personnel	0.0[1]	0.0[1]	0.0[1]
Total investments of related parties in the Bank	1,585.3	3,485.5	3,526.0
Call/term money borrowed			
Subsidiaries	..	..	..
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..

₹ in million

Items	At June 30, 2018	At March 31, 2018	At June 30, 2017
Relatives of key management personnel	..	..	..
Total call/term money borrowed	..	..	..
Reverse repurchase			
Subsidiaries	..	23,044.5	..
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total reverse repurchase	..	23,044.5	..
Payables[2]			
Subsidiaries	88.6	515.1	0.1
Associates/joint ventures/others	1,047.7	749.8	659.9
Key management personnel	0.0[1]	0.0[1]	0.1
Relatives of key management personnel	0.1	0.0[1]	0.1
Total payables	1,136.4	1,264.9	660.2
Deposits of the Bank			
Subsidiaries	2,600.5	886.9	946.8
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total deposits of the Bank	2,600.5	886.9	946.8
Call/term money lent			
Subsidiaries	3,050.0	3,000.0	..
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total call/term money lent	3,050.0	3,000.0	..
Investments of the Bank			
Subsidiaries	98,028.5	98,315.7	103,222.4
Associates/joint ventures/others	4,471.1	4,147.6	5,799.8
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total investments of the Bank	102,499.6	102,463.3	109,022.2
Advances			
Subsidiaries	3,618.7	4,077.2	4,472.0
Associates/joint ventures/others	39.7	..	..
Key management personnel	175.8	161.1	175.1
Relatives of key management personnel	0.1	0.7	2.1

₹ in million

Items	At June 30, 2018	At March 31, 2018	At June 30, 2017
Total advances	3,834.3	4,239.0	4,649.2
Receivables[2]			
Subsidiaries	3,735.6	1,608.2	654.7
Associates/joint ventures/others	40.5	1.9	22.6
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total receivables	3,776.1	1,610.1	677.3
Guarantees/letters of credit/indemnity given by the Bank			
Subsidiaries	13,717.2	13,747.5	11,630.6
Associates/joint ventures/others	1.1	1.1	7.7
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total guarantees/letters of credit/indemnity given by the Bank	13,718.3	13,748.6	11,638.3
Guarantees/letters of credit/indemnity issued by related parties			
Subsidiaries	2,172.2	1,983.4	4,127.2
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total guarantees/letters of credit/indemnity issued by related parties	2,172.2	1,983.4	4,127.2
Swaps/forward contracts (notional amount)			
Subsidiaries	905,266.1	731,169.6	341,729.5
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total swaps/forward contracts (notional amount)	905,266.1	731,169.6	341,729.5
Unfunded risk participation			
Subsidiaries	1,340.7	1,279.4	3,347.8
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total Unfunded risk participation	1,340.7	1,279.4	3,347.8

1. Insignificant amount.
2. Excludes mark-to-market on outstanding derivative transactions.

3. At June 30, 2018, 36,942,950 (March 31, 2018: 38,444,750, June 30, 2017: 34,273,250) employee stock options for key management personnel were outstanding. Excludes 4,196,000 (March 31, 2018: Nil, June 30, 2017: 4,526,500) stock options granted to key management personnel, pending RBI approval.
4. During the three months ended June 30, 2018, 586,050 (year ended March 31, 2018: 408,119, three months ended June 30, 2017: 43,900) employee stock options with total exercise price of ₹ 86.7 million (year ended March 31, 2018: ₹ 60.0 million, three months ended June 30, 2017: ` 5.1 million) were exercised by the key management personnel.

V. Related party maximum balances

The following table sets forth, for the periods indicated, the maximum balances payable to/receivable from related parties.

₹ in million

Items	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Deposits with the Bank			
Subsidiaries	10,932.0	26,475.9	6,900.0
Associates/joint ventures/others	5,479.4	5,613.6	4,436.0
Key management personnel	234.6	198.2	156.9
Relatives of key management personnel	175.3	550.5	56.9
Total deposits with the Bank	16,821.3	32,838.2	11,549.8
Investments of related parties in the Bank[1]			
Subsidiaries	1,577.1	3,529.3	3,518.7
Associates/joint ventures/others	..	..	..
Key management personnel	8.2	7.9	7.3
Relatives of key management personnel	0.0[2]	0.0[2]	0.0[2]
Total investments of related parties in the Bank	1,585.3	3,537.2	3,526.0
Call/term money borrowed			
Subsidiaries	..	1,000.0	1,000.0
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total call/term money borrowed	..	1,000.0	1,000.0
Reverse repurchase			
Subsidiaries	23,044.5	23,044.5	..
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total reverse repurchase	23,044.5	23,044.5	..
Payables[1,3]			
Subsidiaries	88.6	515.1	0.1
Associates/joint ventures/others	1,047.7	1,191.8	659.9
Key management personnel	0.0[2]	0.1	0.1

₹ in million

Items	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Relatives of key management personnel	0.1	0.1	0.1
Total payables	1,136.4	1,707.1	660.2
Deposits of the Bank			
Subsidiaries	9,298.5	4,426.2	3,759.9
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total deposits of the Bank	9,298.5	4,426.2	3,759.9
Call/term money lent			
Subsidiaries	9,000.0	8,540.0	7,000.0
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total call/term money lent	9,000.0	8,540.0	7,000.0
Investments of the Bank			
Subsidiaries	98,315.7	103,222.4	103,222.4
Associates/joint ventures/others	5,191.4	6,099.8	6,099.8
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total investments of the Bank	103,507.1	109,322.2	109,322.2
Advances			
Subsidiaries	3,618.7	20,158.8	9,264.1
Associates/joint ventures/others	39.7	..	..
Key management personnel	221.9	203.6	203.7
Relatives of key management personnel	0.4	3.1	3.1
Total advances	3,880.7	20,365.5	9,470.9
Receivables[3]			
Subsidiaries	3,735.6	1,683.7	1,683.7
Associates/joint ventures/others	102.9	137.1	22.6
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total receivables	3,838.5	1,820.8	1,706.3
Guarantees/letters of credit/indemnity given by the Bank			
Subsidiaries	14,389.7	14,043.2	14,043.2
Associates/joint ventures/others	1.1	9.8	7.7
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..

₹ in million

Items	Three months ended June 30, 2018	Year ended March 31, 2018	Three months ended June 30, 2017
Total guarantees/letters of credit/indemnity given by the Bank	14,390.8	14,053.0	14,050.9
Guarantees/letters of credit/indemnity issued by related parties[1]			
Subsidiaries	2,172.0	4,155.1	4,127.2
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total guarantees/letters of credit/indemnity issued by related parties	2,172.0	4,155.1	4,127.2
Swaps/forward contracts (notional amount)			
Subsidiaries	905,266.2	853,591.5	358,308.1
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total swaps/forward contracts (notional amount)	905,266.2	853,591.5	358,308.1
Unfunded risk participation			
Subsidiaries	1,340.7	3,562.2	3,347.8
Associates/joint ventures/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total unfunded risk participation	1,340.7	3,562.2	3,347.8

1. Maximum balance is determined based on comparison of the total outstanding balances at each quarter end during the financial year.
2. Insignificant amount.
3. Excludes mark-to-market on outstanding derivative transactions.

VI. 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 ` 501.9 million) to the Monetary Authority of Singapore (MAS) and has executed indemnity agreement on behalf of ICICI Bank Canada to its independent directors for a sum not exceeding Canadian dollar 2.5 million each (currently equivalent to ` 129.2 million), aggregating to

Canadian dollar 15.0 million (currently equivalent to ` 775.1 million). The aggregate amount of ` 1,277.0 million at June 30, 2018 (March 31, 2018: ` 1,384.6 million, June 30, 2017: ` 1,340.3) is included in the contingent liabilities. One of the indemnity agreement on behalf of ICICI Bank Canada to its independent director for Canadian dollar 2.5 million has been matured during the three months ended June 30, 2018.

The letters of comfort in the nature of letters of awareness that were outstanding at June 30, 2018 issued by the Bank on behalf of its subsidiaries in respect of their borrowings made or proposed to be made, aggregated to ` 11,860.0 million (March 31, 2018: ` 12,363.0 million, June 30, 2017: ` 12,363.0).

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.

30. Appropriation of net profit

The Bank appropriates net profit towards various reserves only at year-end. For the three months ended June 30, 2018, due to net loss, no appropriation is proposed towards statutory reserve, investment fluctuation reserve and investment reserve account. Further, the Bank will be required to appropriate an amount of ` 38.4 million towards capital reserve representing gain on sale of HTM securities. Additionally, the appropriation for Sri Lanka branch as per applicable regulations would have been ` 2.1 million towards statutory reserve. Further, the Bank also appropriates towards Special reserve u/s 36 (1) (viii) of Income Tax Act, 1961 which is computed at the end of the year.

Further, an amount of ` 145.8 million is required to be transferred from revaluation reserve to general reserve, representing the incremental depreciation charge during the three months ended June 30, 2018, on account of revaluation. These transfers would be made at year end.

31. Penalties/fines imposed by RBI and other banking regulatory bodies

The penalty imposed by RBI and other banking regulatory bodies during the three months ended June 30, 2018 was Nil (year ended March 31, 2018: ` 627.2 million, three months ended June 30, 2017: Nil).

32. Comparative figures

Figures of the previous period/year have been re-grouped to conform to the current period 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	Girish Chandra Chaturvedi Chairman DIN-00110996	Uday M. Chitale Director DIN-00043268	Sandeep Bakhshi Chief Operating Officer (Designate) DIN-00109206
Manoj Kumar Vijai Partner Membership no.: 046882	Vijay Chandok Executive Director DIN-01545262	Anup Bagchi Executiv;e Director DIN-00105962	Vishakha Mulye Executive Director DIN-00203578
Place: Mumbai Date: July 27, 2018	Sandeep Batra President – Corporate Centre	P. Sanker Senior General Manager (Legal) & Company Secretary	Rakesh Jha Chief Financial Officer
	Ajay Mittal Chief Accountant		

Independent Auditor’s Report

To The Board of Directors of ICICI Bank Limited

We have audited the accompanying condensed standalone interim financial statements of ICICI Bank Limited (the ‘Bank’) for the three months period ended 30 June 2017, which comprise the condensed interim balance sheet as at 30 June 2017, the condensed interim profit and loss account and the condensed interim cash flow statement for the three months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Condensed Standalone Interim Financial Statements

The Bank’s Board of Directors is responsible for the preparation of these condensed standalone interim financial statements in accordance with the recognition and measurement principles of Accounting Standard (‘AS’) 25, Interim Financial Reporting, specified under Section 133 of the Companies Act, 2013 (the ‘Act’) read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of Section 29 of the Banking Regulation Act, 1949, circulars and guidelines issued by Reserve Bank of India (‘RBI’) from time to time and other accounting principles generally accepted in India. 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 adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the condensed standalone interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these condensed standalone interim financial statements based on our audit. 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 condensed standalone interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed standalone interim financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the condensed standalone interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank’s preparation and fair presentation of the condensed standalone interim financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank’s Board of Directors, as well as evaluating the overall presentation of the condensed standalone interim financial statements.

Auditor's Responsibility *(Continued)*

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 condensed standalone interim financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors of the branches as noted below, the aforesaid condensed standalone interim financial statements, i.e.

i) the condensed interim balance sheet as at 30 June 2017;

ii) the condensed interim profit and loss account for the three months period ended on that date; and

iii) the condensed interim cash flow statement for the three months period ended on that date

have been prepared, in all material respects, in accordance with the recognition and measurement principles of AS 25, Interim Financial Reporting, 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, circulars and guidelines issued by RBI from time to time and other accounting principles generally accepted in India, to the extent applicable to the condensed standalone interim financial statements.

Other Matters

We did not audit the financial statements of the Singapore, Bahrain, Hong Kong and Dubai branches of the Bank, whose financial statements reflect total assets of Rs. 1178,829 million as at 30 June 2017, total revenues of Rs. 11,784 million for the three months period ended 30 June 2017 and net cash outflow amounting to Rs. 4,191 million for the three months period ended 30 June 2017. These financial statements have been audited by other auditors, duly qualified to act as auditors in the country of incorporation of the said branches, whose reports have been furnished to us. 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.

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

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai
27 July 2017

ICICI Bank

ICICI BANK LIMITED
Unconsolidated Condensed Interim Balance Sheet at June 30, 2017

₹ in million

		At 30.06.2017	At 31.03.2017	At 30.06.2016
CAPITAL AND LIABILITIES	Schedule			
Capital	1	12,827.8	11,651.1	11,636.0
Employees stock options outstanding		61.6	62.6	66.5
Reserves and surplus	2	993,354.5	987,797.1	907,794.8
Deposits	3	4,862,539.5	4,900,390.6	4,240,861.8
Borrowings	4	1,414,600.6	1,475,561.5	1,740,950.3
Other liabilities and provisions	5	325,771.7	342,451.6	370,915.3
TOTAL CAPITAL AND LIABILITIES		7,609,155.7	7,717,914.5	7,272,224.7
ASSETS				
Cash and balances with Reserve Bank of India	6	287,623.3	317,024.1	256,469.0
Balances with banks and money at call and short notice	7	137,482.5	440,106.6	130,838.8
Investments	8	1,854,078.8	1,615,065.4	1,683,222.5
Advances	9	4,640,752.4	4,642,320.8	4,494,265.3
Fixed assets	10	80,226.4	78,052.1	76,091.1
Other assets	11	608,992.3	625,345.5	631,338.0
TOTAL ASSETS		7,609,155.7	7,717,914.5	7,272,224.7
Contingent liabilities	12	10,340,332.0	10,309,937.1	9,989,108.0
Bills for collection		240,025.5	226,231.9	231,154.6
Significant accounting policies and notes to accounts	17 & 18			

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration no.: 101248W/W-100022

M. K. Sharma
Chairman

Homi Khusrokhan
Director

Chanda Kochhar
Managing Director & CEO

Venkataramanan Vishwanath
Partner
Membership no.: 113156

N. S. Kannan
Executive Director

Vishakha Mulye
Executive Director

Vijay Chandok
Executive Director

Anup Bagchi
Executive Director

Place: Mumbai
Date: July 27, 2017

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

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

ICICI Bank

ICICI BANK LIMITED

Unconsolidated Condensed Interim Profit and Loss Account for the three months ended June 30, 2017

₹ in million

	Schedule	Three months ended 30.06.2017	Year ended 31.03.2017	Three months ended 30.06.2016
I. INCOME				
Interest earned	13	134,591.3	541,562.8	133,302.5
Other income	14	33,879.1	195,044.8	34,292.6
TOTAL INCOME		168,470.4	736,607.6	167,595.1
II. EXPENDITURE				
Interest expended	15	78,692.9	324,189.6	81,717.3
Operating expenses	16	37,944.4	147,550.6	33,730.5
Provisions and contingencies (refer note 18.24)		31,343.1	166,856.5	29,823.8
TOTAL EXPENDITURE		147,980.4	638,596.7	145,271.6
III. PROFIT/(LOSS)				
Net profit for the period/year		20,490.0	98,010.9	22,323.5
Profit brought forward		187,449.4	171,321.9	171,321.9
TOTAL PROFIT/(LOSS)		207,939.4	269,332.8	193,645.4
IV. APPROPRIATIONS/TRANSFERS (refer note 18.28)				
Transfer to Statutory Reserve		..	24,503.0	..
Transfer to Reserve Fund		..	9.8	..
Transfer to Capital Reserve		..	52,933.0	..
Transfer to/(from) Investment Reserve Account		..	..	..
Transfer to Revenue and other reserves		..	..	..
Transfer to Special Reserve		..	4,500.0	..
Dividend paid during the period/year (refer note 18.26)		14,574.6	9.5	..
Corporate dividend tax paid during the period/year (refer note 18.26)		87.3	(71.9)	..
Balance carried over to balance sheet		193,277.5	187,449.4	193,645.4
TOTAL		207,939.4	269,332.8	193,645.4
Significant accounting policies and notes to accounts	17 & 18			
Earnings per share[1] (refer note 18.1)				
Basic (`) (not annualised)		3.20	15.31	3.49
Diluted (`) (not annualised)		3.17	15.25	3.48
Face value per share (`)		2.00	2.00	2.00

The Schedules referred to above form an integral part of the Profit and Loss Account.

1. Pursuant to the issue of bonus shares by the Bank, earnings per share has been restated for the year ended March 31, 2017 and three months ended June 30, 2016.

As per our Report of even date.

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration no.: 101248W/W-100022

M. K. Sharma
Chairman

Homi Khusrokhan
Director

Chanda Kochhar
Managing Director & CEO

Venkataramanan Vishwanath
Partner
Membership no.: 113156

N. S. Kannan
Executive Director

Vishakha Mulye
Executive Director

Vijay Chandok
Executive Director

Anup Bagchi
Executive Director

Place: Mumbai
Date: July 27, 2017

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

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

ICICI BANK LIMITED

Unconsolidated Condensed Interim Cash Flow Statement for the three months ended June 30, 2017

₹ in million

		Three months ended 30.06.2017	Year ended 31.03.2017	Three months ended 30.06.2016
Cash flow from/(used in) operating activities				
Profit before taxes		25,745.7	112,786.1	27,002.1
Adjustments for:				
Depreciation and amortisation		2,266.8	8,818.2	2,153.2
Net (appreciation)/depreciation on investments[1]		4,290.5	(65,121.0)	(1,518.2)
Provision in respect of non-performing and other assets		22,684.5	147,343.3	23,506.5
General provision for standard assets		1,480.0	(3,392.3)	(1,561.5)
Provision for contingencies & others		187.7	2,042.2	297.3
Income from subsidiaries, joint ventures and consolidated entities		(1,342.7)	(14,190.3)	(2,910.1)
(Profit)/loss on sale of fixed assets		(5.6)	(21.2)	5.5
	(i)	55,306.9	188,265.0	46,974.8
Adjustments for:				
(Increase)/decrease in investments		23,772.4	325.9	10,944.5
(Increase)/decrease in advances		(26,553.1)	(475,008.9)	(189,105.2)
Increase/(decrease) in deposits		(37,851.1)	686,133.6	26,604.7
(Increase)/decrease in other assets		10,943.0	(17,190.5)	(97,097.1)
Increase/(decrease) in other liabilities and provisions		(18,469.6)	56,675.4	33,577.9
	(ii)	(48,158.4)	250,935.5	(215,075.2)
Refund/(payment) of direct taxes	(iii)	(262.4)	(46,972.3)	2,938.7
Net cash flow from/(used in) operating activities (i)+(ii)+(iii)	(A)	6,886.1	392,228.2	(165,161.7)
Cash flow from/(used in) investing activities				
Redemption/sale from/(investments in) subsidiaries and/or joint ventures (including application money)		..	58,779.6	..
Income from subsidiaries, joint ventures and consolidated entities		1,342.7	14,190.4	2,910.1
Purchase of fixed assets		(3,844.0)	(7,832.2)	(2,130.4)
Proceeds from sale of fixed assets		56.9	116.3	14.0
(Purchase)/sale of held to maturity securities		(261,562.3)	5,200.1	(39,332.4)
Net cash flow from/(used in) investing activities	(B)	(264,006.7)	70,454.2	(38,538.7)
Cash flow from/(used in) financing activities				
Proceeds from issue of share capital (including ESOPs)		1,085.4	1,772.6	341.6
Proceeds from long-term borrowings		39,470.7	312,175.2	90,217.2
Repayment of long-term borrowings		(107,563.8)	(411,326.8)	(74,313.1)
Net proceeds/(repayment) of short-term borrowings		6,854.3	(174,602.3)	(23,342.8)
Dividend and dividend tax paid		(14,574.6)	(31,806.5)	..
Net cash flow from/(used in) financing activities	(C)	(74,728.0)	(303,787.8)	(7,097.2)
Effect of exchange fluctuation on translation reserve	(D)	(176.3)	(451.3)	(582.0)

Unconsolidated Condensed Interim Cash Flow Statement for the three months ended June 30, 2017

₹ in million

		Three months 30.06.2017	Year ended 31.03.2017	Three months 30.06.2016
Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C) + (D)		(332,024.9)	158,443.3	(211,379.6)
Cash and cash equivalents at beginning of the period/year		757,130.7	598,687.4	598,687.4
Cash and cash equivalents at end of the period/year		425,105.8	757,130.70	387,307.8

1. Includes gain for the year ended March 31, 2017 on sale of a part of equity investment in ICICI Prudential Life Insurance Company Limited, a subsidiary, in the initial public offer (IPO).
2. Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

As per our Report of even date.

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration
no.: 101248W/W-100022

M. K. Sharma
Chairman

Homi Khusrokhan
Director

Chanda Kochhar

Venkataramanan Vishwanath
Partner
Membership no.: 113156

N. S. Kannan
Executive Director

Vishakha Mulye
Executive Director

Vijay Chandok
Executive Director

Anup Bagchi
Executive Director

Place: Mumbai
Date: July 27, 2017

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

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

Schedules forming part of the balance sheet

₹ in million

	At 30.06.2017	At 31.03.2017	At 30.06.2016
SCHEDULE 1 - CAPITAL			
Authorised capital			
10,000,000,000 equity shares of ₹ 2 each (March 31, 2017: 6,375,000,000 equity shares of ₹ 2 each; June 30, 2016: 6,375,000,000 equity shares of ₹ 2 each)[1]	20,000.0	12,750.0	12,750.0
15,000,000 shares of ₹ 100 each (March 31, 2017: 15,000,000 shares of ₹ 100 each; June 30, 2016: 15,000,000 shares of ₹ 100 each)[2]	1,500.0	1,500.0	1,500.0
350 preference shares of ₹ 10 million each (March 31, 2017: 350 preference shares of ₹ 10 million each; June 30, 2016: 350 preference shares of ₹ 10 million each)[3]	3,500.0	3,500.0	3,500.0
Equity share capital Issued, subscribed and paid-up capital 5,824,476,135 equity shares of ₹ 2 each (March 31, 2017: 5,814,768,430 equity shares; June 30, 2016: 5,814,768,430)	11,649.0	11,629.6	11,629.6
Add: 588,353,849[4] equity shares of ₹ 2 each (March 31, 2017: 9,707,705 equity shares; June 30, 2016: 2,153,550 equity shares) issued during the period	1,176.7	19.4	4.3
	12,825.7	11,649.0	11,633.9
Add: 266,089 equity shares of ₹ 10 each forfeited (March 31, 2017: 266,089 equity shares; June 30, 2016: 266,089 equity shares)	2.1	2.1	2.1
TOTAL CAPITAL	12,827.8	11,651.1	11,636.0

1. Pursuant to the approval of shareholders, the Bank has increased its authorised share capital during the three months ended June 30, 2017.
2. 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.
3. Pursuant to RBI circular dated March 30, 2010, the issued and paid-up preference shares are grouped under Schedule 4 - 'Borrowings'.
4. Represents 582,984,544 equity shares issued as bonus shares pursuant to approval by the shareholders of the Bank through postal ballot on June 12, 2017 (refer note 18.26) and 5,369,305 equity shares (year ended March 31, 2017: 9,707,705 equity shares; three months ended June 30, 2016: 2,153,550 equity shares) issued pursuant to exercise of employee stock options during the three months ended June 30, 2017.

Schedules forming part of the balance sheet

₹ in million

	At 30.06.2017	At 31.03.2017	At 30.06.2016
SCHEDULE 2 - RESERVES AND SURPLUS			
I. Statutory reserve (refer note 18.28)			
Opening balance	212,024.5	187,521.5	187,521.5
Additions during the period/year	..	24,503.0	..
Deductions during the period/year	..	..	..
Closing balance	212,024.5	212,024.5	187,521.5
II. Special reserve (refer note 18.28)			
Opening balance	83,790.0	79,290.0	79,290.0
Additions during the period/year	..	4,500.0	..
Deductions during the period/year	..	..	..
Closing balance	83,790.0	83,790.0	79,290.0
III. Securities premium			
Opening balance	322,970.0	321,212.4	321,212.4
Additions during the period/year[1]	1,075.7	1,757.6	337.9
Deductions during the period/year[2]	(1,166.0)	..	..
Closing balance	322,879.7	322,970.0	321,550.3
IV. Investment reserve account (refer note 18.28)			
Opening balance	..	..	..
Additions during the period/year	..	..	..
Deductions during the period/year	..	..	..
Closing balance	..	..	..
V. Capital reserve (refer note 18.28)			
Opening balance	102,607.1	49,674.1	49,674.1
Additions during the period/year[3]	..	52,933.0	..
Deductions during the period/year	..	..	..
Closing balance	102,607.1	102,607.1	49,674.1
VI. Foreign currency translation reserve			
Opening balance	16,531.7	16,982.9	16,983.0
Additions during the period/year	..	..	1,478.5
Deductions during the period/year[4]	(176.4)	(451.2)	(2,060.6)
Closing balance	16,355.3	16,531.7	16,400.9
VII. Revaluation reserve (refer note 18.22 and 18.28)			
Opening balance	30,421.4	28,174.7	28,174.7
Additions during the period/year[5]	..	2,760.3	58.4
Deductions during the period/year[6]	(4.0)	(513.6)	..
Closing balance	30,417.4	30,421.4	28,233.1
VIII. Reserve fund (refer note 18.28)			
Opening balance	55.9	46.0	46.0
Additions during the period/year[7]	..	9.9	..
Deductions during the period/year	..	..	..
Closing balance	55.9	55.9	46.0
IX. Revenue and other reserves (refer note 18.28)			
Opening balance	31,947.1	31,433.5	31,433.5
Additions during the period/year	..	513.6	..
Deductions during the period/year	..	..	..
Closing balance	31,947.1	31,947.1	31,433.5
X. Balance in profit and loss account	193,277.5	187,449.4	193,645.4
TOTAL RESERVES AND SURPLUS	993,354.5	987,797.1	907,794.8

1. Includes ₹ 1,074.7 million (March 31, 2017: ₹ 1,753.2 million; June 30, 2016: ₹ 337.3 million) on exercise of employee stock options.
2. Represents amount utilised on account of issuance of bonus shares during the three months ended June 30, 2017.
3. 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 for the year ended March 31, 2017.
4. Includes exchange profit on repatriation of retained earnings from overseas branches for the three months ended June 30, 2016.
5. Represents gain on revaluation of premises carried out by the Bank.
6. Represents loss on revaluation on account of certain assets which are held for sale at June 30, 2017 (year ended March 31, 2017: amount transferred from Revaluation Reserve to General Reserve on account of incremental depreciation charge on revaluation amounting to ₹ 494.9 million and revaluation surplus on assets sold amounting to ₹ 18.7 million).
7. Includes appropriations made to Reserve Fund in accordance with regulations applicable to Sri Lanka branch for the year ended March 31, 2017.

Schedules forming part of the balance sheet

₹ in million

	At 30.06.2017	At 31.03.2017	At 30.06.2016
SCHEDULE 3 - DEPOSITS			
A. I. Demand deposits			
i) From banks	44,000.1	52,925.5	32,484.5
ii) From others	636,733.6	696,908.9	498,843.9
II. Savings bank deposits	1,699,502.0	1,718,384.9	1,382,151.8
III. Term deposits			
i) From banks	88,042.5	97,676.1	96,756.5
ii) From others	2,394,261.3	2,334,495.2	2,230,625.1
TOTAL DEPOSITS	4,862,539.5	4,900,390.6	4,240,861.8
B. I. Deposits of branches in India	4,798,094.8	4,831,184.8	4,136,500.6
II. Deposits of branches outside India	64,444.7	69,205.8	104,361.2
TOTAL DEPOSITS	4,862,539.5	4,900,390.6	4,240,861.8

₹ in million

	At 30.06.2017	At 31.03.2017	At 30.06.2016
SCHEDULE 4 - BORROWINGS			
I. Borrowings in India			
i) Reserve Bank of India	..	..	..
ii) Other banks	22,603.0	6,485.0	35,450.6
iii) Other institutions and agencies			
a) Government of India	..	..	..
b) Financial institutions	99,500.0	103,500.0	184,979.1
iv) Borrowings in the form of bonds and debentures (excluding subordinated debt)	210,289.0	188,734.3	148,494.6
v) Application money-bonds	..	..	..
vi) Capital instruments			
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital)	39,250.0	39,430.0	13,010.0
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital)	84,040.5	84,982.3	95,598.7
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)	3,500.0	3,500.0	3,500.0
d) Unsecured redeemable debentures/bonds (subordinated debt included in Tier 2 capital)	158,680.1	159,625.6	181,798.9
TOTAL BORROWINGS IN INDIA	617,862.6	586,257.2	662,831.9
II. Borrowings outside India			
i) Capital instruments			
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital)	..	..	22,953.4
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital)	..	58,365.0	60,772.5
ii) Bonds and notes	419,356.0	420,662.4	457,311.7
iii) Other borrowings[1]	377,382.0	410,276.9	537,080.8
TOTAL BORROWINGS OUTSIDE INDIA	796,738.0	889,304.3	1,078,118.4
TOTAL BORROWINGS	1,414,600.6	1,475,561.5	1,740,950.3

1. Includes borrowings guaranteed by Government of India amounting to Nil (March 31, 2017: Nil; June 30, 2016: ` 3,815.2 million).
2. Secured borrowings in I and II above amount to Nil (March 31, 2017: Nil; June 30, 2016: Nil) except borrowings of ₹ 67.3 million (March 31, 2017: ` 9.5 million; June 30, 2016: ₹ 25,011.8 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.

Schedules forming part of the balance sheet

₹ in million

	At 30.06.2017	At 31.03.2017	At 30.06.2016
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I. Bills payable	66,150.3	70,763.7	50,180.1
II. Inter-office adjustments (net)	3,929.2	1,759.1	2,574.5
III. Interest accrued	30,634.6	31,641.5	35,721.7
IV. Sundry creditors	84,270.4	72,389.1	55,980.1
V. General provision for standard assets (refer note 18.13)	24,588.4	23,126.2	25,136.3
VI. Others (including provisions)[1,2,3]	116,198.8	142,772.0	201,322.6
TOTAL OTHER LIABILITIES AND PROVISIONS	325,771.7	342,451.6	370,915.3

1. Includes collective contingency and related reserve amounting to ₹ 27,345.6 million at June 30, 2016.
2. Includes provision for standard loans amounting to ₹ 21,145.2 million (March 31, 2017: ₹ 21,023.8 million; June 30, 2016: ₹ 10,669.2 million).
3. Includes dividend and corporate dividend tax payable amounting to ₹ 10,903.6 million and ₹ 87.3 million respectively at June 30, 2017 (June 30, 2016: proposed dividend of ₹ 29,075.2 million and corporate dividend tax of ₹ 2,793.7 million).

₹ in million

	At 30.06.2017	At 31.03.2017	At 30.06.2016
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I. Cash in hand (including foreign currency notes)	73,948.0	71,939.3	56,980.4
II. Balances with Reserve Bank of India in current accounts	213,675.3	245,084.8	199,488.6
TOTAL CASH AND BALANCES WITH RESERVE BANK OF INDIA	287,623.3	317,024.1	256,469.0

₹ in million

	At 30.06.2017	At 31.03.2017	At 30.06.2016
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I. In India			
i) Balances with banks			
a) In current accounts	15,277.3	3,697.4	1,825.2
b) In other deposit accounts	104.9	103.9	102.6
ii) Money at call and short notice			
a) With banks	15,000.0	285,000.0	34,012.5
b) With other institutions	..	3,130.2	2,275.0
TOTAL	30,382.2	291,931.5	38,215.3
II. Outside India			
i) In current accounts	27,187.1	82,887.3	36,580.7
ii) In other deposit accounts	19,545.1	17,763.8	33,431.2
iii) Money at call and short notice	60,368.1	47,524.0	22,611.6
TOTAL	107,100.3	148,175.1	92,623.5
TOTAL BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	137,482.5	440,106.6	130,838.8

Schedules forming part of the balance sheet

₹ in million

	At 30.06.2017	At 31.03.2017	At 30.06.2016
SCHEDULE 8 - INVESTMENTS			
I. Investments in India [net of provisions]			
i) Government securities	1,332,742.6	1,104,083.6	1,189,756.3
ii) Other approved securities	..	..	..
iii) Shares (includes equity and preference shares)	29,624.5	27,419.2	20,709.0
iv) Debentures and bonds	81,919.4	100,750.0	103,340.8
v) Subsidiaries and/or joint ventures	62,405.0	62,405.0	64,218.4
vi) Others (commercial paper, mutual fund units, pass through certificates, security receipts and certificate of deposits)	277,534.8	247,041.7	224,178.1
TOTAL INVESTMENTS IN INDIA	1,784,226.3	1,541,699.5	1,602,202.6
II. Investments outside India [net of provisions]			
i) Government securities	17,292.9	21,051.8	21,819.6
ii) Subsidiaries and/or joint ventures abroad (includes equity and preference shares)	40,817.4	40,817.4	46,109.4
iii) Others (equity shares, bonds and certificate of deposits)	11,742.2	11,496.7	13,090.9
TOTAL INVESTMENTS OUTSIDE INDIA	69,852.5	73,365.9	81,019.9
TOTAL INVESTMENTS	1,854,078.8	1,615,065.4	1,683,222.5
A. Investments in India			
Gross value of investments	1,808,519.4	1,576,298.4	1,633,948.9
Less: Aggregate of provision/depreciation/(appreciation)	24,293.1	34,598.9	31,746.3
Net investments	1,784,226.3	1,541,699.5	1,602,202.6
B. Investments outside India			
Gross value of investments	70,755.0	74,196.7	81,990.9
Less: Aggregate of provision/depreciation/(appreciation)	902.5	830.8	971.0
Net investments	69,852.5	73,365.9	81,019.9
TOTAL INVESTMENTS	1,854,078.8	1,615,065.4	1,683,222.5

1. Refer note 18.7 - Investments.

₹ in million

	At 30.06.2017	At 31.03.2017	At 30.06.2016
SCHEDULE 9 - ADVANCES [net of provisions]			
A. i) Bills purchased and discounted[1]	196,292.1	205,535.6	142,894.4
ii) Cash credits, overdrafts and loans repayable on demand	1,061,847.2	1,025,441.3	914,813.5
iii) Term loans	3,382,613.1	3,411,343.9	3,436,557.4
TOTAL ADVANCES	4,640,752.4	4,642,320.8	4,494,265.3
B. i) Secured by tangible assets (includes advances against book debts)	3,579,607.4	3,590,021.4	3,522,466.8
ii) Covered by bank/government guarantees	62,106.9	85,095.4	99,697.6
iii) Unsecured	999,038.1	967,204.0	872,100.9
TOTAL ADVANCES	4,640,752.4	4,642,320.8	4,494,265.3
C. I. Advances in India			
i) Priority sector	1,086,894.1	1,065,527.1	936,166.1
ii) Public sector	133,743.5	129,991.4	47,926.1
iii) Banks	1,037.1	3,448.8	43.7
iv) Others	2,705,439.2	2,693,419.6	2,558,262.4
TOTAL ADVANCES IN INDIA	3,927,113.9	3,892,386.9	3,542,398.3
II. Advances outside India			
i) Due from banks	6,847.9	3,727.3	1,046.7
ii) Due from others			
a) Bills purchased and discounted	40,500.7	60,382.8	43,211.6
b) Syndicated and term loans	502,331.3	505,610.5	737,847.8
c) Others	163,958.6	180,213.3	169,760.9
TOTAL ADVANCES OUTSIDE INDIA	713,638.5	749,933.9	951,867.0
TOTAL ADVANCES	4,640,752.4	4,642,320.8	4,494,265.3

1. Net of bills re-discounted amounting to Nil (March 31, 2017: Nil, June 30, 2016: Nil).

ICICI Bank

Schedules forming part of the balance sheet

₹ in million

	At 30.06.2017	At 31.03.2017	At 30.06.2016
SCHEDULE 10 - FIXED ASSETS			
I. Premises			
Gross block			
At cost at March 31 of preceding year	72,701.3	69,336.0	69,336.0
Additions during the period/year[1]	528.4	3,795.2	424.5
Deductions during the period/year	(64.0)	(429.9)	(265.9)
Closing balance	73,165.7	72,701.3	69,494.6
Less: Depreciation to date[2]	(12,602.6)	(12,189.5)	(11,036.2)
Net block[3]	60,563.1	60,511.8	58,458.4
II. Other fixed assets (including furniture and fixtures)			
Gross block			
At cost at March 31 of preceding year	53,522.9	50,133.0	50,133.1
Additions during the period/year	3,696.8	6,168.0	1,767.7
Deductions during the period/year	(165.1)	(2,778.1)	(318.3)
Closing balance	57,054.6	53,522.9	51,582.5
Less: Depreciation to date[4]	(39,805.9)	(38,397.2)	(36,364.4)
Net block	17,248.7	15,125.7	15,218.1
III. Assets given on lease			
Gross block			
At cost at March 31 of preceding year	16,904.6	17,299.5	17,299.5
Additions during the period/year	..	..	..
Deductions during the period/year	(190.0)	(394.9)	(394.9)
Closing balance	16,714.6	16,904.6	16,904.6
Less: Depreciation to date, accumulated lease adjustment and provisions[5]	(14,300.0)	(14,490.0)	(14,490.0)
Net block	2,414.6	2,414.6	2,414.6
TOTAL FIXED ASSETS	80,226.4	78,052.1	76,091.1

1. At June 30, 2017, includes Nil on account of revaluation carried out by the Bank (March 31, 2017: ₹ 2,760.3 million; June 30, 2016: ₹ 58.4 million).
2. Includes depreciation charge amounting to ₹ 431.0 million for the three months ended June 30, 2017 (year ended March 31, 2017: ` 1,721.9 million; three months ended June 30, 2016: ₹ 432.7 million), including depreciation charge of ₹ 143.0 million for the three months ended June 30, 2017 (year ended March 31, 2017: ₹ 494.9 million; three months ended June 30, 2016: ₹ 123.6 million) on account of revaluation.
3. Includes assets of ₹ 69.8 million (March 31, 2017: ₹ 72.0 million; June 30, 2016: ₹ 31.8 million) which are held for sale.
4. Includes depreciation charge amounting to ₹ 1,558.0 million for the three months ended June 30, 2017 (year ended March 31, 2017: ₹ 5,854.6 million; three months ended June 30, 2016: ₹ 1,405.2 million).
5. Includes depreciation charge/lease adjustment amounting to Nil for the three months ended June 30, 2017 (year ended March 31, 2017: insignificant amount; three months ended June 30, 2016: Nil).

Schedules forming part of the balance sheet

₹ in million

	At 30.06.2017	At 31.03.2017	At 30.06.2016
SCHEDULE 11 - OTHER ASSETS			
I. Inter-office adjustments (net)	..	..	..
II. Interest accrued	55,578.9	57,769.5	56,704.7
III. Tax paid in advance/tax deducted at source (net)	47,354.1	55,371.3	22,366.9
IV. Stationery and stamps	1.2	1.2	1.8
V. Non-banking assets acquired in satisfaction of claims[1,2]	25,712.5	25,327.9	31,250.8
VI. Advances for capital assets	1,458.0	1,734.2	1,165.1
VII. Deposits	10,929.6	11,246.0	11,453.9
VIII. Deferred tax assets (net) (refer note 18.25)	57,745.3	54,722.3	47,921.2
IX. Deposits in Rural Infrastructure and Development Fund	236,672.6	241,126.0	269,450.2
X. Others	173,540.1	178,047.1	191,023.4
TOTAL OTHER ASSETS	608,992.3	625,345.5	631,338.0

1. Includes certain non-banking assets acquired in satisfaction of claims which are in the process of being transferred in the Bank's name.
2. During the three months ended June 30, 2017, the Bank acquired assets amounting to ₹ 952.6 million (year ended March 31, 2017: ₹ 16,252.2 million; three months ended June 30, 2016: ₹ 13,550.4 million) in satisfaction of claims under debt-asset swap transactions with certain borrowers. Assets amounting to Nil were sold during the three months ended June 30, 2017 (year ended March 31, 2017: ₹ 500.3 million; three months ended June 30, 2016: Nil).

₹ in million

	At 30.06.2017	At 31.03.2017	At 30.06.2016
SCHEDULE 12 - CONTINGENT LIABILITIES			
I. Claims against the Bank not acknowledged as debts	46,521.8	46,433.9	40,097.4
II. Liability for partly paid investments	12.5	12.5	12.5
III. Liability on account of outstanding forward exchange contracts[1]	4,307,417.1	4,272,338.4	4,187,156.4
IV. Guarantees given on behalf of constituents			
a) In India	734,101.2	726,798.2	751,148.3
b) Outside India	196,804.7	203,192.6	248,907.1
V. Acceptances, endorsements and other obligations	426,377.3	478,371.4	451,107.1
VI. Currency swaps[1]	411,833.4	410,829.6	419,705.6
VII. Interest rate swaps, currency options and interest rate futures[1]	4,149,776.0	4,131,188.7	3,838,183.3
VIII. Other items for which the Bank is contingently liable	67,488.0	40,771.8	52,790.3
TOTAL CONTINGENT LIABILITIES	10,340,332.0	10,309,937.1	9,989,108.0

1. Represents notional amount.
2. Refer note 18.10 - Exchange traded interest rate derivatives and currency derivatives and note 18.11 - Forward rate agreement (FRA)/Interest rate swaps (IRS)/Cross currency swaps (CCS).

Schedules forming part of the profit and loss account

₹ in million

	Three months ended 30.06.2017	Year ended 31.03.2017	Three months ended 30.06.2016
SCHEDULE 13 - INTEREST EARNED			
I. Interest/discount on advances/bills	98,473.1	396,033.9	98,373.1
II. Income on investments	28,271.3	113,770.7	28,108.7
III. Interest on balances with Reserve Bank of India and other inter-bank	1,985.0	4,954.6	500.5
IV. Others[1,2]	5,861.9	26,803.6	6,320.2
TOTAL INTEREST EARNED	134,591.3	541,562.8	133,302.5

1. Includes interest on income tax refunds amounting to ₹ 1,772.0 million (March 31, 2017: ₹ 4,507.1 million; June 30, 2016: ₹ 7.2 million).
2. Includes interest and amortisation of premium on non-trading interest rate swaps and foreign currency swaps.

₹ in million

	Three months ended 30.06.2017	Year ended 31.03.2017	Three months ended 30.06.2016
SCHEDULE 14 - OTHER INCOME			
I. Commission, exchange and brokerage	20,175.3	80,348.9	18,283.6
II. Profit/(loss) on sale of investments (net)[1]	9,662.9	88,139.4	7,555.0
III. Profit/(loss) on revaluation of investments (net)	(892.9)	(1,907.1)	144.4
IV. Profit/(loss) on sale of land, buildings and other assets (net)[2]	5.6	21.2	(5.5)
V. Profit/(loss) on exchange/derivative transactions (net)[3]	3,355.4	13,552.1	5,288.5
VI. Income earned by way of dividends, etc. from subsidiary companies and/or joint ventures abroad/in India	1,342.7	14,190.3	2,910.1
VII. Miscellaneous income (including lease income)	230.1	700.0	116.5
TOTAL OTHER INCOME	33,879.1	195,044.8	34,292.6

1. Refer note 18.7 - Investments.
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 for the three months ended June 30, 2016 which was subsequently reversed during the three months ended March 31, 2017.

₹ in million

	Three months ended 30.06.2017	Year ended 31.03.2017	Three months ended 30.06.2016
SCHEDULE 15 - INTEREST EXPENDED			
I. Interest on deposits	58,188.7	228,716.7	56,394.1
II. Interest on Reserve Bank of India/inter-bank borrowings	1,788.9	9,967.2	2,825.7
III. Others (including interest on borrowings of erstwhile ICICI Limited)	18,715.3	85,505.7	22,497.5
TOTAL INTEREST EXPENDED	78,692.9	324,189.6	81,717.3

₹ in million

	Three months ended 30.06.2017	Year ended 31.03.2017	Three months ended 30.06.2016
SCHEDULE 16 - OPERATING EXPENSES			
I. Payments to and provisions for employees	15,111.6	57,337.0	12,906.5
II. Rent, taxes and lighting[1]	2,885.4	11,137.2	2,767.5
III. Printing and stationery	370.3	1,761.0	370.4
IV. Advertisement and publicity	622.5	2,880.6	445.1
V. Depreciation on Bank's property	1,988.9	7,576.5	1,837.9
VI. Directors' fees, allowances and expenses	6.5	23.7	4.8
VII. Auditors' fees and expenses	19.3	78.3	20.3
VIII. Law charges	208.0	691.1	124.9
IX. Postages, courier, telephones, etc.	843.7	3,430.1	802.7
X. Repairs and maintenance	3,375.3	11,460.1	2,676.1
XI. Insurance	1,282.6	4,628.9	1,131.7
XII. Direct marketing agency expenses	2,874.8	11,078.1	2,498.0
XIII. Other expenditure[2]	8,355.5	35,468.0	8,144.6
TOTAL OPERATING EXPENSES	37,944.4	147,550.6	33,730.5

1. Includes lease expense of ₹ 2,156.9 million (March 31, 2017: ₹ 8,174.7 million; June 30, 2016: ₹ 2,043.7 million).
2. Net of recoveries from group companies towards shared services.

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES

Overview

ICICI Bank Limited (ICICI Bank or the Bank), incorporated in Vadodara, India is a publicly held banking company engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. ICICI Bank is a banking company governed by the Banking Regulation Act, 1949. The Bank also has overseas branches in Bahrain, China, Dubai, Hong Kong, Qatar, Singapore, South Africa, Sri Lanka, and United States of America and Offshore Banking units.

Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of ICICI Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the historical cost convention and the accrual method of accounting, except in the case of interest and other income on non-performing assets (NPAs) and assets under strategic debt restructuring (SDR) scheme, scheme for sustainable structuring of stressed assets (S4A) and prudential norms on change in ownership of borrowing entities (change in management outside SDR) of RBI where it is recognised upon realisation.

The preparation of financial statements requires the management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

SIGNIFICANT ACCOUNTING POLICIES

There are no changes in the significant accounting policies during the three months ended June 30, 2017 as compared to those followed in the previous year except as given below.

1. Revenue recognition

   The annual/renewal fee on credit cards and debit cards are amortised on a straight line basis over one year.

2. Property, Plant and Equipment

Property, Plant and Equipment (PPE), other than premises, are carried at cost less accumulated depreciation and impairment, if any. Premises are carried at revalued amount, being fair value at the date of revaluation less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Depreciation is charged over the estimated useful life of PPE on a straight-line basis. The useful lives of the groups of PPE are given below.

Asset	Useful life
Premises owned by the Bank	60 years
Leased assets and improvements to leasehold premises	60 years or lease period whichever is lower
ATMs	6 - 8 years[1]
Plant and machinery (including office equipment)	5 - 10 years[1]
Electric installations and equipments'	10 - 15 years
Computers	3 years
Servers and network equipment	4 - 10 years[1]
Furniture and fixtures	5 - 10 years[1]
Motor vehicles	5 years[1]
Others (including software and system development expenses)	4 years[1]

1. Based on historical experience of the Bank and estimates of useful life of the Bank, which is different from the useful life as prescribed in Schedule II to the Companies Act, 2013.

a) Assets purchased/sold during the year are depreciated on a pro-rata basis for the actual number of days the asset has been capitalised.

b) Items individually costing upto ` 5,000/- are depreciated fully over a period of 12 months from the date of purchase.

c) Assets at residences of Bank's employees are depreciated over the estimated useful life of 5 years.

d) In case of revalued/impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised asset values. In case of premises, which are carried at revalued amounts, the depreciation on the excess of revalued amount over historical cost is transferred from Revaluation Reserve to General Reserve annually.

e) The profit on sale of premises is appropriated to capital reserve, net of transfer to Statutory Reserve and taxes, in accordance with RBI guidelines.

Non-banking assets

Non-banking assets (NBAs) acquired in satisfaction of claims are carried at lower of net book value and net realisable value.

SCHEDULE 18

NOTES FORMING PART OF THE ACCOUNTS

The following disclosures have been made taking into account the requirements of Accounting Standards (ASs) and Reserve Bank of India (RBI) guidelines in this regards.

1. Earnings per share

Basic and diluted earnings per equity share are computed in accordance with AS 20 – Earnings per share. Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the period/year. Diluted earnings per equity share is computed using the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the period/year.

The following table sets forth, for the periods indicated, the computation of earnings per share.

` in million, except per share data

Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Basic			
Weighted average number of equity shares outstanding	6,410,128,225	6,401,835,901	6,398,808,057
Net profit attributable to equity share holders	20,489.9	98,010.9	22,323.5
Basic earnings per share (`) (not annualised)	3.20	15.31	3.49
Diluted			
Weighted average number of equity shares outstanding	6,473,747,761	6,428,315,579	6,417,823,710
Net profit attributable to equity share holders	20,489.9	98,010.9	22,323.5
Diluted earnings per share (`)[2] (not annualised)	3.17	15.25	3.48
Nominal value per share (`)	2.00	2.00	2.00

1. Pursuant to the issue of bonus shares by the Bank during three months ended June 30, 2017, number of shares and per share information has been restated for the year ended March 31, 2017 and three months ended June 30, 2016.
2. The dilutive impact is due to options granted to employees by the Bank.

2. Business/information ratios

The following table sets forth, for the periods indicated, the business/information ratios.

Sr. No.	Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
(i)	Interest income to working funds[1,6]	7.17%	7.43%	7.58%
(ii)	Non-interest income to working funds[1,6]	1.80%	2.68%	1.95%

Sr. No.	Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
(iii)	Operating profit to working funds[1,2,6]	2.76%	3.64%	2.96%
(iv)	Return on assets[3,6]	1.09%	1.35%	1.27%
(v)	Net profit per employee[4,6] (` in million)	1.0	1.2	1.2
(vi)	Business (average deposits plus average advances) per employee[4,5] (` in million)	102.1	98.9	97.8

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 period/year before provisions and contingencies.
3. For the purpose of computing the ratio, assets represent the monthly average of total assets computed for reporting dates of Form X submitted to RBI under Section 27 of the Banking Regulation Act, 1949.
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.
6. Annualised for three months ended June 30, 2017 and June 30, 2016.

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 June 30, 2017, Basel III guidelines require the Bank to maintain a minimum Capital to Risk-Weighted Assets Ratio (CRAR) of 10.35% with minimum CET1 CRAR of 6.85% and minimum Tier-1 CRAR of 8.35%. The minimum total CRAR, Tier-1 CRAR and CET1 CRAR requirement include capital conservation buffer of 1.25% and additional capital requirement of 0.10% on account of the Bank being designated as Domestic Systemically Important Bank.

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

` in million, except percentages

Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
CET1 CRAR (%)	13.96%	13.74%	12.70%
Tier-1 CRAR (%)	14.59%	14.36%	12.78%
Tier-2 CRAR (%)	3.10%	3.03%	3.44%
Total CRAR (%)	17.69%	17.39%	16.22%
Amount of equity capital raised	..	..	..
Amount of Additional Tier-1 capital raised; of which			
Perpetual Non-Cumulative Preference Shares	..	..	..
Perpetual Debt Instruments	..	34,250.0	..
Amount of Tier-2 capital raised; of which			
Debt Capital Instruments	..	..	..
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 a phased manner from January 1, 2015 as given below.

Starting from January 1	2015	2016	2017	2018	2019
Minimum LCR	60.0%	70.0%	80.0%	90.0%	100.0%

The Bank has been computing its LCR on a daily basis since January 2017 in line with the extant RBI guidelines. The following tables set forth, the quarterly average of unweighted and weighted values of the LCR of the Bank. The simple average has been computed based on daily values for the three months ended June 30, 2017 and March 31, 2017 and on month-end values for the three months ended June 30, 2016.

` in million

		Three months ended June 30, 2017		Three months ended March 31, 2017		Three months ended June 30, 2016	
Sr. No.	Particulars	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High quality liquid assets							
1.	Total high quality liquid assets	N.A.	942,795.6	N.A.	971,361.1	N.A.	765,646.7
Cash outflows							
2.	Retail deposits and deposits from small business customers, of which:	2,912,193.2	266,892.7	2,863,944.4	259,883.3	2,574,509.5	234,696.0
(i)	Stable deposits	486,532.5	24,326.6	530,223.1	26,511.2	455,099.0	22,755.0
(ii)	Less stable deposits	2,425,660.7	242,566.1	2,333,721.3	233,372.1	2,119,410.5	211,941.0
3.	Unsecured wholesale funding, of which:	1,303,929.4	687,643.7	1,191,100.3	674,631.1	1,091,923.2	618,887.2
(i)	Operational deposits (all counterparties)	293,633.6	73,408.4	274,266.8	68,566.7	213,593.3	53,398.3
(ii)	Non-operational deposits (all counterparties)	957,827.7	561,767.2	835,289.0	524,519.9	826,021.5	513,180.5
(iii)	Unsecured debt	52,468.1	52,468.1	81,544.5	81,544.5	52,308.4	52,308.4
4.	Secured wholesale funding	N.A.	..	N.A.	20.2	N.A.	..

		Three months ended June 30, 2017		Three months ended March 31, 2017		Three months ended June 30, 2016	
Sr. No.	Particulars	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
5.	Additional requirements, of which:	511,234.8	118,756.1	550,684.2	148,926.3	470,639.4	91,579.2
(i)	Outflows related to derivative exposures and other collateral requirements	59,159.5	59,159.5	84,355.5	84,355.5	37,905.4	37,905.4
(ii)	Outflows related to loss of funding on debt products	347.1	347.1	354.7	354.7	338.9	338.9
(iii)	Credit and liquidity facilities	451,728.2	59,249.5	465,974.0	64,216.1	432,395.1	53,334.9
6.	Other contractual funding obligations	75,950.9	75,950.9	106,326.0	106,326.0	68,354.4	68,354.4
7.	Other contingent funding obligations	1,813,323.3	68,455.3	1,824,755.6	68,745.4	1,907,937.7	70,982.7
8.	Total cash outflows	N.A.	1,217,698.7	N.A.	1,258,532.3	N.A.	1,084,499.5
9.	Secured lending (e.g. reverse repos)	96,918.4	..	158,596.8	..	33,518.2	..
10.	Inflows from fully performing exposures	303,300.0	231,349.4	296,648.1	227,647.6	324,921.3	266,789.0
11.	Other cash inflows	57,371.9	37,316.4	58,661.5	36,351.6	38,276.3	21,097.6
12.	Total cash inflows	457,590.3	268,665.8	513,906.4	263,999.2	396,715.8	287,886.6
13.	Total HQLA	N.A.	942,795.6	N.A.	971,361.1	N.A.	765,646.7
14.	Total net cash outflows (8)-(12)	N.A.	949,032.9	N.A.	994,533.1	N.A.	796,612.9
15.	Liquidity coverage ratio (%)	N.A.	99.34%	N.A.	97.67%	N.A.	96.11%

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 the overseas branches is maintained taking into consideration both host country and the RBI regulations.

The Bank during the three months ended June 30, 2017 maintained average HQLA (after haircut) of ` 942,795.6 million (March 31, 2017: ` 971,361.1 million, June 30, 2016: ` 765,646.7 million) against the average liquidity requirement of ` 759,226.3 million (March 31, 2017: ` 795,626.5 million, June 30, 2016: ` 557,629.1 million) at minimum LCR requirement of 80.0% (March 31, 2017: 80.0%, June 30, 2016: 70.0%). HQLA primarily includes government securities in excess of minimum statutory liquidity ratio (SLR) and to the extent allowed under marginal standing facility (MSF) and facility to avail liquidity for LCR (FALLCR) of ` 785,164.9 million (March 31, 2017: ` 806,903.7 million, June 30, 2016: ` 626,947.9 million). RBI has permitted banks to reckon government securities held by them up to 9.0% (March 31, 2017: 9.0%, June 30, 2016: 8.0%) of their net demand and time liability (NDTL) under FALLCR as level 1 HQLA for the purpose of computing LCR from July 2016. Additionally, cash balance in excess of cash reserve requirement with RBI and balances with central banks of countries where the Bank's branches are located amounted to ` 106,249.1 million (March 31, 2017: ` 100,448.7 million, June 30, 2016: ` 95,805.2 million). Further, average level 2 assets primarily consisting of AA- and above rated corporate bonds and commercial papers amounted to ` 37,880.7 million (March 31, 2017: ` 36,348.1 million, June 30, 2016: ` 24,157.4 million).

At June 30, 2017, top liability products/instruments and their percentage contribution to the total liabilities of the Bank were term deposits 32.62% (March 31, 2017: 31.51%, June 30, 2016: 32.00%), savings account deposits 22.33% (March 31, 2017: 22.27%, June 30, 2016: 19.01%), bond borrowings 11.98% (March 31, 2017: 12.33%, June 30, 2016: 13.47%) and current account deposits 8.95% (March 31, 2017: 9.72%, June 30, 2016: 7.31%). Top 20 depositors constituted 6.99% (March 31, 2017: 7.04%, June 30, 2016: 6.71%) of total deposits of the Bank at June 30, 2017. Further, the total borrowings mobilised from significant counterparties (from whom the funds borrowed were more than 1.00% of the Bank's total liabilities) were 9.74% (March 31, 2017: 10.26%, June 30, 2016: 12.24%) of the total liabilities of the Bank at June 30, 2017.

The weighted cash outflows are primarily driven by unsecured wholesale funding which includes operational deposits, non-operational deposits and unsecured debt. During the three months ended June 30, 2017, unsecured wholesale funding contributed 56.47% (March 31, 2017: 53.60%, June 30, 2016: 57.07%) 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 21.92% (March 31, 2017: 20.65%, June 30, 2016: 21.64%) and 5.62% (March 31, 2017: 5.46%, June 30, 2016: 6.55%) of the total weighted cash outflows respectively. The other contingent funding obligations primarily include bank guarantees (BGs) and letters of credit (LCs) issued on behalf of the Bank's clients.

In view of the margin rules for non-centrally cleared derivative transactions issued by the Basel Committee on Banking Supervision and RBI, currently in a draft stage, certain derivative transactions would be subject to margin reset and consequent collateral exchange would be as governed by Credit Support Annex (CSA). The margin rules are applicable for both the domestic and overseas operations of the Bank. The Bank has entered into CSAs which would require maintenance of collateral due to valuation changes on transactions under the CSA framework. The Bank considers the increased liquidity requirement on account of valuation changes in the transactions settled through Qualified Central Counterparties (QCCP) in India including the Clearing Corporation of India (CCIL) and other exchange houses as well as for transactions covered under CSAs. The potential outflows on account of such transactions have been considered based on the look-back approach prescribed in the RBI guidelines.

The average LCR of the Bank for the three months ended June 30, 2017 was 99.34% (March 31, 2017: 97.67%, June 30, 2016: 96.11%). During the three months ended June 30, 2017, other than Indian Rupee, USD was the only significant foreign currency which constituted more than 5.00% of the balance sheet size of the Bank. The average LCR of the Bank for USD currency, computed based on month end LCR values, was 29.13% for the three months ended June 30, 2017 (March 31, 2017: 44.51%, June 30, 2016: 81.11%).

5. Information about business and geographical segments

Business Segments

Pursuant to the guidelines issued by RBI on AS 17 - Segment Reporting - Enhancement of Disclosures dated April 18, 2007, effective from year ended March 31, 2008, the following business segments have been reported.

- Retail Banking includes exposures which satisfy the four criteria of orientation, product, granularity and low value of individual exposures for retail exposures laid down in BCBS document ''International Convergence of Capital Measurement and Capital Standards: A Revised Framework''. This segment also includes income from credit cards, debit cards, third party product distribution and the associated costs.
- Wholesale Banking includes all advances to trusts, partnership firms, companies and statutory bodies, which are not included under Retail Banking.
- Treasury includes the entire investment and derivative portfolio of the Bank.
- Other Banking includes leasing operations and other items not attributable to any particular business segment.

Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

All liabilities are transfer priced to a central treasury unit, which pools all funds and lends to the business units at appropriate rates based on the relevant maturity of assets being funded after adjusting for regulatory reserve requirements.

The transfer pricing mechanism of the Bank is periodically reviewed. The segment results are determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

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

` in million

	For the three months ended June 30, 2017					
Sr. No.	Particulars	Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1.	Revenue	121,964.5	72,285.9	119,550.9	4,288.1	318,089.4
2.	Less: Inter-segment revenue					149,619.0
3.	Total revenue (1)-(2)					168,470.4
4.	Segment results	16,864.5	(6,653.7)	13,204.4	2,330.5	25,745.7

	For the three months ended June 30, 2017					
Sr. No.	Particulars	Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
5.	Unallocated expenses					..
6.	Operating profit (4)-(5)					25,745.7
7.	Income tax expenses (including deferred tax credit)					5,255.7
8.	Net profit (6)-(7)					20,490.0
9.	Segment assets	2,244,653.5	2,512,292.2	2,637,943.3	109,167.3	7,504,056.3
10.	Unallocated assets[1]					105,099.4
11.	Total assets (9)+(10)					7,609,155.7
12.	Segment liabilities	3,659,739.7	1,429,492.4	2,481,192.9[2]	38,730.7	7,609,155.7
13.	Unallocated liabilities					..
14.	Total liabilities (12)+(13)					7,609,155.7
15.	Capital expenditure	3,786.3	410.7	15.9	12.3	4,225.2
16.	Depreciation	1,689.0	279.4	4.3	16.2	1,988.9

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax assets (net).
2. Includes share capital and reserves and surplus.

` in million

	For the year ended March 31, 2017					
Sr. No.	Particulars	Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1.	Revenue	453,911.8	306,405.7	545,629.9	18,640.9	1,324,588.3
2.	Less: Inter-segment revenue					587,980.7
3.	Total revenue (1)-(2)					736,607.6
4.	Segment results	53,853.0	(74,341.1)	126,707.0	6,567.3	112,786.2
5.	Unallocated expenses					..
6.	Operating profit (4)-(5)					112,786.2

For the year ended March 31, 2017						
Sr. No.	Particulars	Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
7.	Income tax expenses (including deferred tax credit)					14,775.2
8.	Net profit (6)-(7)					98,011.0
9.	Segment assets	2,136,950.4	2,612,652.8	2,748,218.4	109,999.3	7,607,820.9
10.	Unallocated assets[1]					110,093.6
11.	Total assets (9)+(10)					7,717,914.5
12.	Segment liabilities	3,678,085.9	1,495,191.4	2,510,968.2[2]	33,669.0	7,717,914.5
13.	Unallocated liabilities					..
14.	Total liabilities (12)+(13)					7,717,914.5
15.	Capital expenditure	6,547.3	616.2	19.4	20.0	7,202.9
16.	Depreciation	6,396.2	1,108.6	15.6	56.1	7,576.5

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax assets (net).
2. Includes share capital and reserves and surplus.

` in million

For the three months ended June 30, 2016						
Sr. No.	Particulars	Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1.	Revenue	106,954.1	77,421.9	122,718.1	3,925.0	311,019.1
2.	Less: Inter-segment revenue					143,424.0
3.	Total revenue (1)-(2)					167,595.1
4.	Segment results	12,525.3	(5,301.4)	19,067.9	710.3	27,002.1
5.	Unallocated expenses					..
6.	Operating profit (4)-(5)					27,002.1
7.	Income tax expenses (including deferred tax credit)					4,678.6

For the three months ended June 30, 2016						
Sr. No.	Particulars	Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
8.	Net profit (6)-(7)					22,323.5
9.	Segment assets	1,823,178.8	2,703,921.9	2,499,954.1	174,881.8	7,201,936.6
10.	Unallocated assets[1]					70,288.1
11.	Total assets (9)+(10)					7,272,224.7
12.	Segment liabilities	3,179,069.1	1,198,881.0	2,779,032.0[2]	115,242.6	7,272,224.7
13.	Unallocated liabilities					..
14.	Total liabilities (12)+(13)					7,272,224.7
15.	Capital expenditure	2,009.5	108.1	12.7	3.6	2,133.9
16.	Depreciation	1,537.5	285.8	4.0	10.6	1,837.9

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

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

` in million

Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Domestic operations	158,763.7	682,895.7	149,646.8
Foreign operations	9,706.7	53,711.9	17,948.3
Total	168,470.4	736,607.6	167,595.1

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

` in million

Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
Domestic operations	6,650,751.7	6,661,570.6	6,073,390.9
Foreign operations	853,304.6	946,250.3	1,128,545.7
Total	7,504,056.3	7,607,820.9	7,201,936.6

Segment assets do not include tax paid in advance/tax deducted at source (net) and deferred tax assets (net).

The following table sets forth, for the periods indicated, capital expenditure and depreciation thereon for the geographical segments.

` in million

Particulars	Capital expenditure incurred during			Depreciation provided during		
	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Domestic operations	4,214.3	7,150.3	2,112.0	1,975.8	7,507.4	1,820.3
Foreign operations	10.9	52.6	21.9	13.1	69.1	17.6
Total	4,225.2	7,202.9	2,133.9	1,988.9	7,576.5	1,837.9

6. Maturity pattern

The following table sets forth, the maturity pattern of assets and liabilities of the Bank at June 30, 2017.

` in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1,2]	Total foreign currency assets[3]	Total foreign currency liabilities[3]
Day 1	8,824.3	431,864.6	61,443.8	..	12,607.2	1,050.3
2 to 7 days	47,416.7	77,229.9	268,352.0	4,669.6	108,748.6	15,994.7
8 to 14 days	36,018.9	59,733.3	122,117.7	12,456.0	13,828.7	18,517.9
15 to 30 days	93,492.3	103,295.2	92,519.7	25,038.9	35,569.1	14,947.4
31 days to 2 months	144,910.9	49,480.5	185,921.9	29,424.3	44,184.4	24,643.4
2 to 3 months	169,002.3	38,086.6	220,942.8	27,163.6	47,573.1	37,965.1
3 to 6 months	321,386.0	80,789.0	238,356.4	102,344.9	103,357.5	99,768.7
6 months to 1 year	518,899.3	106,236.0	328,600.6	243,210.7	99,667.9	196,054.7
1 to 3 years	1,230,217.6	204,727.1	516,650.1	427,093.5	223,235.5	379,221.6
3 to 5 years	904,636.4	268,722.5	1,419,038.4	204,093.5	167,107.1	130,557.1
Above 5 years	1,165,947.7	433,914.1	1,408,596.1	339,105.6	199,827.6	103,826.6
Total	4,640,752.4	1,854,078.8	4,862,539.5	1,414,600.6	1,055,706.7	1,022,547.5

1. Includes foreign currency balances.
2. Includes borrowings in the nature of subordinated debts and preference shares.
3. Excludes off-balance sheet assets and liabilities.

The following table sets forth, the maturity pattern of assets and liabilities of the Bank at March 31, 2017.

` in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1,2]	Total foreign currency assets[3]	Total foreign currency liabilities[3]
Day 1	8,757.4	175,720.4	72,285.3	..	14,070.1	1,379.8
2 to 7 days	41,128.1	87,210.4	375,542.3	13,124.4	172,411.2	25,643.2
8 to 14 days	33,216.1	50,137.2	106,138.4	9,924.6	17,866.8	17,007.1
15 to 30 days	86,614.9	78,397.8	77,275.1	80,377.4	37,280.8	90,888.0
31 days to 2 months	129,995.7	53,584.0	120,950.4	19,904.6	46,376.4	27,826.0
2 to 3 months	185,675.5	39,010.8	187,419.8	50,256.1	48,937.3	45,818.3
3 to 6 months	322,603.3	92,171.7	359,444.8	67,702.8	76,970.3	58,216.4
6 months to 1 year	517,143.6	105,792.2	326,211.4	231,641.7	110,974.7	218,095.5
1 to 3 years	1,284,125.8	208,006.9	497,017.3	468,435.2	234,380.5	393,384.5
3 to 5 years	924,537.2	285,991.2	1,393,293.3	215,539.9	171,209.0	126,716.6
Above 5 years	1,108,523.3	439,042.9	1,384,812.7	318,654.9	212,846.9	102,490.1
Total	4,642,320.8	1,615,065.5	4,900,390.6	1,475,561.5	1,143,324.0	1,107,465.5

1. Includes foreign currency balances.
2. Includes borrowings in the nature of subordinated debts and preference shares.
3. Excludes off-balance sheet assets and liabilities.

The following table sets forth, the maturity pattern of assets and liabilities of the Bank at June 30, 2016.

` in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1,2]	Total foreign currency assets[3]	Total foreign currency liabilities[3]
Day 1	12,573.1	379,424.4	60,006.5	26,754.1	113,046.1	6,003.4
2 to 7 days	39,104.2	50,303.8	206,589.6	7,332.4	18,321.2	16,442.0
8 to 14 days	27,597.5	45,570.3	85,349.6	29,354.7	21,904.1	16,743.5
15 to 30 days	69,039.5	83,599.8	114,771.9	42,012.1	33,302.6	17,557.8
31 days to 2 months	124,098.3	38,200.5	104,094.0	33,774.8	50,474.5	29,578.7
2 to 3 months	160,418.9	27,764.0	135,614.0	52,790.3	64,773.1	39,727.3
3 to 6 months	431,039.2	79,122.4	373,063.0	235,278.2	174,083.5	388,029.9
6 months to 1 year	497,081.0	137,374.4	439,571.7	302,531.6	109,376.3	308,023.4
1 to 3 years	1,262,317.8	160,829.0	452,704.0	431,238.8	293,947.3	363,415.6
3 to 5 years	852,258.1	253,295.9	1,139,054.4	309,237.1	187,314.9	202,574.0
Above 5 years	1,018,737.7	427,738.0	1,130,043.1	270,646.2	249,553.2	102,936.5
Total	4,494,265.3	1,683,222.5	4,240,861.8	1,740,950.3	1,316,096.8	1,491,032.1

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.

The estimates and assumptions used by the Bank for classification of assets and liabilities under the different maturity buckets is based on the returns submitted to RBI for the relevant periods.

7. Investments

The following table sets forth, for the periods indicated, the details of investments and the movement of provision held towards depreciation on investments of the Bank.

` in million

Sr. No.	Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
1.	Value of Investments			
i)	Gross value of investments			
	a) In India	1,808,519.5	1,576,298.5	1,633,948.9
	b) Outside India	70,754.9	74,196.7	81,990.9
ii)	Provision for depreciation			
	c) In India	(24,293.1)	(34,598.9)	(31,746.3)
	d) Outside India	(902.5)	(830.9)	(971.0)
iii)	Net value of investments			
	e) In India	1,784,226.4	1,541,699.6	1,602,202.6
	f) Outside India	69,852.4	73,365.8	81,019.9
2.	Movement of provisions held towards depreciation on investments			
i)	Opening balance	35,429.8	33,021.8	33,021.8
ii)	Add: Provisions made during the period/year	3,487.3	9,357.6	2,874.1
iii)	Less: Write-off/(write-back) of excess provisions during the period/year	(13,721.5)	(6,949.6)	(3,178.5)
iv)	Closing balance	25,195.6	35,429.8	32,717.4

During the year ended March 31, 2017, the Bank sold approximately 12.63% of its shareholding in ICICI Prudential Life Insurance Company Limited in the initial public offer (IPO) for a total consideration of ` 60,567.9 million. The unconsolidated financial results include a gain (before tax and after IPO related expenses) of ₹ 56,820.3 million on this sale.

The following table sets forth, for the periods indicated, break-up of other investments in Schedule 8.

` in million

Investments	At June 30, 2017	At March 31, 2017	At June 30, 2016
I. In India			
Pass through certificates	131,080.0	134,724.3	100,230.9
Commercial paper	73,434.9	71,295.2	51,418.3
Certificate of deposits	35,023.3	4,710.7	46,205.7
Security receipts	34,053.6	32,862.2	22,384.0
Venture funds	3,276.3	3,015.5	3,685.4
Others	666.7	433.8	253.8
Total	277,534.8	247,041.7	224,178.1
II. Outside India			
Certificate of deposits	3,292.0	3,306.0	2,088.3
Shares	176.8	210.0	95.9
Bonds	6,981.6	7,010.7	10,132.4

Investments	At June 30, 2017	At March 31, 2017	At June 30, 2016
Venture funds	1,291.8	970.0	774.3
Total	11,742.2	11,496.7	13,090.9
Grand total	289,277.0	258,538.4	237,269.0

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

During the three months ended June 30, 2017, with the approval of Board of Directors, the Bank has transferred securities amounting to ₹ 243,620.6 million from held-to-maturity (HTM) category to available-for-sale (AFS) category, being transfer of securities at the beginning of the accounting year as permitted by RBI. Further, the Bank has not sold any securities under HTM category during the three months ended June 30, 2017. During the year ended March 31, 2017, the Bank undertook 1,547 transactions for sale of securities with a net book value of ₹ 700,024.5 million, amounting to 70.60% of the HTM portfolio at April 1, 2016 (for the three months ended March 31, 2017: 566 transactions for ₹ 220,267.9 million, amounting to 22.22% of HTM portfolio; for the three months ended June 30, 2016: 430 transactions for ₹ 189,653.6 million, amounting to 19.13% of HTM portfolio). The above sale is excluding sale to RBI under pre-announced Open Market Operation auctions and repurchase of government securities by Government of India, as permitted by RBI guidelines. The market value of investments held in the HTM category was ₹ 973,628.2 million at June 30, 2017 (March 31, 2017: ₹ 961,540.1 million) which includes investments in subsidiaries/joint ventures carried at cost.

9. Derivatives

The Bank is a major participant in the financial derivatives market. The Bank deals in derivatives for balance sheet management, proprietary trading and market making purposes whereby the Bank offers derivative products to its customers, enabling them to hedge their risks.

Dealing in derivatives is carried out by identified groups in the treasury of the Bank based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Treasury Control and Service Group (TCSG) conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting and ensures compliance with various internal and regulatory guidelines.

The market making and the proprietary trading activities in derivatives are governed by the Investment policy and Derivative policy of the Bank, which lays down the position limits, stop loss limits as well as other risk limits. The Risk Management Group (RMG) lays down the methodology for computation and monitoring of risk. The Risk Committee of the Board (RCB) reviews the Bank's risk management policy in relation to various risks including credit and recovery policy, investment policy, derivative policy, Asset Liability Management (ALM) policy and operational risk management policy. The RCB comprises independent directors and the Managing Director & CEO.

The Bank measures and monitors risk of its derivatives portfolio using such risk metrics as Value at Risk (VAR), stop loss limits and relevant greeks for options. Risk reporting on derivatives forms an integral part of the management information system.

The use of derivatives for hedging purposes is governed by the hedge policy approved by ALCO. Subject to prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate, floating rate or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter.

Hedge derivative transactions are accounted for pursuant to the principles of hedge accounting based on guidelines issued by RBI. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the profit and loss account. The premium on option contracts is accounted for as per Foreign Exchange Dealers Association of India (FEDAI) guidelines.

Over the counter (OTC) derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with the respective counter parties. The exposure on account of derivative transactions is computed as per RBI guidelines.

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

` in million

Sr. No.	Particulars	At June 30, 2017		At June 30, 2016	
		Currency derivative[1]	Interest rate derivative[2]	Currency derivative[1]	Interest rate derivative[2]
1.	Derivatives (Notional principal amount)				
	a) For hedging	6,835.2	384,001.8	7,146.9	575,975.0
	b) For trading	1,002,751.8	3,168,020.7	913,184.5	2,761,582.4
2.	Marked to market positions[3]				
	a) Asset (+)	24,565.4	13,939.4	34,925.2	17,901.9
	b) Liability (-)	(18,224.5)	(15,020.8)	(28,094.4)	(19,239.8)
3.	Credit exposure[4]	72,972.0	53,494.6	86,244.3	67,047.5
4.	Likely impact of one percentage change in interest rate (100*PV01)[5]				
	a) On hedging derivatives[6]	17.3	11,549.2	81.6	15,733.0
	b) On trading derivatives	1,027.2	614.6	1,361.3	1,251.3
5.	Maximum and minimum of 100*PV01 observed during the period				
	a) On hedging[6]				
	Maximum	31.6	12,385.2	97.2	16,705.8
	Minimum	15.7	11,549.2	79.8	15,478.5
	b) On trading				
	Maximum	1,157.9	1,050.5	1,446.4	1,476.6
	Minimum	925.7	343.2	1,303.5	952.3

1. Exchange traded and OTC options, cross currency interest rate swaps and currency futures are included in currency derivatives.
2. OTC Interest rate options, Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
3. For trading portfolio including accrued interest.
4. Includes accrued interest and has been computed based on Current Exposure method.
5. Amounts given are absolute values on a net basis, excluding options.
6. The swap contracts entered into for hedging purpose would have an opposite and off-setting impact with the underlying on-balance sheet items.

` in million

Sr. No.	Particulars	At March 31, 2017	
		Currency derivatives[1]	Interest rate derivatives[2]
1.	Derivatives (Notional principal amount)		
	a) For hedging	6,863.8	433,745.0
	b) For trading	963,762.9	3,137,646.6
2.	Marked to market positions[3]		
	a) Asset (+)	26,572.6	12,052.2
	b) Liability (-)	(18,953.5)	(13,850.9)
3.	Credit exposure[4]	76,532.0	51,762.0
4.	Likely impact of one percentage change in interest rate (100*PV01)[5]		
	a) On hedging derivatives[6]	31.4	12,293.4
	b) On trading derivatives	1,092.1	719.7
5.	Maximum and minimum of 100*PV01 observed during the year		
	a) On hedging[6]		
	Maximum	97.2	16,705.8
	Minimum	30.6	11,876.5
	b) On trading		
	Maximum	1,488.4	1,680.7
	Minimum	1,044.5	648.3

1. Exchange traded and OTC options, cross currency interest rate swaps and currency futures are included in currency derivatives.
2. OTC Interest rate options, Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
3. For trading portfolio including accrued interest.
4. Includes accrued interest and has been computed based on Current Exposure method.
5. Amounts given are absolute values on a net basis, excluding options.
6. The swap contracts entered into for hedging purpose would have an opposite and off-setting impact with the underlying on-balance sheet items.

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

` in million

Sr. No.	Particulars	At June 30, 2017		At June 30, 2016	
		Trading	Non-trading	Trading	Non-trading
1.	Forex contracts (Notional principal amount)	4,103,664.7	203,752.4	3,744,307.3	442,849.2
2.	Marked to market positions				
	a) Asset (+)	24,270.1	1,866.4	17,295.9	2,711.2
	b) Liability (-)	(20,719.9)	(2,238.3)	(14,927.2)	(5,060.7)
3.	Credit exposure[1]	128,159.2	4,413.3	118,805.9	8,582.4
4.	Likely impact of one percentage change in interest rate (100*PV01)[2]	46.8	4.2	18.9	81.6

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

` in million

Sr. No.	Particulars	At March 31, 2017	
		Trading	Non-trading
1.	Forex contracts (Notional principal amount)	4,028,098.3	244,240.1
2.	Marked to market positions		
	a) Asset (+)	29,561.4	550.8
	b) Liability (-)	(26,600.7)	(3,350.7)
3.	Credit exposure[1]	133,187.7	5,539.7
4.	Likely impact of one percentage change in interest rate (100*PV01)[2]	37.0	8.8

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

The net overnight open position at June 30, 2017 was ` 1,168.9 million (March 31, 2017: ` 2,926.7 million, June 30, 2016: ` 1,115.5 million).

The Bank has no exposure in credit derivative instruments (funded and non-funded) including credit default swaps (CDS) and principal protected structures at June 30, 2017 (March 31, 2017: Nil, June 30, 2016: Nil).

The Bank offers deposits to customers of its overseas branches with structured returns linked to interest, forex, credit or equity benchmarks. The Bank covers these exposures in the inter-bank market. At June 30, 2017, the net open notional position on this portfolio was Nil (March 31, 2017: Nil, June 30, 2016: Nil) with no mark-to-market gain/loss (March 31, 2017: Nil, June 30, 2016: ` 0.04 million).

The profit and loss impact on the above portfolio on account of mark-to-market and realised profit and loss during the three months ended June 30, 2017 was Nil (March 31, 2017: net loss of ` 0.1 million, June 30, 2016: net loss of ` 2.5 million). The non-Indian Rupee denominated derivatives are marked to market by the Bank based on counter-party valuation quotes or internal models using inputs from market sources such as Bloomberg/Reuters, counter-parties and Fixed Income Money Market and Derivative Association (FIMMDA). The Indian Rupee denominated credit derivatives are marked to market by the Bank based on CDS curve published by FIMMDA.

10. Exchange traded interest rate derivatives and currency derivatives

Exchange traded interest rate derivatives

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

` in million

Sr. No.	Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
1.	Notional principal amount of exchange traded interest rate derivatives undertaken during the period/year - 10 year Government Security Notional Bond	3,616.0	11,324.8	9,124.4
2.	Notional principal amount of exchange traded interest rate derivatives outstanding - 10 year Government Security Notional Bond	..	343.8	..
3.	Notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective'	N.A.	N.A.	N.A.
4.	Mark-to-market value of exchange traded interest rate derivatives outstanding and not 'highly effective'	N.A.	N.A.	N.A.

Exchange traded currency derivatives

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

` in million

Sr. No.	Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
1.	Notional principal amount of exchange traded currency derivatives undertaken during the period/year	319,710.0	1,891,822.9	521,351.2
2.	Notional principal amount of exchange traded currency derivatives options outstanding	13,949.8	45,370.2	15,523.4
3.	Notional principal amount of exchange traded currency derivatives outstanding and not 'highly effective'	N.A.	N.A.	N.A.
4.	Mark-to-market value of exchange traded currency derivatives outstanding and not 'highly effective'	N.A.	N.A.	N.A.

11. Forward rate agreement (FRA)/Interest rate swaps (IRS)/Cross currency swaps (CCS)

The Bank enters into FRA, IRS and CCS contracts for balance sheet management and market making purposes whereby the Bank offers derivative products to its customers to enable them to hedge their interest rate risk and currency risk within the prevalent regulatory guidelines.

A FRA is a financial contract between two parties to exchange interest payments for 'notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is London Inter-Bank Offered Rate (LIBOR) of various currencies.

An IRS is a financial contract between two parties exchanging or swapping a stream of interest payments for a 'notional principal' amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like Mumbai Inter-Bank Offered Rate (MIBOR), Indian Government Securities Benchmark Rate (INBMK), Mumbai Inter-Bank Forward Offer Rate (MIFOR) and LIBOR of various currencies.

A CCS is a financial contract between two parties exchanging interest payments and principal, wherein interest payments and principal in one currency would be exchanged for an equally valued interest payments and principal in another currency.

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

The following table sets forth, for the periods indicated, the details of the FRA/IRS.

` in million

Sr. No.	Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
1.	The notional principal of FRA/IRS	3,505,068.2	3,524,706.5	3,295,418.5
2.	Losses which would be incurred if all counter parties failed to fulfil their obligations under the agreement[1]	17,980.1	16,258.1	20,482.2
3.	Collateral required by the Bank upon entering into FRA/IRS	..	..	..
4.	Concentration of credit risk[2]	1,194.7	1,149.8	2,105.1
5.	The fair value of FRA/IRS[3]	2,270.3	1,527.0	16,839.2

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.

The following table sets forth, for the periods indicated, the details of the CCS.

` in million

Sr. No.	Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
1.	The notional principal of CCS[1]	411,833.4	410,829.6	419,705.6
2.	Losses which would be incurred if all counter parties failed to fulfil their obligations under the agreement[2]	20,093.0	21,925.7	31,539.0
3.	Collateral required by the Bank upon entering into CCS	..	..	..
4.	Concentration of credit risk[3]	2,787.5	4,875.4	6,869.2
5.	Fair value of CCS[4]	7,331.5	9,040.2	9,739.4

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

12. Non-Performing Assets

The following table sets forth, for the periods indicated, the details of movement of gross non-performing assets (NPAs), net NPAs and provisions.

` in million

Sr. No.	Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
1.	Net NPAs (funded) to net advances (%)	5.41%	5.43%	3.35%
2.	Movement of NPAs (Gross)			
	a) Opening balance[1]	421,593.9	262,212.5	262,212.5
	b) Additions: Fresh NPAs during the period/year	49,253.8	335,466.1	82,418.3
	Sub-total (1)	470,847.7	597,678.6	344,630.8
	c) Reductions during the period/year			
	• Upgradations	(1,448.8)	(9,703.4)	(2,549.5)
	• Recoveries (excluding recoveries made from upgraded accounts)	(26,304.0)	(44,462.2)	(25,356.4)
	• Technical/prudential write-offs	(13,549.5)	(72,857.8)	(13,959.0)
	• Write-offs other than technical/prudential write-offs	(2,504.4)	(49,061.3)	(30,830.1)
	Sub-total (2)	(43,806.7)	(176,084.7)	(72,695.0)
	d) Closing balance[1] (1)-(2)	427,041.0	421,593.9	271,935.8

Sr. No.	Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
3.	Movement of Net NPAs			
	a) Opening balance[1]	252,168.1	129,630.8	129,630.8
	b) Additions during the period/year	32,716.8	215,559.2	58,166.0
	c) Reductions during the period/year	(33,977.8)	(93,021.9)	(37,389.8)
	d) Closing balance[1]	250,907.1	252,168.1	150,407.0
4.	Movement of provision for NPAs (excluding provision on standard assets)			
	a) Opening balance[1]	169,425.8	132,581.7	132,581.7
	b) Addition during the period/year	32,829.9	161,604.4	29,291.1
	Sub-total (1)	202,255.7	294,186.1	161,872.8
	c) Write-off/(write-back) of excess provisions			
	• Write-back of excess provision on account of upgradations	(461.1)	(2,912.8)	(724.0)
	• Write-back of excess provision on account of reduction in NPAs	(9,618.8)	(7,904.6)	(2,982.9)
	• Provision utilised for write-offs	(16,041.9)	(113,942.9)	(36,637.1)
	Sub-total (2)	(26,121.8)	(124,760.3)	(40,344.0)
	d) Closing balance[1] (1)-(2)	176,133.9	169,425.8	121,528.8

1. Net of write-off.

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

` in million

Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
Opening balance	121,658.1	70,573.8	70,573.8
Add:-Technical/prudential write-offs during the period/year	13,549.5	72,857.8	13,959.0
Sub-total (1)	135,207.6	143,431.6	84,532.8
Less:-Recoveries made from previously technical/prudential written-off accounts during the period/year	(302.3)	(2,209.5)	(613.9)
Less:-Sacrifice made from previously technical/prudential written-off accounts during the period/year	(2,264.9)	(19,564.0)	(5,143.5)
Sub-total (2)	(2,567.2)	(21,773.5)	(5,757.4)
Closing balance (1)-(2)	132,640.4	121,658.1	78,775.4

In accordance with RBI guidelines, the loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. During the three months ended June 30, 2017, the Bank did not classify any loan as NPAs at overseas branches (March 31, 2017: ` 6,587.8 million, June 30, 2016: ` 21,719.9 million) as per the requirement of these guidelines and there was no provision (March 31, 2017: ` 3,993.7 million, June 30, 2016: ` 4,957.6 million) on these loans.

Accounts covered under Insolvency and Bankruptcy Code, 2016

During the three months ended June 30, 2017, RBI advised banks to initiate insolvency resolution process in respect of 12 accounts under the provisions of Insolvency and Bankruptcy Code, 2016 and also required banks to make higher provisions for these accounts during the year. RBI has allowed banks to spread this additional provision over three quarters starting July 1, 2017. The Bank at June 30, 2017 had outstanding loans to these borrowers amounting to ₹ 68,894.6 million (excluding non-fund outstanding amount of ₹ 3,510.0 million). At June 30, 2017, the Bank holds a provision of ₹ 28,276.6 million against these outstanding loans, which amounts to 41.04% provision coverage in respect of outstanding loans to these borrowers. The Bank is required to make an additional provision of ₹ 6,472.8 million over the next three quarters as advised by RBI, in addition to the provisions to be made as per the existing RBI guidelines.

13. General provision on standard assets

The general provision on standard assets (including incremental provision on unhedged foreign currency exposure (UFCE)) held by the Bank at June 30, 2017 was ` 24,588.4 million (March 31, 2017: ` 23,126.2 million, June 30, 2016: ` 25,136.3 million). The general provision on standard assets amounting to ` 1,480.0 million was made during the three months ended June 30, 2017 (March 31, 2017: provision reversed ` 3,392.3 million, June 30, 2016: provision reversed ` 1,561.5 million) as per applicable RBI guidelines.

RBI, through its circular dated January 15, 2014 had advised banks to create incremental provision on standard loans and advances to entities with UFCE. The Bank assesses the UFCEs of the borrowers through its credit appraisal and internal ratings process. The Bank also undertakes reviews of such exposures through thematic reviews by Risk Committee based on market developments evaluating the impact of exchange rate fluctuations on the Bank’s portfolio, portfolio specific reviews by the Risk Management Group (RMG) and scenario-based stress testing approach as detailed in the Internal Capital Adequacy Assessment Process (ICAAP). In addition, a periodic review of the forex exposures of the borrowers having significant external commercial borrowings is conducted by RMG.

The Bank has reversed provision against borrowers with UFCE amounting to ` 200.0 million during the three months ended June 30, 2017 (March 31, 2017: Nil, June 30, 2016: Nil). The Bank held incremental capital of ` 4,657.5 million at June 30, 2017 on advances to borrowers with UFCE (March 31, 2017: ` 4,120.0 million, June 30, 2016: ` 5,805.0 million).

On April 18, 2017, RBI through its circular advised that the provisioning rates prescribed as per the prudential norms circular are the regulatory minimum and banks are encouraged to make provisions at higher rates in respect of advances to stressed sectors of the economy and had specifically highlighted the telecom sector. During the year ended March 31, 2016, the Bank had identified certain sectors, as having been adversely impacted due to the weak global environment, sharp downturn in the commodity cycle and gradual nature of domestic economic recovery. Accordingly, during the three months ended June 30, 2017, the Bank as per its Board approved policy has made an additional general provision amounting to ` 1,601.2 million on standard loans to borrowers rated below a certain rating threshold in the telecom, power, iron and steel, mining and rigs sectors, other than loans where specific provision has been made in accordance with RBI guidelines.

14. Provision Coverage Ratio

The provision coverage ratio of the Bank at June 30, 2017 computed as per the extant RBI guidelines was 41.2% (March 31, 2017: 40.2%, June 30, 2016: 44.7%).

15. Priority Sector Lending Certificate (PSLC)

The Bank did not purchase any PSLCs (general category) during the three months ended June 30, 2017 (March 31, 2017: ₹ 35,000.0 million, June 30, 2016: Nil). The Bank did not sell any PSLC during the three months ended June 30, 2017 (March 31, 2017: Nil , June 30, 2016: Nil).

16. Securitisation

A. The Bank sells loans through securitisation and direct assignment. The following tables set forth, for the periods indicated, the information on securitisation and direct assignment activity of the Bank as an originator till May 7, 2012.

` in million, except number of loans securitised

Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Total number of loan assets securitised	..	..	..
Total book value of loan assets securitised	..	..	..
Sale consideration received for the securitised assets	..	..	..
Net gain/(loss) on account of securitisation[1]	14.2	11.6	(8.7)

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

` in million

Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
Outstanding credit enhancement (funded)	3,992.1	3,992.0	3,991.6
Outstanding liquidity facility	0.6	0.3	0.1
Net outstanding servicing asset/(liability)	(18.6)	(19.9)	(23.9)
Outstanding subordinate contributions	1,478.2	1,481.3	1,490.2

The outstanding credit enhancement in the form of guarantees amounted to Nil at June 30, 2017 (March 31, 2017: Nil, June 30, 2016: Nil) and outstanding liquidity facility in the form of guarantees amounted to ` 265.2 million at June 30, 2017 (March 31, 2017: ` 265.5 million, June 30, 2016: ` 265.7 million).

The outstanding credit enhancement in the form of guarantees for third party originated securitisation transactions amounted to ` 2,501.7 million at June 30, 2017 (March 31, 2017: ` 3,456.9 million, June 30, 2016: ` 4,147.3 million) and outstanding liquidity facility for third party originated securitisation transactions amounted to Nil at June 30, 2017 (March 31, 2017: Nil, June 30, 2016: Nil).

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

` in million

Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Opening balance	802.7	745.3	745.3
Additions during the period/year	1.1	63.6	36.7
Deductions during the period/year	(1.3)	(6.2)	(1.8)
Closing balance	802.5	802.7	780.2

B. The information on securitisation and direct assignment activity of the Bank as an originator as per RBI guidelines 'Revisions to the Guidelines on Securitisation Transactions' dated May 7, 2012 is given below.

a. The Bank, as an originator, has not sold any loan through securitisation during the three months ended June 30, 2017 (March 31, 2017: Nil, June 30, 2016: Nil).

b. The following table sets forth, for the periods indicated, the information on the loans sold through direct assignment.

` in million

Sr. no.	Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
1.	Number of SPVs sponsored by the bank for securitisation transactions	..	..	..
2.	Total amount of assets sold through direct assignment during the period/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	 .. 30.0	 .. 33.8	 .. 45.0
4.	Amount of exposure to securitisation transactions other than MRR			

Sr. no.	Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
	a) Off-balance sheet exposures			
	i) Exposure to own securitisation			
	• First loss	..	..	..
	• Others	..	..	..
	ii) Exposure to third party securitisation			
	• First loss	..	..	..
	• Others	12.2	0.1	191.0
	b) On-balance sheet exposures			
	i) Exposure to own securitisation			
	• First loss	..	..	..
	• Others	..	..	..
	ii) Exposure to third party securitisation			
	• First loss	..	..	..
	• Others	40.4	52.5	112.6

The overseas branches of the Bank, as originators, sold four loans through direct assignment amounting to ` 3,146.5 million during the three months ended June 30, 2017 (March 31, 2017: eight loans amounting to ` 11,143.5 million, June 30, 2016: one loan amounting to ` 249.8 million).

17. Financial assets transferred during the period/year to securitisation company (SC)/reconstruction company (RC)

The Bank has transferred certain assets to Asset Reconstruction Companies (ARCs) in terms of the guidelines issued by RBI circular no. DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014. For the purpose of the valuation of the underlying security receipts issued by the underlying trusts managed by ARCs, the SRs are valued at their respective net asset values as advised by the ARCs.

The following table sets forth, for the periods indicated, the details of the assets transferred.

` in million, except number of accounts

Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Number of accounts	2	35	21
Aggregate value (net of provisions) of accounts sold to SC/RC	1,671.6	37,095.2	22,319.4
Aggregate consideration	1,922.1	32,268.1	18,849.0
Additional consideration realised in respect of accounts transferred in earlier years	..	..	..
Aggregate gain/(loss) over net book value[1,2]	250.5	(4,827.1)	(3,470.4)

1. During the three months ended June 30, 2017, there was no loss on sale of NPAs to ARCs (March 31, 2017: ` 7,043.5 million, June 30, 2016: ` 5,265.6 million).
2. During the three months ended June 30, 2017, the Bank made a gain of ` 250.5 million (March 31, 2017: ` 2,216.4 million, June 30, 2016: ` 1,795.2 million) on sale of NPAs to ARCs, out of which ` 200.2 million (March 31, 2017: ` 1,883.8 million, June 30, 2016: ` 1,525.9 million) is set aside towards the security receipts received on such sale.

The following tables set forth, for the periods indicated, the details of investments in security receipts (SRs).

` in million

Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
Net book value of investments in SRs which are -			
-Backed by NPAs sold by the Bank as underlying[1]	24,063.8	24,194.4	18,562.2
-Backed by NPAs sold by other banks/financial institutions (FIs)/non-banking financial companies (NBFCs) as underlying	157.9	172.0	228.4
Total	24,221.7	24,366.4	18,790.6

1. During the three months ended June 30, 2017, no investment in a security receipt was fully redeemed by the ARC and there was no gain/loss to the Bank (March 31, 2017: Nil, June 30, 2016: Nil).

` in million

		At June 30, 2017			
Sr. no.	Particulars	SRs issued within past five years	SRs issued more than five years ago but within past eight years	SRs issued more than eight years ago	Total
1.	Book value of SRs backed by NPAs sold by the Bank as underlying	26,762.6	..	..	26,762.6
	Provision held against above	2,698.7	..	..	2,698.7
2.	Book value of SRs backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying	93.4	64.4	..	157.8
	Provision held against above	..	..	..	..
Gross book value		26,856.0	64.4	..	26,920.4
Total Provision held against above		2,698.7	..	..	2,698.7
Net book value		24,157.3	64.4	..	24,221.7

` in million

		At March 31, 2017			
Sr. no.	Particulars	SRs issued within past five years	SRs issued more than five years ago but within past eight years	SRs issued more than eight years ago	Total
1.	Book value of SRs backed by NPAs sold by the Bank as underlying	26,893.1	..	12,467.9	39,361.0
	Provision held against above	2,698.7	..	12,467.9	15,166.6
2.	Book value of SRs backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying	99.7	72.3	417.0	589.0
	Provision held against above	..	..	417.0	417.0
Gross book value		26,992.8	72.3	12,884.9	39,950.0
Total Provision held against above		2,698.7	..	12,884.9	15,583.6
Net book value		24,294.1	72.3	..	24,366.4

` in million

		At June 30, 2016			
Sr. no.	Particulars	SRs issued within past five years	SRs issued more than five years ago but within past eight years	SRs issued more than eight years ago	Total
1.	Book value of SRs backed by NPAs sold by the Bank as underlying	20,902.9	..	12,600.2	33,503.1
	Provision held against above	2,340.8	..	12,600.2	14,940.9
2.	Book value of SRs backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying	127.8	100.6	417.0	645.4
	Provision held against above	..	..	417.0	417.0
Gross book value		21,030.7	100.6	13,017.2	34,148.5
Total Provision held against above		2,340.8	..	13,017.2	15,357.9
Net book value		18,689.9	100.6	..	18,790.6

18. Details of non-performing assets purchased/sold, excluding those sold to SC/RC

The Bank has not purchased any non-performing assets in terms of the guidelines issued by RBI circular no. DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014 during the three months ended June 30, 2017 (March 31, 2017: Nil, June 30, 2016: Nil). The Bank has not sold any non-performing asset in terms of the above RBI guidelines.

The following table sets forth, for the periods indicated, details of non-performing assets sold, excluding those sold to SC/RC.

` in million, except number of accounts

Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Number of accounts	..	2	1
Aggregate value (net of provisions) of accounts sold, excluding those sold to SC/RC	..	1,526.5	1,526.5
Aggregate consideration	..	2,207.4	1,897.4
Aggregate gain/(loss) over net book value	..	680.9	370.9

Additionally, during the three months ended June 30, 2017, the Bank has not sold any non-performing loan (March 31, 2017: one loan to a corporate for sale consideration of ` 39.3 million and gain of ` 39.3 million, June 30, 2016: Nil).

19. Information in respect of restructured assets

The following tables set forth, for the three months ended June 30, 2017, details of loan assets subjected to restructuring.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2017					
	No. of borrowers	19	..	20	6	45
	Amount outstanding	27,578.1	..	39,893.0	1,018.4	68,489.5
	Provision thereon	1,936.6	..	21,571.1	1,018.4	24,526.1
2.	Fresh restructuring during the three months ended June 30, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the three months ended June 30, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2017[1]					

` in million, except number of accounts

Sr. no.	Type of Restructuring / Asset Classification / Details	Under CDR Mechanism: Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(2,030.5)	..	(699.3)	74.2	(2,655.6)
	Provision thereon	(217.4)	..	4,962.3	74.2	4,819.1
5.	Restructured standard advances at April 1, 2017, which cease to attract higher provisioning and/or additional risk weight at June 30, 2017 and hence need not be shown as restructured standard advances at July 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2017					
	No. of borrowers	(6)	..	6	..	..
	Amount outstanding	(15,260.0)	..	12,085.3	..	(3,174.7)
	Provision thereon	(658.5)	..	7,171.7	..	6,513.2
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2017					
	No. of borrowers	..	..	..	(1)	(1)
	Amount outstanding	..	..	..	(103.2)	(103.2)
	Provision thereon	..	..	..	(103.2)	(103.2)
8.	Restructured accounts at June 30, 2017					
	No. of borrowers	13	..	26	5	44
	Amount outstanding	10,287.6	..	51,279.0	989.4	62,556.0
	Provision thereon	1,060.7	..	33,705.1	989.4	35,755.2

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

` in million, except number of accounts

Sr. no.	Type of Restructuring / Asset Classification / Details	Under SME Debt Restructuring Mechanism: Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2017					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	1.0	..	..	..	1.0
	Provision thereon	..	..	..	..	..
2.	Fresh restructuring during the three months ended June 30, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the three months ended June 30, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(0.2)	..	..	..	(0.2)
	Provision thereon	..	..	..	..	..
5.	Restructured standard advances at April 1, 2017, which cease to attract higher provisioning and/or additional risk weight at June 30, 2017 and hence need not be shown as restructured standard advances at July 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
8.	Restructured accounts at June 30, 2017					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	0.8	..	..	..	0.8
	Provision thereon	..	..	..	..	..

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

` in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total
	Details	(a)	(b)	(c)	(d)	(e)
1.	Restructured accounts at April 1, 2017					
	No. of borrowers	284	221	765	98	1,368
	Amount outstanding	17,903.4	2,447.8	55,002.6	530.3	75,884.1
	Provision thereon	896.2	368.3	21,478.7	530.3	23,273.5
2.	Fresh restructuring during the three months ended June 30, 2017					
	No. of borrowers	6	..	1	..	7
	Amount outstanding	3.8	..	0.1	..	3.9
	Provision thereon	0.2	..	..	..	0.2
3.	Upgradations to restructured standard category during the three months ended June 30, 2017					
	No. of borrowers	3	..	..	(3)	..
	Amount outstanding	1.1	..	..	(1.5)	(0.4)
	Provision thereon	..	..	..	(1.5)	(1.5)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	449.2	159.4	(2,464.2)	4.1	(1,851.5)
	Provision thereon	(0.6)	105.1	(1,765.2)	4.1	(1,656.6)
5.	Restructured standard advances at April 1, 2017, which cease to attract higher provisioning and/or additional risk weight at June 30, 2017 and hence need not be shown as restructured standard advances at July 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2017					
	No. of borrowers	(28)	(139)	159	8	..
	Amount outstanding	(2,988.9)	163.7	2,757.3	8.9	(59.0)
	Provision thereon	(0.2)	23.8	2,566.8	8.9	2,599.3
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2017					
	No. of borrowers	(4)	(7)	(22)	(4)	(37)
	Amount outstanding	(0.6)	(1.1)	(251.6)	(0.5)	(253.8)
	Provision thereon	..	(0.2)	(250.8)	(0.5)	(251.5)
8.	Restructured Accounts at June 30, 2017					
	No. of borrowers	261	75	903	99	1,338
	Amount outstanding	15,368.0	2,769.8	55,044.2	541.3	73,723.3
	Provision thereon	895.6	497.0	22,029.5	541.3	23,963.4

1. Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application pending allotment) as part of restructuring scheme, etc.
2. 'Others' mechanism also include cases restructured under Joint Lender Forum (JLF) mechanism.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2017					
	No. of borrowers	304	221	785	104	1,414
	Amount outstanding	45,482.5	2,447.8	94,895.6	1,548.7	144,374.6
	Provision thereon	2,832.8	368.3	43,049.8	1,548.7	47,799.6
2.	Fresh restructuring during the three months ended June 30, 2017					
	No. of borrowers	6	..	1	..	7
	Amount outstanding	3.8	..	0.1	..	3.9
	Provision thereon	0.2	..	..	..	0.2
3.	Upgradations to restructured standard category during the three months ended June 30, 2017					
	No. of borrowers	3	..	..	(3)	..
	Amount outstanding	1.1	..	..	(1.5)	(0.4)
	Provision thereon	..	..	..	(1.5)	(1.5)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(1,581.5)	159.4	(3,163.5)	78.3	(4,507.3)
	Provision thereon	(218.0)	105.1	3,197.1	78.3	3,162.5
5.	Restructured standard advances at April 1, 2017, which cease to attract higher provisioning and/or additional risk weight at June 30, 2017 and hence need not be shown as restructured standard advances at July 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2017					
	No. of borrowers	(34)	(139)	165	8	..
	Amount outstanding	(18,248.9)	163.7	14,842.6	8.9	(3,233.7)
	Provision thereon	(658.7)	23.8	9,738.5	8.9	9,112.5
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2017					
	No. of borrowers	(4)	(7)	(22)	(5)	(38)
	Amount outstanding	(0.6)	(1.1)	(251.6)	(103.7)	(357.0)
	Provision thereon	..	(0.2)	(250.8)	(103.7)	(354.7)
8.	Restructured accounts at June 30, 2017					
	No. of borrowers	275	75	929	104	1,383
	Amount outstanding	25,656.4	2,769.8	106,323.2	1,530.7	136,280.1
	Provision thereon[2]	1,956.3	497.0	55,734.6	1,530.7	59,718.6

1. Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.
2. The Bank additionally holds provision amounting to ` 3,219.1 million on these accounts (June 30, 2016: ` 1,625.6 million).

The following tables set forth, for the year ended March 31, 2017, details of loan assets subjected to restructuring.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2016					
	No. of borrowers	32	..	26	7	65
	Amount outstanding	56,661.3	..	61,917.0	2,035.8	120,614.1
	Provision thereon	4,678.0	..	35,524.8	2,035.8	42,238.6
2.	Fresh restructuring during the year ended March 31, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the year ended March 31, 2017					
	No. of borrowers	1	..	(1)	..	..
	Amount outstanding	179.0	..	(193.5)	..	(14.5)
	Provision thereon	91.4	..	(193.5)	..	(102.1)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(1,630.2)	..	(22,243.6)	(105.7)	(23,979.5)
	Provision thereon	(239.8)	..	(10,970.0)	(105.7)	(11,315.5)
5.	Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at March 31, 2017 and hence need not be shown as restructured standard advances at April 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	(14)	..	11	3	..
	Amount outstanding	(27,632.0)	..	25,384.7	836.5	(1,410.8)
	Provision thereon	(2,593.0)	..	14,772.6	836.5	13,016.1
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	..	..	(16)	(4)	(20)
	Amount outstanding	..	..	(24,971.6)	(1,748.2)	(26,719.8)
	Provision thereon	..	..	(17,562.8)	(1,748.2)	(19,311.0)
8.	Restructured accounts at March 31, 2017					
	No. of borrowers	19	..	20	6	45
	Amount outstanding	27,578.1	..	39,893.0	1,018.4	68,489.5
	Provision thereon	1,936.6	..	21,571.1	1,018.4	24,526.1

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

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2016					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	1.6	..	..	..	1.6
	Provision thereon	..	..	..	..	..
2.	Fresh restructuring during the year ended March 31, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the year ended March 31, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(0.6)	..	..	..	(0.6)
	Provision thereon	..	..	..	..	..
5.	Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at March 31, 2017 and hence need not be shown as restructured standard advances at April 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
8.	Restructured accounts at March 31, 2017					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	1.0	..	..	..	1.0
	Provision thereon	..	..	..	..	..

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

` in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total
	Details	(a)	(b)	(c)	(d)	(e)
1.	Restructured accounts at April 1, 2016					
	No. of borrowers	391	739	49	120	1,299
	Amount outstanding	36,467.5	611.4	33,331.9	6,644.0	77,054.8
	Provision thereon	2,724.7	102.3	14,942.1	6,644.0	24,413.1
2.	Fresh restructuring during the year ended March 31, 2017					
	No. of borrowers	181	1	2	..	184
	Amount outstanding	1,913.2	784.6	22,465.1	..	25,162.9
	Provision thereon	5.5	117.7	6,467.3	..	6,590.5
3.	Upgradations to restructured standard category during the year ended March 31, 2017					
	No. of borrowers	12	(3)	(1)	(8)	..
	Amount outstanding	6.6	(0.3)	(0.3)	(6.4)	(0.4)
	Provision thereon	0.7	..	(0.1)	(6.4)	(5.8)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(1,256.1)	..	(4,015.9)	(33.0)	(5,305.0)
	Provision thereon	158.7	..	(683.3)	(33.0)	(557.6)
5.	Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at March 31, 2017 and hence need not be shown as restructured standard advances at April 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	(242)	(453)	726	3	34
	Amount outstanding	(17,569.5)	1,058.4	13,801.0	1.6	(2,708.5)
	Provision thereon	(1,754.6)	149.6	7,274.0	1.6	5,670.6
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	(58)	(63)	(11)	(17)	(149)
	Amount outstanding	(1,658.3)	(6.3)	(10,579.2)	(6,075.9)	(18,319.7)
	Provision thereon	(238.8)	(1.2)	(6,521.3)	(6,075.9)	(12,837.2)
8.	Restructured Accounts at March 31, 2017					
	No. of borrowers	284	221	765	98	1,368
	Amount outstanding	17,903.4	2,447.8	55,002.6	530.3	75,884.1
	Provision thereon	896.2	368.3	21,478.7	530.3	23,273.5

1. Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application pending allotment) as part of restructuring scheme, etc.
2. ‘Others’ mechanism also include cases restructured under Joint Lender Forum (JLF) mechanism.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total
	Details	(a)	(b)	(c)	(d)	(e)
1.	Restructured accounts at April 1, 2016					
	No. of borrowers	424	739	75	127	1,365
	Amount outstanding	93,130.4	611.4	95,248.9	8,679.8	197,670.5
	Provision thereon	7,402.7	102.3	50,466.9	8,679.8	66,651.7
2.	Fresh restructuring during the year ended March 31, 2017					
	No. of borrowers	181	1	2	..	184
	Amount outstanding	1,913.2	784.6	22,465.1	..	25,162.9
	Provision thereon	5.5	117.7	6,467.3	..	6,590.5
3.	Upgradations to restructured standard category during the year ended March 31, 2017					
	No. of borrowers	13	(3)	(2)	(8)	..
	Amount outstanding	185.6	(0.3)	(193.8)	(6.4)	(14.9)
	Provision thereon	92.1	..	(193.6)	(6.4)	(107.9)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(2,886.9)	..	(26,259.5)	(138.7)	(29,285.1)
	Provision thereon	(81.1)	..	(11,653.3)	(138.7)	(11,873.1)
5.	Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at March 31, 2017 and hence need not be shown as restructured standard advances at April 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	(256)	(453)	737	6	34
	Amount outstanding	(45,201.5)	1,058.4	39,185.7	838.1	(4,119.3)
	Provision thereon	(4,347.6)	149.6	22,046.6	838.1	18,686.7
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	(58)	(63)	(27)	(21)	(169)
	Amount outstanding	(1,658.3)	(6.3)	(35,550.8)	(7,824.1)	(45,039.5)
	Provision thereon	(238.8)	(1.2)	(24,084.1)	(7,824.1)	(32,148.2)
8.	Restructured accounts at March 31, 2017					
	No. of borrowers	304	221	785	104	1,414
	Amount outstanding	45,482.5	2,447.8	94,895.6	1,548.7	144,374.6
	Provision thereon[2]	2,832.8	368.3	43,049.8	1,548.7	47,799.6

1. Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.
2. The Bank additionally holds provision amounting to ` 6,224.1 million on these accounts.

The following tables set forth, for the three months ended June 30, 2016 details of loan assets subjected to restructuring.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total
	Details	(a)	(b)	(c)	(d)	(e)
1.	Restructured accounts at April 1, 2016					
	No. of borrowers	32	..	26	7	65
	Amount outstanding	56,661.3	..	61,917.0	2,035.8	120,614.1
	Provision thereon	4,678.0	..	35,524.8	2,035.8	42,238.6
2.	Fresh restructuring during the three months ended June 30, 2016					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the three months ended June 30, 2016					
	No. of borrowers	1	..	(1)	..	..
	Amount outstanding	195.6	..	(193.5)	..	2.1
	Provision thereon	96.2	..	(193.5)	..	(97.3)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2016[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(1,928.3)	..	(9,465.7)	..	(11,394.0)
	Provision thereon	(60.1)	..	(5,083.4)	..	(5,143.5)
5.	Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at June 30, 2016 and hence need not be shown as restructured standard advances at July 1, 2016					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2016					
	No. of borrowers	(4)	..	3	1	..
	Amount outstanding	(8,141.7)	..	8,486.6	9.3	354.2
	Provision thereon	(483.2)	..	6,042.9	9.3	5,569.0
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2016					
	No. of borrowers	..	..	(4)	(4)	(8)
	Amount outstanding	..	..	(14,316.2)	(1,748.2)	(16,064.4)
	Provision thereon	..	..	(9,281.9)	(1,748.2)	(11,030.1)
8.	Restructured accounts at June 30, 2016					
	No. of borrowers	29	..	24	4	57
	Amount outstanding	46,786.9	..	46,428.2	296.9	93,512.0
	Provision thereon	4,230.9	..	27,008.9	296.9	31,536.7

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 devolvement, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total
	Details	(a)	(b)	(c)	(d)	(e)
1.	Restructured accounts at April 1, 2016					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	1.6	..	..	..	1.6
	Provision thereon	..	..	..	..	..
2.	Fresh restructuring during the three months ended June 30, 2016					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the three months ended June 30, 2016					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2016[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(0.1)	..	..	..	(0.1)
	Provision thereon	..	..	..	..	..
5.	Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at June 30, 2016 and hence need not be shown as restructured standard advances at July 1, 2016					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2016					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2016					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
8.	Restructured accounts at June 30, 2016					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	1.5	..	..	..	1.5
	Provision thereon	..	..	..	..	..

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 devolvement, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total
	Details	(a)	(b)	(c)	(d)	(e)
1.	Restructured accounts at April 1, 2016					
	No. of borrowers	391	739	49	120	1,299
	Amount outstanding	36,467.5	611.4	33,331.9	6,644.0	77,054.8
	Provision thereon	2,724.7	102.3	14,942.1	6,644.0	24,413.1
2.	Fresh restructuring during the three months ended June 30, 2016					
	No. of borrowers	1	2	..	..	3
	Amount outstanding	602.1	21,526.9	..	..	22,129.0
	Provision thereon	..	3,480.8	..	..	3,480.8
3.	Upgradations to restructured standard category during the three months ended June 30, 2016					
	No. of borrowers	6	(2)	(2)	(2)	..
	Amount outstanding	1.4	(0.2)	(0.5)	(0.8)	(0.1)
	Provision thereon	..	..	(0.2)	(0.8)	(1.0)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2016[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	854.2	(0.4)	(721.8)	(2.2)	129.8
	Provision thereon	24.3	(0.1)	(602.1)	(2.2)	(580.1)
5.	Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at June 30, 2016 and hence need not be shown as restructured standard advances at July 1, 2016					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2016					
	No. of borrowers	(171)	116	66	4	15
	Amount outstanding	(6,090.6)	14.1	6,421.4	5.9	350.8
	Provision thereon	(765.6)	2.6	4,100.8	5.9	3,343.7
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2016					
	No. of borrowers	(14)	(6)	(2)	(9)	(31)
	Amount outstanding	(1.3)	(0.3)	(1,649.5)	(6,000.0)	(7,651.1)
	Provision thereon	..	(0.1)	(1,631.2)	(6,000.0)	(7,631.3)
8.	Restructured accounts at June 30, 2016					
	No. of borrowers	231	849	111	113	1,304
	Amount outstanding	31,833.3	22,151.5	37,381.5	646.9	92,013.2
	Provision thereon	1,983.4	3,585.5	16,809.4	646.9	23,025.2

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 devolvement, 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.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured accounts at April 1, 2016					
	No. of borrowers	424	739	75	127	1,365
	Amount outstanding	93,130.4	611.4	95,248.9	8,679.8	197,670.5
	Provision thereon	7,402.7	102.3	50,466.9	8,679.8	66,651.7
2.	Fresh restructuring during the three months ended June 30, 2016					
	No. of borrowers	1	2	..	..	3
	Amount outstanding	602.1	21,526.9	..	..	22,129.0
	Provision thereon	..	3,480.8	..	..	3,480.8
3.	Upgradations to restructured standard category during the three months ended June 30, 2016					
	No. of borrowers	7	(2)	(3)	(2)	..
	Amount outstanding	197.0	(0.2)	(194.0)	(0.8)	2.0
	Provision thereon	96.2	..	(193.7)	(0.8)	(98.3)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2016[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(1,074.2)	(0.4)	(10,187.5)	(2.2)	(11,264.3)
	Provision thereon	(35.8)	(0.1)	(5,685.5)	(2.2)	(5,723.6)
5.	Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at June 30, 2016 and hence need not be shown as restructured standard advances at July 1, 2016					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2016					
	No. of borrowers	(175)	116	69	5	15
	Amount outstanding	(14,232.3)	14.1	14,908.0	15.2	705.0
	Provision thereon	(1,248.8)	2.6	10,143.7	15.2	8,912.7
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2016					
	No. of borrowers	(14)	(6)	(6)	(13)	(39)
	Amount outstanding	(1.3)	(0.3)	(15,965.7)	(7,748.2)	(23,715.5)
	Provision thereon		(0.1)	(10,913.1)	(7,748.2)	(18,661.4)
8.	Restructured accounts at June 30, 2016					
	No. of borrowers	243	849	135	117	1,344
	Amount outstanding	78,621.7	22,151.5	83,809.7	943.8	185,526.7
	Provision thereon	6,214.3	3,585.5	43,818.3	943.8	54,561.9

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

The following table sets forth, for the periods indicated, details of cases under Strategic Debt Restructuring (SDR) scheme (accounts which are currently under the stand-still period).

` in million, except number of borrowers

Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
Number of borrowers where SDR has been invoked[1]	11	15	16
Gross amount outstanding[1,2]			
- Standard	45,074.0	64,475.4	97,055.0
- NPA	..	..	..
Gross amount outstanding for borrowers where conversion of debt to equity is pending[1,2]			
- Standard	6,604.0	12,076.0	72,833.7
- NPA	..	..	..
Gross amount outstanding for borrowers where conversion of debt to equity has taken place[1,2]			
- Standard	38,470.0	52,399.4	24,221.3
- NPA	..	..	..

1. Includes five cases amounting to ` 5,763.5 million classified as standard restructured at June 30, 2017 (March 31, 2017: eight cases amounting to ` 23,182.5 million classified as standard restructured, June 30, 2016: eight cases amounting to ` 26,673.0 million classified as standard restructured).
2. Represents gross loans and credit substitutes.
3. The Bank has not taken stand-still benefit for NPA cases and hence these cases are excluded.
4. Cases where SDR has been revoked/not implemented/change of management not effected within the permitted RBI timelines have been excluded in subsequent periods.

During the three months ended June 30, 2017, the Bank has not recognised an amount of ` 1,075.9 million towards interest on cases covered under the SDR scheme (March 31, 2017: ` 6,059.4 million, June 30, 2016: ` 503.0 million).

The following table sets forth, for the periods indicated, details for cases of change in ownership outside SDR scheme (accounts which are currently under the stand-still period).

` in million, except number of borrowers

Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
Number of borrowers where the Bank has decided to effect change in ownership	3	1	..
Gross amount outstanding			
- Standard	56,303.4	51,052.3	..
- NPA	..	..	..
Gross amount outstanding for borrowers where conversion of debt to equity/invocation of pledge of equity shares is pending			
- Standard	1,203.0	51,052.3	..
- NPA	..	..	..

Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
Gross amount outstanding for borrowers where conversion of debt to equity/invocation of pledge of equity shares has taken place - Standard - NPA	 55,100.4 ..		 .. ..
Gross amount outstanding for borrowers where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity - Standard - NPA			 .. ..

1. Represents gross loans and credit substitutes.

During the three months ended June 30, 2017, the Bank has not recognised an amount of ` 1,047.7 million towards interest for cases outside SDR scheme (March 31, 2017: ` 1,000.1 million, June 30, 2016: Nil).

The following table sets forth, for the periods indicated, details for cases of change in ownership for projects under implementation (accounts which are currently under the stand-still period).

` in million, except number of borrowers

Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
Number of project loan borrowers where the Bank has decided to effect change in ownership	..	..	..
Gross amount outstanding - Standard - Standard restructured - NPA			 .. .. ..

The following table sets forth, for the periods indicated, details of cases where scheme for Sustainable Structuring of Stressed Assets (S4A) is implemented.

` in million, except number of borrowers

Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
Number of borrowers where S4A has been applied	4	2	..
Total Gross amount outstanding[1]			
- Standard	4,077.6	2,925.7	..
- NPA	..	..	..
Gross amount outstanding in Part A			
- Standard	2,266.8	1,556.6	..
- NPA	..	..	..
Gross amount outstanding in Part B			
- Standard	1,810.8	1,369.1	..
- NPA	..	..	..
Provision held			
- Standard	814.8	576.4	..
- NPA	..	..	..

1. Represents loans, credit substitutes and shares.

During the three months ended June 30, 2017, the Bank has not recognised an amount of ` 79.3 million towards interest on cases where S4A was invoked (March 31, 2017: ` 228.4 million, June 30, 2016: Nil).

The following table sets forth, for the periods indicated, details of cases under flexible structuring of existing loans.

` in million, except number of borrowers

Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Number of borrowers taken up for flexible structuring	1	2	..
Amount of loans taken up for flexible structuring			
- Standard	8,832.8	6,588.7	..
- NPA	..	..	..
Exposure weighted average duration of loans taken up for flexible structuring			
- Before applying flexible structuring	4.66	2.56	..
- After applying flexible structuring	11.76	6.77	..

20. Concentration of Deposits, Advances, Exposures and NPAs

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

Concentration of deposits	At June 30, 2017	At March 31, 2017	At June 30, 2016
Total deposits of 20 largest depositors	339,756.6	344,948.7	284,485.3
Deposits of 20 largest depositors as a percentage of total deposits of the Bank	6.99%	7.03%	6.71%

` in million

Concentration of advances[1]	At June 30, 2017	At March 31, 2017	At June 30, 2016
Total advances to 20 largest borrowers (including banks)	1,146,815.1	1,176,210.0	1,244,487.9
Advances to 20 largest borrowers as a percentage of total advances of the Bank	12.77%	13.16%	14.06%

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

` in million

Concentration of exposures[1]	At June 30, 2017	At March 31, 2017	At June 30, 2016
Total exposure to 20 largest borrowers/ customers (including banks)	1,159,219.4	1,209,099.8	1,282,568.1
Exposures to 20 largest borrowers/ customers as a percentage of total exposure of the Bank	12.30%	12.90%	13.84%

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

` in million

Concentration of NPAs	At June 30, 2017	At March 31, 2017	At June 30, 2016
Total exposure[1] to top four NPA accounts	125,601.6	149,247.4	100,033.5

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

(II) Sector-wise Advances

` in million, except percentages

Sr. no.	Particulars	At June 30, 2017		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
A.	Priority sector			
1.	Agriculture and allied activities	347,020.4	11,538.6	3.33%
2.	Advances to industries sector eligible as priority sector lending	177,516.9	5,458.8	3.08%
3.	Services	156,393.3	2,878.5	1.84%
	of which:			
	Transport operators	95,410.0	1,436.9	1.51%
	Wholesale trade	19,272.3	595.7	3.09%
4.	Personal loans	420,896.2	5,810.7	1.38%
	of which:			
	Housing	272,127.6	2,616.2	0.96%
	Vehicle loans	136,640.8	2,788.1	2.04%
	Sub-total (A)	1,101,826.8	25,686.6	2.33%
B.	Non-priority sector			
1.	Agriculture and allied activities	..	..	..
2.	Advances to industries sector	1,606,144.3	324,901.7	20.23%
	of which:			
	Infrastructure	501,990.6	90,975.1	18.12%
	Basic metal and metal products	319,715.1	80,193.8	25.08%
3.	Services	856,669.6	63,505.5	7.41%
	of which:			
	Commercial real estate	254,176.1	7,841.9	3.09%
	Wholesale trade	124,415.0	5,387.5	4.33%
	Non-Banking Financial Companies	108,987.8	0.2	0.00%
4.	Personal loans[1]	1,263,778.5	12,947.2	1.02%
	of which:			
	Housing	933,298.1	6,221.9	0.67%
	Sub-total (B)	3,726,592.4	401,354.4	10.77%
	Total (A)+(B)	4,828,419.2	427,041.0	8.84%

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.	Particulars	At March 31, 2017		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
A.	Priority sector			
1.	Agriculture and allied activities	341,765.2	10,634.9	3.11%
2.	Advances to industries sector eligible as priority sector lending	179,014.5	5,417.8	3.03%
3.	Services	157,736.7	2,460.1	1.56%
	of which:			
	Transport operators	94,243.6	1,109.2	1.18%
	Wholesale trade	21,329.9	424.1	1.99%
4.	Personal loans	401,622.2	4,805.5	1.20%
	of which:			
	Housing	259,814.7	2,241.1	0.86%
	Vehicle loans	130,646.7	2,233.1	1.71%
	Sub-total (A)	1,080,138.6	23,318.3	2.16%
B.	Non-priority sector			
1.	Agriculture and allied activities	..	..	..
2.	Advances to industries sector	1,621,712.6	321,120.6	19.80%
	of which:			
	Infrastructure	532,398.0	86,004.1	16.15%
	Basic metal and metal products	323,388.0	80,392.5	24.86%
3.	Services	908,101.3	66,357.4	7.31%
	of which:			
	Commercial real estate	262,610.0	7,694.1	2.93%
	Wholesale trade	126,313.8	6,978.8	5.53%
	Non-Banking Financial Companies	112,359.7	0.2	0.00%
4.	Personal loans[1]	1,214,651.5	10,797.5	0.89%
	of which:			
	Housing	898,475.2	5,014.8	0.56%
	Sub-total (B)	3,744,465.4	398,275.5	10.64%
	Total (A)+(B)	4,824,604.0	421,593.8	8.74%

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.	Particulars	At June 30, 2016		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
A.	Priority sector			
1.	Agriculture and allied activities	293,474.7	11,530.9	3.93%
2.	Advances to industries sector eligible as priority sector lending	145,719.3	4,951.0	3.40%
3.	Services	142,989.1	2,853.9	2.00%
	of which:			
	Transport operators	80,895.6	1,203.3	1.49%
	Wholesale trade	18,428.6	412.9	2.24%
4.	Personal loans	368,989.7	4,755.1	1.29%
	of which:			
	Housing	244,951.8	2,360.9	0.96%
	Vehicle loans	112,204.6	1,955.2	1.74%
	Sub-total (A)	951,172.8	24,090.9	2.53%
B.	Non-priority sector			
1.	Agriculture and allied activities	..	..	..
2.	Advances to industries sector	1,642,593.1	182,991.5	11.14%
	of which:			
	Infrastructure	555,575.1	32,420.3	5.84%
	Basic metal and metal products	346,267.3	77,138.7	22.28%
3.	Services	935,605.3	53,760.0	5.75%
	of which:			
	Commercial real estate	270,647.9	6,507.7	2.40%
	Wholesale trade	145,502.1	6,104.2	4.20%
4.	Personal loans[1]	1,101,904.6	11,093.4	1.01%
	of which:			
	Housing	781,227.6	4,395.8	0.56%
	Sub-total (B)	3,680,103.0	247,844.9	6.73%
	Total (A)+(B)	4,631,275.7	271,935.8	5.87%

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

` in million

Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Total assets[1]	853,304.6	946,250.3	1,128,545.7
Total NPAs (net)	78,431.2	79,506.2	65,543.3
Total revenue[1]	9,706.7	53,711.9	17,948.3

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) for the three months ended June 30, 2017

(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[1,2]
A.	Domestic
	1. ICICI Strategic Investments Fund
	2. India Advantage Fund-III
	3. 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.

(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

21. Exposure to sensitive sectors

The Bank has exposure to sectors, which are sensitive to asset price fluctuations. The sensitive sectors include capital markets and real estate.

The following table sets forth, for the periods indicated, the position of exposure to capital market sector.

` in million

Sr. No.	Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
1.	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds, the corpus of which is not exclusively invested in corporate debt	28,067.8	26,647.1	19,183.8
2.	Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	1,508.2	1,574.9	1,718.9
3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	53,227.4	53,953.3	85,058.3
4.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/ convertible debentures/units of equity oriented mutual funds does not fully cover the advances	..	..	..
5.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers	61,781.2	58,604.7	47,753.1
6.	Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter’s contribution to the equity of new companies in anticipation of raising resources	..	..	..
7.	Bridge loans to companies against expected equity flows/issues	4,822.9	324.3	..
8.	Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	..	..	..
9.	Financing to stockbrokers for margin trading	..	..	..
10.	All exposures to venture capital funds (both registered and unregistered)	5,798.9	5,263.1	10,151.3
11.	Others	2,154.6	2,307.3	6,128.5
	Total exposure to capital market[1]	157,361.0	148,674.7	169,993.9

1. At June 30, 2017, excludes investments in equity shares under SDR scheme amounting to ` 18,515.1 million (March 31, 2017: ` 15,530.9 million, June 30, 2016: ` 5,230.1 million).

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

` in million

Sr. No.	Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
I	Direct exposure	1,808,429.9	1,764,643.6	1,579,589.2
	i) Residential mortgages	1,412,097.5	1,361,624.8	1,195,754.0
	of which: individual housing loans eligible for priority sector advances	186,289.1	185,680.7	182,312.8
	ii) Commercial real estate[1]	360,631.5	365,609.4	348,659.7
	iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposure	35,700.9	37,409.4	35,175.5
	a. Residential	31,662.3	33,382.6	31,284.2
	b. Commercial real estate	4,038.6	4,026.8	3,891.3
II	Indirect exposure	133,028.5	135,414.3	163,579.8
	i) Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	133,028.5	135,414.3	163,579.8
	ii) Others	..	..	..
	Total exposure to real estate sector	1,941,458.4	1,900,057.9	1,743,169.0

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.

22. Revaluation of fixed assets

The Bank follows the revaluation model for its premises (land and buildings) as per AS 10 – 'Property, Plant and Equipment'. The Bank had initially revalued its premises at March 31, 2016 and subsequently as per the Bank's policy, annual revaluation was carried out through external valuers, using methodologies such as direct comparison method and income generation method and the incremental amount has been taken to revaluation reserve. The revalued amount at June 30, 2017 was ` 57,157.9 (March 31, 2017: ` 57,161.9 million, June 30, 2016: ` 55,463.8 million) as compared to the historical cost less accumulated depreciation of ` 26,740.5 million (March 31, 2017: ` 26,740.5 million, June 30, 2016: ` 27,230.8 million).

The revaluation reserve is not available for distribution of dividend.

23. Insurance business

The following table sets forth, for the periods indicated, the break-up of income derived from insurance business.

` in million

Sr. No.	Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
1.	Income from selling life insurance policies	1,242.2	9,644.2	2,004.6
2.	Income from selling non-life insurance policies	243.5	888.9	191.8
3.	Income from selling mutual fund/collective investment scheme products	968.0	2,681.3	429.1

24. Provisions and contingencies

The following table sets forth, for the periods indicated, the break-up of provisions and contingencies included in profit and loss account.

` in million

Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Provisions for depreciation of investments	1,735.2	6,088.2	2,902.9
Provision towards non-performing and other assets[1]	22,684.5	146,859.5	23,506.6
Provision towards income tax			
- Current	8,279.6	21,801.2	4,894.7
- Deferred	(3,023.9)	(7,026.0)	(216.1)
Other provisions and contingencies[2]	1,667.7	(866.3)	(1,264.3)
Total provisions and contingencies	31,343.1	166,856.6	29,823.8

1. Includes provision towards NPA amounting to ` 22,997.4 million (March 31, 2017: ` 164,334.2 million, June 30, 2016: ` 28,090.0 million).
2. Includes general provision towards standard assets made amounting to ` 1,480.0 million (March 31, 2017: provision reversed ` 3,392.4 million, June 30, 2016: provision reversed ` 1,561.5 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 AS 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Bank recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

The following table sets forth, for the periods indicated, the movement in provision for legal and fraud cases, operational risk and other contingencies.

` in million

Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
Opening provision	7,861.3	6,146.6	6,146.6
Movement during the period/year (net)	78.0	1,714.7	(260.0)
Closing provision	7,939.3	7,861.3	5,886.6

1. Excludes provision towards sundry expenses.

25. Deferred tax

At June 30, 2017, the Bank has recorded net deferred tax assets of ` 57,745.3 million (March 31, 2017: ` 54,722.3 million, June 30, 2016: ` 47,921.2 million), which have been included in other assets.

The following table sets forth, for the periods indicated, the break-up of deferred tax assets and liabilities into major items.

` in million

Particulars	At June 30, 2017	At March 31, 2017	At June 30, 2016
Deferred tax assets			
Provision for bad and doubtful debts	81,518.6	78,109.5	73,931.7
Capital loss	..	..	..
Foreign currency translation reserve[1]	5,708.8	5,721.3	1,138.6
Others	4,681.3	4,565.4	4,465.3
Total deferred tax assets	91,908.7	88,396.2	79,535.6
Deferred tax liabilities			
Special Reserve deduction	27,361.5	26,870.6	25,909.8
Mark-to-market gains[1]	..	..	433.0
Depreciation on fixed assets	5,273.1	5,243.7	5,271.6
Interest on refund of taxes[1]	1,528.8	1,559.6	..
Others	..	..	..
Total deferred tax liabilities	34,163.4	33,673.9	31,614.4
Total net deferred tax assets/(liabilities)	57,745.3	54,722.3	47,921.2

1. These items are considered in accordance with the requirements of Income Computation and Disclosure Standards (ICDS).
2. Tax rate of 34.608% is adopted based on Finance Act, 2017.

26. Appropriation of dividend and issue of bonus shares

The shareholders of the Bank have approved dividend of ₹ 2.50 per equity share (pre-bonus issue) and dividend of ₹ 100 per preference share at the Annual General Meeting held on June 30, 2017. Accordingly, the Bank has appropriated an amount of ₹ 14,661.9 million (including corporate dividend tax) from retained earnings during the three months ended June 30, 2017.

The shareholders of the Bank have approved the issue of bonus shares of ₹ 2 each in the proportion of 1:10, i.e. 1 (One) bonus equity share of ₹ 2 each for every 10 (Ten) fully paid-up equity shares held (including shares underlying ADS) through postal ballot on June 12, 2017. Accordingly, the Bank has issued 582,984,544 equity shares as bonus shares during the three months ended June 30, 2017.

27. Related Party Transactions

The Bank has transactions with its related parties comprising subsidiaries, associates/joint ventures/other related entities, key management personnel and relatives of key management personnel.

I. Related parties

Subsidiaries

ICICI Bank Canada, ICICI Bank UK PLC, ICICI Home Finance Company Limited, ICICI International Limited, ICICI Investment Management Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Prudential Asset Management Company Limited, ICICI Prudential Life Insurance Company Limited, ICICI Prudential Pension Funds Management Company Limited, ICICI Prudential Trust Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Securities Limited, ICICI Securities Primary Dealership Limited, ICICI Trusteeship Services Limited and ICICI Venture Funds Management Company Limited.

Associates/joint ventures/other related entities

ICICI Merchant Services Private Limited, ICICI Strategic Investments Fund[1], India Advantage Fund-III, India Advantage Fund-IV, India Infradebt Limited, I-Process Services (India) Private Limited, NIIT Institute of Finance, Banking and Insurance Training Limited, Comm Trade Services Limited and ICICI Foundation for Inclusive Growth.

1. Entity consolidated as per Accounting Standard (AS) 21 on 'Consolidated Financial Statements'.

Akzo Nobel India Limited and FINO PayTech Limited ceased to be related parties effective from April 30, 2016 and January 5, 2017 respectively.

Key management personnel

Ms. Chanda Kochhar, Mr. N. S. Kannan, Ms. Vishakha Mulye, Mr. Vijay Chandok[1], Mr. Anup Bagchi[2], Mr. K. Ramkumar[3] and Mr. Rajiv Sabharwal[4].

1. Identified as related party effective from July 28, 2016.
2. Identified as related party effective from February 1, 2017.
3. Ceased to be related party effective from April 30, 2016.
4. Ceased to be related party effective close of business hours on January 31, 2017.

Relatives of key management personnel

Mr. Deepak Kochhar, Mr. Arjun Kochhar, Ms. Aarti Kaji, Mr. Mahesh Advani, Ms. Rangarajan Kumudalakshmi, Ms. Aditi Kannan, Ms. Sudha Narayanan, Mr. Raghunathan Narayanan, Mr. Rangarajan Narayanan, Mr. Vivek Mulye, Ms. Vriddhi Mulye, Mr. Gauresh Palekar, Ms. Shalaka Gadekar, Ms. Manisha Palekar, Ms. Poonam Chandok[1], Ms. Saluni Chandok[1], Ms. Simran Chandok[1], Mr. C. V. Kumar[1], Ms. Shad Kumar[1], Ms. Sanjana Gulati[1], Ms. Mitul Bagchi[2], Mr. Aditya Bagchi[2], Mr. Shishir

Bagchi[2], Mr. K. Jayakumar[3], Ms. J. Krishnaswamy[3], Ms. Sangeeta Sabharwal[4], Mr. Kartik Sabharwal[4] and Mr. Arnav Sabharwal[4].

1. Identified as related party effective from July 28, 2016.
2. Identified as related party effective from February 1, 2017.
3. Ceased to be related party effective from April 30, 2016.
4. Ceased to be related party effective close of business hours on January 31, 2017.

II. Transactions with related parties

The following table sets forth, for the periods indicated, the significant transactions between the Bank and its related parties.

₹ in million

Items	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Interest income			
Subsidiaries	108.7	691.9	182.1
Associates/joint venture/others	10.9	43.4	12.0
Key management personnel	2.7	10.7	0.5
Relatives of key management personnel	0.0[1]	0.2	0.1
Total	122.3	746.2	194.7
Fee, commission and other income			
Subsidiaries	1,772.2	11,198.9	2,375.9
Associates/joint venture/others	3.8	17.5	2.6
Key management personnel	0.0[1]	0.2	0.1
Relatives of key management personnel	0.0[1]	0.0[1]	0.0[1]
Total	1,776.0	11,216.7	2,378.6
Commission income on guarantees issued			
Subsidiaries	5.9	25.5	8.4
Associates/joint venture/others	0.0[1]	0.0[1]	0.0[1]
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	5.9	25.5	8.4
Income on custodial services			
Subsidiaries	5.8	10.4	1.9
Associates/joint venture/others	..	1.5	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	5.8	11.9	1.9
Gain/(loss) on forex and derivative transactions (net)[2]			
Subsidiaries	554.3	478.6	(111.3)
Associates/joint venture/others	..	..	..

₹ in million

Items	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	554.3	478.6	(111.3)
Dividend income			
Subsidiaries	1,342.7	14,190.3	2,910.1
Associates/joint venture/others	..	..	..
Total	1,342.7	14,190.3	2,910.1
Insurance claims received			
Subsidiaries	30.1	116.4	28.8
Associates/joint venture/others	..	..	..
Total	30.1	116.4	28.8
Recovery of lease of premises, common corporate and facilities expenses			
Subsidiaries	375.5	1,474.9	347.3
Associates/joint venture/others	17.0	64.5	15.3
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	392.5	1,539.4	362.6
Lease of premises, common corporate and facilities expenses paid			
Subsidiaries	18.1	85.5	20.3
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	18.1	85.5	20.3
Recovery for secondment of employees			
Subsidiaries	3.6	29.3	18.1
Associates/joint venture/others	3.4	8.0	3.1
Total	7.0	37.3	21.2
Reimbursement of expenses from related parties			
Subsidiaries	1.4	1.6	1.5
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	1.4	1.6	1.5

₹ in million

Items	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Interest expenses			
Subsidiaries	71.2	339.3	88.2
Associates/joint venture/others	1.9	15.6	7.8
Key management personnel	0.2	6.7	0.2
Relatives of key management personnel	0.2	2.9	0.2
Total	73.5	364.5	96.4
Remuneration to whole-time directors[3]			
Key management personnel	54.4	223.5	56.5
Total	54.4	223.5	56.5
Reimbursement of expenses to related parties			
Subsidiaries	9.7	543.5	120.6
Associates/joint venture/others	0.1	0.2	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	9.8	543.7	120.6
Insurance premium paid			
Subsidiaries	942.4	1,830.5	655.1
Associates/joint venture/others	..	..	..
Total	942.4	1,830.5	655.1
Brokerage, fee and other expenses			
Subsidiaries	70.7	951.7	185.6
Associates/joint venture/others	1,711.7	5,919.6	1,242.1
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	1,782.4	6,871.3	1,427.7
Donation given			
Subsidiaries	..	..	..
Associates/joint venture/others	50.0	475.0	150.0
Total	50.0	475.0	150.0
Dividend paid			
Subsidiaries	..	..	..
Associates/joint venture/others	..	..	..
Key management personnel	..	17.7	..
Relatives of key management personnel	..	0.0[1]	..

₹ in million

Items	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Total	..	17.7	..
Purchase of investments			
Subsidiaries	7,421.2	7,074.0	1,792.7
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	7,421.2	7,074.0	1,792.7
Investment in certificate of deposits (CDs)/bonds issued by the Bank			
Subsidiaries	..	5,018.9	750.0
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	..	5,018.9	750.0
Investments in the securities issued by related parties			
Subsidiaries	..	..	..
Associates/joint venture/others	4,100.0	5,779.5	..
Total	4,100.0	5,779.5	..
Sale of investments			
Subsidiaries	11,741.2	15,486.1	3,488.3
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	11,741.2	15,486.1	3,488.3
Redemption/buyback of securities			
Subsidiaries	..	5,862.2	..
Associates/joint venture/others	21.5	566.1	..
Total	21.5	6,428.3	..
Unfunded risk participation			
Subsidiaries	1,291.6	2,075.2	..
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	1,291.6	2,075.2	..

₹ in million

Items	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Sale of loans			
Subsidiaries	1,403.9	..	..
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	1,403.9	..	..
Purchase of fixed assets			
Subsidiaries	1.3	10.8	0.1
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	1.3	10.8	0.1
Sale of fixed assets			
Subsidiaries	..	1.2	..
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	..	1.2	..

1. Insignificant amount.
2. The Bank undertakes derivative transactions with its subsidiaries, associates, joint ventures and other related entities. The Bank manages its foreign exchange and interest rate risks arising from these transactions by covering them in the market. While the Bank within its overall position limits covers these transactions in the market, the above amounts represent only the transactions with its subsidiaries, associates, joint ventures and other related entities and not the offsetting/covering transactions.
3. Excludes the perquisite value on account of employee stock options exercised.

III. Material transactions with related parties

The following table sets forth, for the periods indicated, the material transactions between the Bank and its related parties. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

₹ in million

	Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Interest income				
1	ICICI Home Finance Company Limited	92.3	558.7	140.2
2	ICICI Securities Primary Dealership Limited	13.4	89.3	19.6
3	ICICI Venture Funds Management Company Limited	1.0	35.5	20.1
Fee, commission and other income				
1	ICICI Prudential Life Insurance Company Limited	1,236.3	9,675.3	2,013.1
2	ICICI Lombard General Insurance Company Limited	256.4	937.3	215.8
Commission income on guarantees issued				
1	ICICI Bank UK PLC	5.7	24.1	8.0
Income on custodial services				
1	ICICI Prudential Asset Management Company Limited	5.0	8.1	1.3
2	ICICI Securities Primary Dealership Limited	0.8	2.3	0.6
Gain/(loss) on forex and derivative transactions (net)[1]				
1	ICICI Securities Primary Dealership Limited	296.8	(258.0)	8.9
2	ICICI Bank UK PLC	261.9	825.0	(86.3)
3	ICICI Securities Limited	..	(10.6)	(17.2)
4	ICICI Home Finance Company Limited	(12.8)	(113.1)	(28.4)
Dividend income				
1	ICICI Securities Limited	480.2	2,050.3	400.1
2	ICICI Prudential Asset Management Company Limited	405.1	1,629.5	..
3	ICICI Lombard General Insurance Company Limited	214.2	999.6	199.9
4	ICICI Home Finance Company Limited	149.4	1,065.8	..
5	ICICI Securities Primary Dealership Limited	93.8	2,782.9	..
6	ICICI Prudential Life Insurance Company Limited	..	5,449.1	2,035.2

Particulars		Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Insurance claims received				
1	ICICI Prudential Life Insurance Company Limited	19.1	85.1	24.2
2	ICICI Lombard General Insurance Company Limited	11.0	31.3	4.6
Recovery of lease of premises, common corporate and facilities expenses				
1	ICICI Home Finance Company Limited	85.5	346.7	82.1
2	ICICI Securities Limited	69.4	269.8	63.4
3	ICICI Bank UK PLC	61.8	275.2	51.7
4	ICICI Lombard General Insurance Company Limited	50.7	201.3	48.8
5	ICICI Prudential Life Insurance Company Limited	48.9	183.7	48.5
Lease of premises, common corporate and facilities expenses paid				
1	ICICI Venture Funds Management Company Limited	15.9	66.5	15.8
2	ICICI Home Finance Company Limited	..	10.5	2.2
Recovery for secondment of employees				
1	I-Process Services (India) Private Limited	3.4	8.0	3.1
2	ICICI Securities Limited	2.4	9.8	2.3
3	ICICI Prudential Life Insurance Company Limited	1.2	1.9	1.9
4	ICICI Investment Management Company Limited	..	17.6	13.8
Reimbursement of expenses from related parties				
1	ICICI Home Finance Company Limited	1.4	1.4	1.5
2	ICICI Bank Canada	..	0.1	..
Interest expenses				
1	ICICI Prudential Life Insurance Company Limited	48.3	93.5	5.8
2	ICICI Securities Limited	17.1	218.4	78.1
Remuneration to whole-time directors[2]				
1	Ms. Chanda Kochhar	15.3	58.7	16.0
2	Mr. N. S. Kannan	10.9	40.7	10.7
4	Ms. Vishakha Mulye	9.8	36.7	7.8
3	Mr. Vijay Chandok[3]	10.3	26.1	N.A.
5	Mr. Anup Bagchi[4]	8.1	8.5	N.A.
6	Mr. K. Ramkumar[5]	N.A.	11.1	11.1
7	Mr. Rajiv Sabharwal[6]	N.A.	41.7	10.8
Reimbursement of expenses to related parties				

	Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
1	ICICI Bank UK PLC	7.3	30.9	14.4
2	ICICI Prudential Life Insurance Company Limited	1.2	509.9	104.9
3	ICICI Bank Canada	1.1	2.4	1.3
Insurance premium paid				
1	ICICI Lombard General Insurance Company Limited	765.0	1,271.0	553.4
2	ICICI Prudential Life Insurance Company Limited	177.4	559.5	101.7
Brokerage, fee and other expenses				
1	I-Process Services (India) Private Limited	986.4	3,572.8	729.7
2	ICICI Merchant Services Private Limited	721.6	2,318.4	500.7
Donation given				
1	ICICI Foundation for Inclusive Growth	50.0	475.0	150.0
Dividend paid				
1	Ms. Chanda Kochhar	..	11.7	..
2	Mr. N. S. Kannan	..	2.1	..
3	Ms. Vishakha Mulye	..	2.6	..
4	Mr. Vijay Chandok[3]	..	..	N.A.
5	Mr. Anup Bagchi[4]	..	..	N.A.
6	Mr. Rajiv Sabharwal[6]	N.A.	1.4	..
Purchase of investments				
1	ICICI Securities Primary Dealership Limited	5,744.2	2,124.0	256.1
2	ICICI Prudential Life Insurance Company Limited	1,200.6	4,685.3	1,271.8
3	ICICI Lombard General Insurance Company Limited	476.3	264.8	264.8
Investment in certificate of deposits (CDs)/bonds issued by the Bank				
1	ICICI Prudential Life Insurance Company Limited	..	3,250.0	..
2	ICICI Bank UK PLC	..	1,018.9	..
3	ICICI Securities Primary Dealership Limited	..	750.0	750.0
Investments in the securities issued by related parties				
1	India Infradebt Limited	4,100.0	5,779.5	..
Sale of investments				
1	ICICI Prudential Life Insurance Company Limited	5,933.7	10,700.3	3,488.3

	Particulars	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
2	ICICI Securities Primary Dealership Limited	5,038.9	2,512.4	..
3	ICICI Lombard General Insurance Company Limited	768.7	2,273.4	..
Redemption/buyback of investments				
1	India Advantage Fund-III	11.4	41.3	..
2	India Advantage Fund-IV	10.1	35.6	..
3	ICICI Bank Canada	..	5,862.2	..
Unfunded risk participation				
1	ICICI Bank UK PLC	1,291.6	2,075.2	..
Sale of loans				
1	ICICI Bank UK PLC	1,403.9	..	..
Purchase of fixed assets				
1	ICICI Home Finance Company Limited	1.1	..	..
2	ICICI Prudential Life Insurance Company Limited	0.2	1.9	..
3	ICICI Securities Limited	..	4.3	..
4	ICICI Securities Primary Dealership Limited	..	4.0	..
5	ICICI Venture Funds Management Company Limited	..	0.1	0.1
Sale of fixed assets				
1	ICICI Securities Limited	..	1.2	..

1. The Bank undertakes derivative transactions with its subsidiaries, associates, joint ventures and other related entities. The Bank manages its foreign exchange and interest rate risks arising from these transactions by covering them in the market. While the Bank within its overall position limits covers these transactions in the market, the above amounts represent only the transactions with its subsidiaries, associates, joint ventures and other related entities and not the offsetting/covering transactions.
2. Excludes the perquisite value on account of employee stock options exercised.
3. Identified as related party effective from July 28, 2016.
4. Identified as related party effective from February 1, 2017.
5. Ceased to be related party effective from April 30, 2016.
6. Ceased to be related party effective close of business hours on January 31, 2017.

IV. Related party outstanding balances

The following table sets forth, for the periods indicated, the balance payable to/receivable from related parties.

₹ in million

Items	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Deposits with ICICI Bank			
Subsidiaries	3,435.2	5,069.8	6,110.8
Associates/joint venture/others	523.2	3,749.2	4,345.2
Key management personnel	150.7	145.2	78.5
Relatives of key management personnel	45.9	56.2	41.7
Total	4,155.0	9,020.4	10,576.2
Investments of related parties in ICICI Bank			
Subsidiaries	3,518.7	3,522.8	250.0
Associates/joint venture/others	..	..	..
Key management personnel	7.3	6.6	7.1
Relatives of key management personnel	0.0[1]	0.0[1]	0.0[1]
Total	3,526.0	3,529.4	257.1
Call/term money borrowed			
Subsidiaries	..	..	..
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	..	..	..
Reverse repurchase			
Subsidiaries	..	..	..
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	..	..	..
Payables[2]			
Subsidiaries	0.1	9.0	117.4
Associates/joint venture/others	659.9	729.4	408.6
Key management personnel	0.1	0.0[1]	..
Relatives of key management personnel	0.1	0.0[1]	..
Total	660.2	738.4	526.0
Deposits of ICICI Bank			
Subsidiaries	946.8	540.0	131.7
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..

₹ in million

Items	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Relatives of key management personnel	..	..	..
Total	946.8	540.0	131.7
Call/term money lent			
Subsidiaries	..	..	2,275.0
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	..	..	2,275.0
Investments of ICICI Bank			
Subsidiaries	103,222.4	103,222.4	110,327.8
Associates/joint venture/others	5,799.8	4,326.8	2,914.3
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	109,022.2	107,549.2	113,242.1
Advances			
Subsidiaries	4,472.0	4,784.8	6,287.4
Associates/joint venture/others	..	..	0.2
Key management personnel	175.1	204.0	31.5
Relatives of key management personnel	2.1	0.9	1.4
Total	4,649.2	4,989.7	6,320.5
Receivables[2]			
Subsidiaries	654.7	1,292.9	794.5
Associates/joint venture/others	22.6	5.9	16.7
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	677.3	1,298.8	811.2
Guarantees/letters of credit/indemnity given by the Bank			
Subsidiaries	11,630.6	11,674.6	13,256.9
Associates/joint venture/others	7.7	7.7	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	11,638.3	11,682.3	13,256.9
Guarantees/letters of credit/indemnity issued by related parties			
Subsidiaries	4,127.2	3,862.0	1,902.4
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..

₹ in million

Items	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Total	4,127.2	3,862.0	1,902.4
Swaps/forward contracts (notional amount)			
Subsidiaries	341,729.5	288,432.8	208,487.1
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	341,729.5	288,432.8	208,487.1
Unfunded risk participation			
Subsidiaries	3,347.8	2,070.0	..
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	3,347.8	2,070.0	..

1. Insignificant amount.
2. Excludes mark-to-market on outstanding derivative transactions.
3. At June 30, 2017, 34,273,250 (March 31, 2017: 31,201,400, June 30, 2016: 25,068,500) employee stock options for key management personnel were outstanding. Excludes 4,526,500 (March 31, 2017: Nil, June 30, 2016: 3,430,000) stock options granted to key management personnel, pending RBI approval.
4. During the three months ended June 30, 2017, 43,900 (March 31, 2017:1,014,300, June 30, 2016: 453,000) employee stock options with total exercise price of ₹ 5.1 million (March 31, 2017: ₹ 170.9 million June 30, 2016: ₹ 71.0 million) were exercised by key management personnel.

V. Related party maximum balances

The following table sets forth, for the periods indicated, the maximum balance payable to/receivable from related parties.

₹ in million

Items	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Deposits with ICICI Bank			
Subsidiaries	6,900.0	40,191.5	9,513.1
Associates/joint venture/others	4,436.0	5,258.0	4,345.2
Key management personnel	156.9	293.7	96.2
Relatives of key management personnel	56.9	62.3	68.2
Total	11,549.8	45,805.5	14,022.7
Investments of related parties in ICICI Bank[1]			
Subsidiaries	3,518.7	5,068.9	250.0
Associates/joint venture/others	..	..	..
Key management personnel	7.3	7.1	7.1
Relatives of key management personnel	0.0[2]	0.0[2]	0.0[2]
Total	3,526.0	5,076.0	257.1

₹ in million

Items	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Call/term money borrowed			
Subsidiaries	1,000.0	..	..
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	1,000.0	..	..
Reverse repurchase			
Subsidiaries	..	..	..
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	..	..	..
Payables[1,3]			
Subsidiaries	0.1	232.7	117.4
Associates/joint venture/others	659.9	729.4	408.6
Key management personnel	0.1	0.1	..
Relatives of key management personnel	0.1	0.0[2]	..
Total	660.2	962.2	526.0
Deposits of ICICI Bank			
Subsidiaries	3,759.9	1,778.7	470.4
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	3,759.9	1,778.7	470.4
Call/term money lent			
Subsidiaries	7,000.0	10,000.0	8,000.0
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	7,000.0	10,000.0	8,000.0
Investments of ICICI Bank			
Subsidiaries	103,222.4	110,374.0	110,374.0
Associates/joint venture/others	6,099.8	4,326.9	2,914.3
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	109,322.2	114,700.9	113,288.3
Advances			
Subsidiaries	9,264.1	14,157.5	7,517.7
Associates/joint venture/others	..	0.2	0.2

₹ in million

Items	Three months ended June 30, 2017	Year ended March 31, 2017	Three months ended June 30, 2016
Key management personnel	203.7	206.7	55.8
Relatives of key management personnel	3.1	8.6	8.6
Total	9,470.9	14,373.0	7,582.3
Receivables[3]			
Subsidiaries	1,683.7	1,681.5	1,063.2
Associates/joint venture/others	22.6	69.7	47.2
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	1,706.3	1,751.2	1,110.4
Guarantees/letters of credit/indemnity given by the Bank			
Subsidiaries	14,043.2	15,167.0	15,167.0
Associates/joint venture/others	7.7	7.7	0.6
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	14,050.9	15,174.7	15,167.6
Guarantees/letters of credit/indemnity issued by related parties[1]			
Subsidiaries	4,127.2	3,862.0	1,902.4
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	4,127.2	3,862.0	1,902.4
Swaps/forward contracts (notional amount)			
Subsidiaries	358,308.1	303,545.4	208,487.1
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	358,308.1	303,545.4	208,487.1
Unfunded risk participation[1]			
Subsidiaries	3,347.8	2,075.2	..
Associates/joint venture/others	..	..	..
Key management personnel	..	..	..
Relatives of key management personnel	..	..	..
Total	3,347.8	2,075.2	..

1. Maximum balance is determined based on comparison of the total outstanding balances at each quarter end during the financial year.
2. Insignificant amount.
3. Excludes mark-to-market on outstanding derivative transactions.

VI. 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 ` 469.1 million) to the Monetary Authority of Singapore (MAS) and has executed indemnity agreement on behalf of ICICI Bank Canada to its independent directors for a sum not exceeding Canadian dollar 2.5 million each (currently equivalent to ` 124.5 million), aggregating to Canadian dollar 17.5 million (currently equivalent to ` 871.2 million). The aggregate amount of ` 1,340.3 million at June 30, 2017 (March 31, 2017: ` 1,314.5 million, June 30, 2016: ` 1,416.6 million) is included in the contingent liabilities.

The letters of comfort in the nature of letters of awareness that were outstanding at June 30, 2017 issued by the Bank on behalf of its subsidiaries in respect of their borrowings made or proposed to be made, aggregated to ` 12,363.0 million (March 31, 2017: ` 12,363.0 million, June 30, 2016: ` 12,478.5 million).

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.

28. Appropriation of net profit

The Bank appropriates net profit towards various reserves only at year-end. For the three months ended June 30, 2017, appropriations required as per RBI guidelines would have been ` 5,123.0 million towards statutory reserve, ` 3.0 million towards capital reserve and Nil towards investment reserve account. Additionally, the appropriation for Sri Lanka branch as per applicable regulations would have been ` 2.2 million towards statutory reserve. Further, the Bank also appropriates towards Special Reserve u/s 36 (1) (viii) of Income Tax Act, 1961 which is computed at the end of the year.

Further due to change in accounting policy for fixed assets from cost-basis to revaluation-basis, an amount of ` 143.0 million is required to be transferred from revaluation reserve to general reserve, representing the incremental depreciation charge during three months ended June 30, 2017 on account of revaluation and an amount of ` 19.7 million being revaluation surplus on the assets sold. These transfers would be made at year end.

29. Penalties/fines imposed by RBI and other banking regulatory bodies

The penalty imposed by RBI and other banking regulatory bodies during the three months ended June 30, 2017 was Nil. (March 31, 2017: Nil, June 30, 2016: Nil).

In February 2015, penalty was imposed on several banks including ICICI Bank by the Financial Intelligence Unit- India for failure in reporting of attempted suspicious transactions, with respect to the incidents concerning the media sting operation in June 2013. A penalty of ` 1.4 million was levied on the Bank, which we had paid and filed an appeal against the penalty with the Appellate Tribunal. In June 2017, the Appellate Tribunal ruled that the penalty was not sustainable and asked the appellant banks to be careful and report such matters in future.

30. Comparative figures

Figures of the previous period/year have been re-grouped to conform to the current period 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

Homi Khusrokhan
Director

Chanda Kochhar
Managing Director & CEO

Venkataramanan Vishwanath
Partner
Membership no.: 113156

N. S. Kannan
Executive Director

Vishakha Mulye
Executive

Vijay Chandok
Executive Director

Anup Bagchi
Executive Director

Place: Mumbai
Date: July 27, 2017

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

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

Independent Auditor's Report

To the members of ICICI Bank Limited

Report on the audit of standalone financial statements

We have audited the accompanying standalone financial statements of ICICI Bank Limited (the ' Bank'), which comprise the Balance Sheet as at 31 March 2018, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information in which are incorporated the returns for the year ended on that date audited by the branch auditors of the Bank's branches at Singapore, Bahrain, Hong Kong, Dubai, Qatar, China, South Africa, New York and Sri Lanka.

Management's responsibility for the standalone financial statements

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 state of affairs, profit / loss and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, 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 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on 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 the Rules made thereunder.

Auditor's responsibility *(Continued)*

We conducted our audit of standalone financial statements of the Bank including its branches in accordance with the Standards on Auditing (the ‘Standards’) specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We are also responsible to conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor’s report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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 Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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 Act in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2018, and its profit and its cash flows for the year ended on that date.

Other matter

We did not audit the financial statements of Singapore, Bahrain, Hong Kong, Dubai, Qatar, China, South Africa, New York and Sri Lanka branches included in the standalone financial statements of the Bank, whose financial statements reflect total assets of Rs. 1,352,287 million as at 31 March 2018, total revenues of Rs. 53,427 million for the year ended 31 March 2018 and net cash inflow amounting to Rs. 53,283 million for the year ended 31 March 2018. The financial statements of these branches 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 the amounts and disclosures included in respect of these branches, is based solely on the report of such other auditors. Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

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 Act.

As required by sub-section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:

(a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

(b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

(c) Since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit, we have visited 106 branches. As stated above, returns from branches were received duly audited by other auditors and were found adequate for the purpose of our audit.

Further, as required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

(c) The reports on the accounts of the branch offices of the Bank audited under Section 143 (8) of the Act by the branch auditors have been sent to us and have been properly dealt with by us in preparing this report;

(d) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;

(e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the accounting policies prescribed by RBI;

(f) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) With respect to the adequacy of the internal financial controls with reference to the standalone financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'; and

Independent Auditor's Report *(Continued)*

ICICI Bank Limited

Report on other legal and regulatory requirements (*Continued*)

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 40 to the standalone financial statements;

(ii) The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 40 to the standalone financial statements;

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank; and

(iv) The disclosures required on holdings as well as dealing in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 as envisaged in notification G.S.R. 308(E) dated 30 March 2017 issued by the Ministry of Corporate Affairs is not applicable to the Bank.

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

Venkataramanan Vishwanath
Partner
Membership No:113156

Mumbai
7 May 2018

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

Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

1. We have audited the internal financial controls over financial reporting of ICICI Bank Limited (the 'Bank') as at 31 March 2018 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's responsibility for internal financial controls

2. The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

Auditor's responsibility

3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing (the 'Standards'), issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 Matter 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.

ANNEXURE A to the Independent Auditor's Report of even date on the Standalone Financial Statements of ICICI Bank Limited *(Continued)*

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 the 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.

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 2018, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other matter

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
7 May 2018

ICICI Bank

ICICI BANK LIMITED
Unconsolidated Balance Sheet at March 31, 2018

₹ in '000s

		At 31.03.2018	At 31.03.2017
CAPITAL AND LIABILITIES	Schedule		
Capital	1	12,858,100	11,651,071
Employees stock options outstanding		55,699	62,562
Reserves and surplus	2	1,038,675,565	987,797,070
Deposits	3	5,609,752,085	4,900,390,648
Borrowings	4	1,828,586,206	1,475,561,521
Other liabilities and provisions	5	301,963,958	342,451,588
TOTAL CAPITAL AND LIABILITIES		8,791,891,613	7,717,914,460
ASSETS			
Cash and balances with Reserve Bank of India	6	331,023,817	317,024,051
Balances with banks and money at call and short notice	7	510,669,991	440,106,563
Investments	8	2,029,941,808	1,615,065,454
Advances	9	5,123,952,856	4,642,320,842
Fixed assets	10	79,035,149	78,052,072
Other assets	11	717,267,992	625,345,478
TOTAL ASSETS		8,791,891,613	7,717,914,460
Contingent liabilities	12	12,892,440,018	10,309,937,127
Bills for collection		285,883,604	226,231,852
Significant accounting policies and notes to accounts	17 & 18		

The Schedules referred to above form an integral part of the Unconsolidated 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
DIN-00327684

Uday Madhav Chitale
Director
DIN-00043268

Chanda Kochhar
Managing Director & CEO
DIN-00043617

Venkataramanan Vishwanath
Partner
Membership no.: 113156

N. S. Kannan
Executive Director
DIN-00066009

Vishakha Mulye
Executive Director
DIN-00203578

Vijay Chandok
Executive Director
DIN-01545262

Anup Bagchi
Executive Director
DIN-00105962

Place: Mumbai
Date: May 7, 2018

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

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

ICICI Bank

ICICI BANK LIMITED

Unconsolidated Profit and Loss Account for the year ended March 31, 2018

₹ in '000s

	Schedule	Year ended 31.03.2018	Year ended 31.03.2017
I. INCOME			
Interest earned	13	549,658,922	541,562,793
Other income	14	174,196,326	195,044,831
TOTAL INCOME		723,855,248	736,607,624
II. EXPENDITURE			
Interest expended	15	319,400,463	324,189,585
Operating expenses	16	157,039,436	147,550,576
Provisions and contingencies (refer note 18.40)		179,641,120	166,856,557
TOTAL EXPENDITURE		656,081,019	638,596,718
III. PROFIT/(LOSS)			
Net profit for the year		67,774,229	98,010,906
Profit brought forward		187,449,376	171,321,884
TOTAL PROFIT/(LOSS)		255,223,605	269,332,790
IV. APPROPRIATIONS/TRANSFERS			
Transfer to Statutory Reserve		16,944,000	24,503,000
Transfer to Reserve Fund		10,541	9,824
Transfer to Capital Reserve		25,654,600	52,933,000
Transfer to/(from) Investment Reserve Account		..	..
Transfer to Revenue and other reserves		7,000,000	..
Transfer to Special Reserve		6,000,000	4,500,000
Dividend paid during the year		14,574,649	9,456
Corporate dividend tax paid during the year		87,261	(71,866)
Balance carried over to balance sheet		184,952,554	187,449,376
TOTAL		255,223,605	269,332,790
Significant accounting policies and notes to accounts	17 & 18		
Earnings per share[1] (refer note 18.1)			
Basic (`)		10.56	15.31
Diluted (`)		10.46	15.25
Face value per share (`)		2.00	2.00

The Schedules referred to above form an integral part of the Unconsolidated Profit and Loss Account.

1. Pursuant to the issue of bonus shares by the Bank during the year ended March 31, 2018, earnings per share has been restated for the year ended March 31, 2017.

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
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Uday Madhav Chitale
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Vishakha Mulye
Executive Director
DIN-00203578

Vijay Chandok
Executive Director
DIN-01545262

Anup Bagchi
Executive Director
DIN-00105962

Place: Mumbai
Date: May 7, 2018

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

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

ICICI Bank

ICICI BANK LIMITED
Unconsolidated Cash Flow Statement for the year ended March 31, 2018

₹ in '000s

		Year ended 31.03.2018	Year ended 31.03.2017
Cash flow from/(used in) operating activities			
Profit before taxes		74,345,555	112,786,097
Adjustments for:			
Depreciation and amortisation		8,926,673	8,818,212
Net (appreciation)/depreciation on investments[1]		(24,564,830)	(65,120,985)
Provision in respect of non-performing and other assets		142,445,162	147,343,302
General provision for standard assets		2,771,076	(3,392,346)
Provision for contingencies & others		9,080,155	2,042,186
Income from subsidiaries, joint ventures and consolidated entities		(12,140,645)	(14,190,348)
(Profit)/loss on sale of fixed assets		(38,027)	(21,151)
	(i)	200,825,119	188,264,967
Adjustments for:			
(Increase)/decrease in investments		23,193,089	325,906
(Increase)/decrease in advances		(648,694,293)	(475,008,889)
Increase/(decrease) in deposits		709,361,437	686,133,562
(Increase)/decrease in other assets		(66,412,242)	(17,190,477)
Increase/(decrease) in other liabilities and provisions		(52,290,284)	56,675,413
	(ii)	(34,842,293)	250,935,515
Refund/(payment) of direct taxes	(iii)	(32,946,347)	(46,972,358)
Net cash flow from/(used in) operating activities (i)+(ii)+(iii)	(A)	133,036,479	392,228,124
Cash flow from/(used in) investing activities			
Redemption/sale from/(investments in) subsidiaries and/or joint ventures (including application money)		60,860,496	58,779,642
Income from subsidiaries, joint ventures and consolidated entities		12,140,645	14,190,348
Purchase of fixed assets		(8,240,963)	(7,832,191)
Proceeds from sale of fixed assets		219,081	116,323
(Purchase)/sale of held-to-maturity securities		(454,667,276)	5,200,126
Net cash flow from/(used in) investing activities	(B)	(389,688,017)	70,454,248
Cash flow from/(used in) financing activities			
Proceeds from issue of share capital (including ESOPs)		3,939,495	1,772,579
Proceeds from long-term borrowings		339,671,083	312,175,179
Repayment of long-term borrowings		(329,302,704)	(411,326,836)
Net proceeds/(repayment) of short-term borrowings		341,537,066	(174,602,302)
Dividend and dividend tax paid		(14,661,910)	(31,806,516)
Net cash flow from/(used in) financing activities	(C)	341,183,030	(303,787,896)
Effect of exchange fluctuation on translation reserve	(D)	31,702	(451,281)

ICICI Bank

Unconsolidated Cash Flow Statement for the year ended March 31, 2018

₹ in '000s

		Year ended 31.03.2018	Year ended 31.03.2017
Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C) + (D)		84,563,194	158,443,195
Cash and cash equivalents at beginning of the year		757,130,614	598,687,419
Cash and cash equivalents at end of the year		841,693,808	757,130,614

1. For the year ended March 31, 2018, includes gain on sale of a part of equity investment in the subsidiaries, ICICI Lombard General Insurance Company Limited and ICICI Securities Limited, through initial public offers (IPO) (year ended March 31, 2017: gain on sale of a part of equity investment in a subsidiary, ICICI Prudential Life Insurance Company Limited, through IPO).

2. Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

As per our Report of even date.

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration no.: 101248W/W-100022

M. K. Sharma
Chairman
DIN-00327684

Uday Madhav Chitale
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Managing Director & CEO
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Executive Director
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Vijay Chandok
Executive Director
DIN-01545262

Anup Bagchi
Executive Director
DIN-00105962

Place: Mumbai
Date: May 7, 2018

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

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

Schedules forming part of the unconsolidated balance sheet

₹ in '000s

	At 31.03.2018	At 31.03.2017
SCHEDULE 1 - CAPITAL		
Authorised capital		
10,000,000,000 equity shares of ₹ 2 each (March 31, 2017: 6,375,000,000 equity shares of ₹ 2 each)[1]	20,000,000	12,750,000
15,000,000 shares of ₹ 100 each (March 31, 2017: 15,000,000 shares of ₹ 100 each)[2]	1,500,000	1,500,000
350 preference shares of ₹ 10.0 million each (March 31, 2017: 350 preference shares of ₹ 10.0 million each)[3]	3,500,000	3,500,000
Equity share capital Issued, subscribed and paid-up capital 5,824,476,135 equity shares of ₹ 2 each (March 31, 2017: 5,814,768,430 equity shares)	11,648,952	11,629,537
Add: 603,514,641[4] equity shares of ₹ 2 each (March 31, 2017: 9,707,705 equity shares) issued during the year	1,207,029	19,415
	12,855,981	11,648,952
Add: 266,089 equity shares of ₹ 10 each forfeited (March 31, 2017: 266,089 equity shares)	2,119	2,119
TOTAL CAPITAL	12,858,100	11,651,071

1. Pursuant to the approval of shareholders, the Bank has increased its authorised share capital during the year ended March 31, 2018.
2. 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.
3. Pursuant to RBI circular dated March 30, 2010, the issued and paid-up preference shares are grouped under Schedule 4 - 'Borrowings'.
4. Represents 582,984,544 equity shares issued as bonus shares pursuant to approval by the shareholders of the Bank through postal ballot on June 12, 2017 and 20,530,097 equity shares (year ended March 31, 2017: 9,707,705 equity shares) issued pursuant to exercise of employee stock options during the year ended March 31, 2018.
5. Each equity share of the Bank with face value of ₹ 10 was sub-divided into five equity shares with face value of ₹ 2 each on December 5, 2014.

Schedules forming part of the unconsolidated balance sheet

₹ in '000s

	At 31.03.2018	At 31.03.2017
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory reserve		
Opening balance	212,024,519	187,521,519
Additions during the year	16,944,000	24,503,000
Deductions during the year	..	..
Closing balance	228,968,519	212,024,519
II. Special reserve		
Opening balance	83,790,000	79,290,000
Additions during the year	6,000,000	4,500,000
Deductions during the year	..	..
Closing balance	89,790,000	83,790,000
III. Securities premium		
Opening balance	322,970,033	321,212,411
Additions during the year[1]	3,905,298	1,757,622
Deductions during the year[2]	(1,165,969)	..
Closing balance	325,709,362	322,970,033
IV. Investment reserve account		
Opening balance	..	..
Additions during the year	..	..
Deductions during the year	..	..
Closing balance	..	..
V. Capital reserve		
Opening balance	102,607,125	49,674,125
Additions during the year[3]	25,654,600	52,933,000
Deductions during the year	..	..
Closing balance	128,261,725	102,607,125
VI. Foreign currency translation reserve		
Opening balance	16,531,658	16,982,939
Additions during the year	31,702	..
Deductions during the year	..	(451,281)
Closing balance	16,563,360	16,531,658
VII. Revaluation reserve (refer note 18.34)		
Opening balance	30,421,420	28,174,747
Additions during the year[4]	249,101	2,760,256
Deductions during the year[5]	(638,616)	(513,583)
Closing balance	30,031,905	30,421,420
VIII. Reserve fund		
Opening balance	55,858	46,034
Additions during the year[6]	10,542	9,824
Deductions during the year	..	..
Closing balance	66,400	55,858
IX. Revenue and other reserves		
Opening balance	31,947,081	31,433,498
Additions during the year	7,638,615	513,583
Deductions during the year	..	..
Closing balance	39,585,696	31,947,081
X. Balance in profit and loss account[7]	179,698,598	187,449,376
TOTAL RESERVES AND SURPLUS	1,038,675,565	987,797,070

1. Represents amount on account of exercise of employee stock options.
2. Represents amount utilised on account of issuance of bonus shares during the year ended March 31, 2018.
3. 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.
4. Represents gain on revaluation of premises carried out by the Bank.
5. Represents amount transferred from Revaluation Reserve to General Reserve on account of incremental depreciation charge on revaluation amounting to ₹ 572.4 million (year ended March 31, 2017: ₹ 494.9 million) and revaluation surplus on assets sold amounting to ₹ 66.2 million (year ended March 31, 2017: ₹ 18.7 million) for the year ended March 31, 2018.
6. Includes appropriations made to Reserve Fund in accordance with regulations applicable to Sri Lanka branch.
7. Includes deduction amounting to ₹ 5,254.0 million as provision for frauds on non-retail accounts, which will be reversed and recognised through profit and loss account in the subsequent quarters of the next financial year as permitted by RBI. Refer note 18.43 - Details of provisioning pertaining to fraud accounts.

ICICI Bank

Schedules forming part of the unconsolidated balance sheet

₹ in '000s

	At 31.03.2018	At 31.03.2017
SCHEDULE 3 - DEPOSITS		
A. I. Demand deposits		
i) From banks	66,198,901	52,925,544
ii) From others	823,383,452	696,908,936
II. Savings bank deposits	2,009,670,527	1,718,384,859
III. Term deposits		
i) From banks	115,526,501	97,676,104
ii) From others	2,594,972,704	2,334,495,205
TOTAL DEPOSITS	5,609,752,085	4,900,390,648
B. I. Deposits of branches in India	5,560,172,442	4,831,184,802
II. Deposits of branches outside India	49,579,643	69,205,846
TOTAL DEPOSITS	5,609,752,085	4,900,390,648

₹ in '000s

	At 31.03.2018	At 31.03.2017
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	115,920,000	..
ii) Other banks	26,811,250	6,485,000
iii) Other institutions and agencies		
a) Government of India	..	..
b) Financial institutions	228,142,451	103,500,002
iv) Borrowings in the form of bonds and debentures (excluding subordinated debt)	209,052,250	188,734,247
v) Application money-bonds	..	..
vi) Capital instruments		
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital)	94,800,000	39,430,000
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital)	84,035,112	84,982,344
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)	136,007,107	159,625,635
TOTAL BORROWINGS IN INDIA	898,268,170	586,257,228
II. Borrowings outside India		
i) Capital instruments		
Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital)	..	58,365,000
ii) Bonds and notes	414,847,916	420,662,435
iii) Other borrowings	515,470,120	410,276,858
TOTAL BORROWINGS OUTSIDE INDIA	930,318,036	889,304,293
TOTAL BORROWINGS	1,828,586,206	1,475,561,521

1. Secured borrowings in I and II above amount to Nil (March 31, 2017: Nil) except borrowings of ₹ 164,562.5 million (March 31, 2017: ` 9.5 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.

Schedules forming part of the unconsolidated balance sheet

₹ in '000s

	At 31.03.2018	At 31.03.2017
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable[1]	71,724,980	81,674,074
II. Inter-office adjustments (net)	976,360	1,759,072
III. Interest accrued	32,725,823	31,641,555
IV. Sundry creditors	65,150,053	72,389,126
V. General provision for standard assets (refer note 18.20)	25,906,623	23,126,189
VI. Others (including provisions)[1,2]	105,480,119	131,861,572
TOTAL OTHER LIABILITIES AND PROVISIONS	301,963,958	342,451,588

1. Balances in travel and prepaid card accounts amounting to ₹ 10,910.4 million have been re-classified from line item 'VI. Others (including provisions)' to line item 'I. Bills payable' for the year ended March 31, 2017, in accordance with RBI guidelines.
2. Includes specific provision for standard loans amounting to ₹ 7,967.1 million (March 31, 2017: ₹ 21,023.8 million).

₹ in '000s

	At 31.03.2018	At 31.03.2017
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	80,447,910	71,939,219
II. Balances with Reserve Bank of India in current accounts	250,575,907	245,084,832
TOTAL CASH AND BALANCES WITH RESERVE BANK OF INDIA	331,023,817	317,024,051

₹ in '000s

	At 31.03.2018	At 31.03.2017
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with banks		
a) In current accounts	2,770,626	3,697,412
b) In other deposit accounts	2,078,261	103,856
ii) Money at call and short notice		
a) With banks	190,613,750	285,000,000
b) With other institutions	26,044,514	3,130,204
TOTAL	221,507,151	291,931,472
II. Outside India		
i) In current accounts	167,043,020	82,887,328
ii) In other deposit accounts	43,441,376	17,763,767
iii) Money at call and short notice	78,678,444	47,523,996
TOTAL	289,162,840	148,175,091
TOTAL BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	510,669,991	440,106,563

Schedules forming part of the unconsolidated balance sheet

₹ in '000s

	At 31.03.2018	At 31.03.2017
SCHEDULE 8 - INVESTMENTS		
I. Investments in India [net of provisions]		
i) Government securities	1,391,852,905	1,104,083,563
ii) Other approved securities	..	..
iii) Shares (includes equity and preference shares)	23,780,704	27,419,207
iv) Debentures and bonds	153,889,101	100,750,028
v) Subsidiaries and/or joint ventures[1]	61,488,797	62,405,039
vi) Others (commercial paper, mutual fund units, pass through certificates, security receipts, certificate of deposits and other related investments)	331,088,034	247,041,706
TOTAL INVESTMENTS IN INDIA	1,962,099,541	1,541,699,543
II. Investments outside India [net of provisions]		
i) Government securities	23,477,202	21,051,830
ii) Subsidiaries and/or joint ventures abroad (includes equity and preference shares)	36,826,862	40,817,388
iii) Others (equity shares, bonds and certificate of deposits)	7,538,203	11,496,693
TOTAL INVESTMENTS OUTSIDE INDIA	67,842,267	73,365,911
TOTAL INVESTMENTS	2,029,941,808	1,615,065,454
A. Investments in India		
Gross value of investments	2,003,754,441	1,576,298,484
Less: Aggregate of provision/depreciation/(appreciation)	41,654,900	34,598,941
Net investments	1,962,099,541	1,541,699,543
B. Investments outside India		
Gross value of investments	73,275,153	74,196,748
Less: Aggregate of provision/depreciation/(appreciation)	5,432,886	830,837
Net investments	67,842,267	73,365,911
TOTAL INVESTMENTS	2,029,941,808	1,615,065,454

1. During the year ended March 31, 2018, the Bank sold a part of its equity investment in the subsidiaries, ICICI Lombard General Insurance Company Limited and ICICI Securities Limited, through initial public offers (IPO) (year ended March 31, 2017: sale of a part of equity investment in a subsidiary, ICICI Prudential Life Insurance Company Limited, through IPO).
2. Refer note 18.11 - Investments and note 18.12 - Non-SLR Investments.

Schedules forming part of the unconsolidated balance sheet

₹ in '000s

	At 31.03.2018	At 31.03.2017
SCHEDULE 9 - ADVANCES [net of provisions]		
A. i) Bills purchased and discounted[1]	282,717,624	205,535,584
ii) Cash credits, overdrafts and loans repayable on demand	1,302,545,244	1,025,441,344
iii) Term loans	3,538,689,988	3,411,343,914
TOTAL ADVANCES	5,123,952,856	4,642,320,842
B. i) Secured by tangible assets (includes advances against book debts)	3,772,296,920	3,590,021,442
ii) Covered by bank/government guarantees	81,194,562	85,095,391
iii) Unsecured	1,270,461,374	967,204,009
TOTAL ADVANCES	5,123,952,856	4,642,320,842
C. I. Advances in India		
i) Priority sector	929,701,682	1,065,527,064
ii) Public sector	197,704,530	129,991,400
iii) Banks	777,335	3,448,842
iv) Others	3,351,468,495	2,693,419,652
TOTAL ADVANCES IN INDIA	4,479,652,042	3,892,386,958
II. Advances outside India		
i) Due from banks	18,706,876	3,727,321
ii) Due from others		
a) Bills purchased and discounted	89,025,272	60,382,775
b) Syndicated and term loans	379,320,030	505,610,525
c) Others	157,248,636	180,213,263
TOTAL ADVANCES OUTSIDE INDIA	644,300,814	749,933,884
TOTAL ADVANCES	5,123,952,856	4,642,320,842

1. Net of bills re-discounted amounting to Nil (March 31, 2017: Nil).

Schedules forming part of the unconsolidated balance sheet

₹ in '000s

	At 31.03.2018	At 31.03.2017
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
Gross block		
At cost at March 31 of preceding year	72,701,320	69,336,049
Additions during the year[1]	1,501,268	3,795,192
Deductions during the year	(281,464)	(429,921)
Closing balance	73,921,124	72,701,320
Less: Depreciation to date[2]	(13,795,329)	(12,189,563)
Net block[3]	60,125,795	60,511,757
II. Other fixed assets (including furniture and fixtures)		
Gross block		
At cost at March 31 of preceding year	53,522,935	50,133,048
Additions during the year	7,493,392	6,167,987
Deductions during the year	(1,431,327)	(2,778,100)
Closing balance	59,585,000	53,522,935
Less: Depreciation to date[4]	(43,090,256)	(38,397,243)
Net block	16,494,744	15,125,692
III. Assets given on lease		
Gross block		
At cost at March 31 of preceding year	16,904,628	17,299,544
Additions during the year	..	..
Deductions during the year	(189,999)	(394,916)
Closing balance	16,714,629	16,904,628
Less: Depreciation to date, accumulated lease adjustment and provisions[5]	(14,300,019)	(14,490,005)
Net block	2,414,610	2,414,623
TOTAL FIXED ASSETS	79,035,149	78,052,072

1. Includes revaluation gain amounting to ₹ 249.1 million on account of revaluation carried out by the Bank (March 31, 2017: ₹ 2,760.3 million).
2. Includes depreciation charge amounting to ₹ 1,754.3 million for the year ended March 31, 2018 (year ended March 31, 2017: ` 1,721.9 million), including depreciation charge of ₹ 572.4 million for the year ended March 31, 2018 (year ended March 31, 2017: ₹ 494.9 million) on account of revaluation.
3. Includes assets of ₹ 37.4 million (March 31, 2017: ₹ 72.0 million) which are held for sale.
4. Includes depreciation charge amounting to ₹ 6,053.1 million for the year ended March 31, 2018 (year ended March 31, 2017: ₹ 5,854.6 million).
5. The depreciation charge/lease adjustment/provisions is an insignificant amount for the year ended March 31, 2018 (year ended March 31, 2017: insignificant amount).

Schedules forming part of the unconsolidated balance sheet

₹ in '000s

		At 31.03.2018	At 31.03.2017
SCHEDULE 11 - OTHER ASSETS			
I.	Inter-office adjustments (net)	..	..
II.	Interest accrued	69,899,215	57,769,472
III.	Tax paid in advance/tax deducted at source (net)	61,699,162	55,371,313
IV.	Stationery and stamps	1,375	1,180
V.	Non-banking assets acquired in satisfaction of claims[1,2,3]	19,650,832	25,327,852
VI.	Advances for capital assets	1,215,031	1,734,228
VII.	Deposits	14,146,176	11,246,046
VIII.	Deferred tax assets (net) (refer note 18.42)	74,770,217	54,722,268
IX.	Deposits in Rural Infrastructure and Development Fund	269,249,912	241,126,021
X.	Others[4]	206,636,072	178,047,098
TOTAL OTHER ASSETS		717,267,992	625,345,478

1. During the year ended March 31, 2018, the Bank acquired assets amounting to ₹ 952.6 million (year ended March 31, 2017: ₹ 16,252.2 million) in satisfaction of claims under debt-asset swap transactions with certain borrowers. Assets amounting to ₹ 279.1 million were sold during the year ended March 31, 2018 (year ended March 31, 2017: ₹ 500.3 million).
2. During the year ended March 31, 2018, the Bank converted certain non-banking assets into banking assets amounting to ₹ 345.6 million (year ended March 31, 2017: ₹ 288.5 million).
3. Represents balance net of provision held amounting to ₹ 13,184.2 million (March 31, 2017: ₹ 7,401.2 million).
4. Includes receivable amounting to ₹ 3,988.7 million pertaining to a non-performing loan sold during the year ended March 31, 2018, which was received by the Bank on April 2, 2018.

₹ in '000s

		At 31.03.2018	At 31.03.2017
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the Bank not acknowledged as debts	62,660,192	46,433,936
II.	Liability for partly paid investments	12,455	12,455
III.	Liability on account of outstanding forward exchange contracts[1]	4,326,689,229	4,272,338,374
IV.	Guarantees given on behalf of constituents		
	a) In India	747,815,379	726,798,240
	b) Outside India	197,543,699	203,192,612
V.	Acceptances, endorsements and other obligations	410,036,446	478,371,361
VI.	Currency swaps[1]	416,989,369	410,829,581
VII.	Interest rate swaps, currency options and interest rate futures[1]	6,592,928,249	4,131,188,719
VIII.	Other items for which the Bank is contingently liable	137,765,000	40,771,849
TOTAL CONTINGENT LIABILITIES		12,892,440,018	10,309,937,127

1. Represents notional amount.
2. Refer note 18.16 - Exchange traded interest rate derivatives and currency derivatives and note 18.17 - Forward rate agreement (FRA)/Interest rate swaps (IRS)/Cross currency swaps (CCS).
3. Refer note 18.36 - Description of contingent liabilities.

Schedules forming part of the unconsolidated profit and loss account

₹ in '000s

	Year ended 31.03.2018	Year ended 31.03.2017
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	408,662,070	396,033,926
II. Income on investments	115,681,704	113,770,721
III. Interest on balances with Reserve Bank of India and other inter-bank funds	6,633,788	4,954,607
IV. Others[1,2]	18,681,360	26,803,539
TOTAL INTEREST EARNED	549,658,922	541,562,793

1. Includes interest on income tax refunds amounting to ₹ 2,625.9 million (March 31, 2017: ₹ 4,507.1 million).
2. Includes interest and amortisation of premium on non-trading interest rate swaps and foreign currency swaps.

₹ in '000s

	Year ended 31.03.2018	Year ended 31.03.2017
SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	87,894,054	80,348,880
II. Profit/(loss) on sale of investments (net)[1,2]	63,058,535	88,139,431
III. Profit/(loss) on revaluation of investments (net)	(5,161,974)	(1,907,142)
IV. Profit/(loss) on sale of land, buildings and other assets (net)[3]	38,027	21,151
V. Profit/(loss) on exchange/derivative transactions (net)	15,431,519	13,552,152
VI. Income earned by way of dividends, etc. from subsidiary companies and/or joint ventures abroad/in India	12,140,645	14,190,348
VII. Miscellaneous income (including lease income)	795,520	700,011
TOTAL OTHER INCOME	174,196,326	195,044,831

1. For the year ended March 31, 2018, includes gain on sale of a part of equity investment in the subsidiaries, ICICI Lombard General Insurance Company Limited and ICICI Securities Limited, through initial public offers (IPO) (year ended March 31, 2017: gain on sale of a part of equity investment in a subsidiary, ICICI Prudential Life Insurance Company Limited, through IPO).
2. Refer note 18.11 - Investments.
3. Includes profit/(loss) on sale of assets given on lease.

₹ in '000s

	Year ended 31.03.2018	Year ended 31.03.2017
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	234,287,704	228,716,676
II. Interest on Reserve Bank of India/inter-bank borrowings	9,493,244	9,967,203
III. Others (including interest on borrowings of erstwhile ICICI Limited)	75,619,515	85,505,706
TOTAL INTEREST EXPENDED	319,400,463	324,189,585

₹ in '000s

	Year ended 31.03.2018	Year ended 31.03.2017
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	59,139,503	57,337,052
II. Rent, taxes and lighting[1]	11,763,808	11,137,184
III. Printing and stationery	1,770,857	1,760,972
IV. Advertisement and publicity	4,013,714	2,880,587
V. Depreciation on Bank's property	7,807,420	7,576,498
VI. Depreciation (including lease equalisation) on leased assets	12	12
VII. Directors' fees, allowances and expenses	15,292	23,720
VIII. Auditors' fees and expenses	83,883	78,260
IX. Law charges	805,748	691,079
X. Postages, courier, telephones, etc.	3,728,904	3,430,089
XI. Repairs and maintenance	14,856,619	11,460,088
XII. Insurance	5,484,575	4,628,895
XIII. Direct marketing agency expenses	13,035,643	11,078,152
XIV. Other expenditure[2]	34,533,458	35,467,988
TOTAL OPERATING EXPENSES	157,039,436	147,550,576

1. Includes lease expense amounting to ₹ 8,966.3 million (March 31, 2017: ₹ 8,174.7 million).
2. Net of recoveries from group companies towards shared services.

SCHEDULE 18

NOTES FORMING PART OF THE ACCOUNTS

The following disclosures have been made taking into account the requirements of Accounting Standards (ASs) and Reserve Bank of India (RBI) guidelines in this regards.

1. Earnings per share

Basic and diluted earnings per equity share are computed in accordance with AS 20 – Earnings per share. Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year.

The following table sets forth, for the periods indicated, the computation of earnings per share.

` in million, except per share data

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Basic		
Weighted average number of equity shares outstanding	6,417,180,759	6,401,835,901
Net profit attributable to equity share holders	67,774.2	98,010.9
Basic earnings per share (`)	10.56	15.31
Diluted		
Weighted average number of equity shares outstanding	6,482,375,300	6,428,315,579
Net profit attributable to equity share holders	67,774.2	98,010.9
Diluted earnings per share (`)[2]	10.46	15.25
Nominal value per share (`)	2.00	2.00

1. Pursuant to the issue of bonus shares by the Bank during the year ended March 31, 2018, number of shares and per share information has been restated for the year ended March 31, 2017.
2. The dilutive impact is due to options granted to employees by the Bank.

2. Business/information ratios

The following table sets forth, for the periods indicated, the business/information ratios.

Sr. No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
1.	Interest income to working funds[1]	7.06%	7.43%
2.	Non-interest income to working funds[1]	2.24%	2.68%
3.	Operating profit to working funds[1,2]	3.18%	3.64%
4.	Return on assets[3]	0.87%	1.35%
5.	Net profit per employee[4] (` in million)	0.8	1.2
6.	Business (average deposits plus average advances) per employee[4,5] (` in million)	107.8	98.9

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 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.
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.

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, 2018, Basel III guidelines require the Bank to maintain a minimum Capital to Risk-Weighted Assets Ratio (CRAR) of 10.975% with minimum CET1 CRAR of 7.475% and minimum Tier-1 CRAR of 8.975%. The minimum total CRAR, Tier-1 CRAR and CET1 CRAR requirement include capital conservation buffer of 1.875% and additional capital requirement of 0.10% on account of the Bank being designated as Domestic Systemically Important Bank.

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

` in million, except percentages

Particulars	At March 31, 2018	At March 31, 2017
CET1 CRAR (%)	14.43%	13.74%
Tier-1 CRAR (%)	15.92%	14.36%
Tier-2 CRAR (%)	2.50%	3.03%
Total CRAR (%)	18.42%	17.39%
Amount of equity capital raised	..	..
Amount of Additional Tier-1 capital raised; of which		
a) Perpetual Non-Cumulative Preference Shares	..	..
b) Perpetual Debt Instruments	55,550.0	34,250.0
Amount of Tier-2 capital raised; of which		
a) Debt Capital Instruments	..	..
b) 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 a phased manner from January 1, 2015 as given below.

Starting from January 1	2015	2016	2017	2018	2019
Minimum LCR	60.0%	70.0%	80.0%	90.0%	100.0%

The following tables set forth, for the periods indicated, the quarterly average of unweighted and weighted values of the LCR of the Bank. The simple average has been computed based on daily values.

` in million

Sr. No.	Particulars	Three months ended March 31, 2018		Three months ended March 31, 2017	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High quality liquid assets					
1.	Total high quality liquid assets	N.A.	1,051,010.5	N.A.	971,361.1
Cash outflows					
2.	Retail deposits and deposits from small business customers, of which:	3,112,229.1	284,256.3	2,863,944.4	259,883.3
(i)	Stable deposits	539,332.4	26,966.6	530,223.1	26,511.2
(ii)	Less stable deposits	2,572,896.7	257,289.7	2,333,721.3	233,372.1
3.	Unsecured wholesale funding, of which:	1,509,284.6	787,868.8	1,191,100.3	674,631.1
(i)	Operational deposits (all counterparties)	332,945.6	83,236.4	274,266.8	68,566.7
(ii)	Non-operational deposits (all counterparties)	1,080,293.7	608,587.1	835,289.0	524,519.9
(iii)	Unsecured debt	96,045.3	96,045.3	81,544.5	81,544.5
4.	Secured wholesale funding	N.A.	0.5	N.A.	20.2
5.	Additional requirements, of which:	412,412.9	102,112.1	550,684.2	148,926.3
(i)	Outflows related to derivative exposures and other collateral requirements	54,873.2	54,873.2	84,355.5	84,355.5
(ii)	Outflows related to loss of funding on debt products	321.3	321.3	354.7	354.7
(iii)	Credit and liquidity facilities	357,218.4	46,917.6	465,974.0	64,216.1
6.	Other contractual funding obligations	79,394.0	79,394.0	106,326.0	106,326.0
7.	Other contingent funding obligations	1,940,166.6	74,522.5	1,824,755.6	68,745.4
8.	Total cash outflows	N.A.	1,328,154.2	N.A.	1,258,532.3
9.	Secured lending (e.g. reverse repos)	50,994.0	4.5	158,596.8	..
10.	Inflows from fully performing exposures	432,268.3	364,081.4	296,648.1	227,647.6
11.	Other cash inflows	45,186.8	27,789.9	58,661.5	36,351.6
12.	Total cash inflows	528,449.1	391,875.8	513,906.4	263,999.2
13.	Total HQLA	N.A.	1,051,010.5	N.A.	971,361.1
14.	Total net cash outflows (8)-(12)	N.A.	936,278.4	N.A.	994,533.1
15.	Liquidity coverage ratio (%)	N.A.	112.25%	N.A.	97.67%

` in million

Sr. No.	Particulars	Three months ended December 31, 2017		Three months ended September 30, 2017		Three months ended June 30, 2017	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High quality liquid assets							
1.	Total high quality liquid assets	N.A.	980,012.2	N.A.	932,302.7	N.A.	942,795.5
Cash outflows							
2.	Retail deposits and deposits from small business customers, of which:	3,042,471.8	278,330.0	2,956,710.1	270,733.0	2,912,193.2	266,892.7
(i)	Stable deposits	518,342.8	25,917.1	498,759.9	24,938.0	486,532.5	24,326.6
(ii)	Less stable deposits	2,524,129.0	252,412.9	2,457,950.2	245,795.0	2,425,660.7	242,566.1
3.	Unsecured wholesale funding, of which:	1,428,318.5	737,099.3	1,346,534.2	693,031.9	1,303,929.4	687,643.7
(i)	Operational deposits (all counterparties)	320,769.8	80,192.4	293,994.2	73,498.5	293,633.6	73,408.4
(ii)	Non-operational deposits (all counterparties)	1,048,671.7	598,029.9	1,022,467.1	589,460.5	957,827.7	561,767.2
(iii)	Unsecured debt	58,877.0	58,877.0	30,072.9	30,072.9	52,468.1	52,468.1
4.	Secured wholesale funding	N.A.	15.2	N.A.	..	N.A.	..
5.	Additional requirements, of which:	514,601.4	117,646.0	539,932.1	117,922.4	511,234.8	118,756.1
(i)	Outflows related to derivative exposures and other collateral requirements	59,040.3	59,040.3	57,827.6	57,827.6	59,159.5	59,159.5
(ii)	Outflows related to loss of funding on debt products	321.9	321.9	347.8	347.8	347.1	347.1
(iii)	Credit and liquidity facilities	455,239.2	58,283.8	481,756.7	59,747.0	451,728.2	59,249.5
6.	Other contractual funding obligations	79,628.1	79,628.1	87,864.1	87,864.1	75,950.9	75,950.9
7.	Other contingent funding obligations	1,895,283.1	72,581.8	1,770,342.7	67,739.3	1,813,323.3	68,455.3
8.	Total cash outflows	N.A.	1,285,300.4	N.A.	1,237,290.7	N.A.	1,217,698.7
9.	Secured lending (e.g. reverse repos)	58,374.8	1.9	65,009.4	..	96,918.4	..

Sr. No.	Particulars	Three months ended December 31, 2017		Three months ended September 30, 2017		Three months ended June 30, 2017	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
10.	Inflows from fully performing exposures	362,514.9	299,072.0	333,292.7	256,373.1	303,300.0	231,349.4
11.	Other cash inflows	48,015.6	30,721.3	55,064.8	34,485.1	57,371.9	37,316.4
12.	Total cash inflows	468,905.3	329,795.2	453,366.9	290,858.2	457,590.3	268,665.8
13.	Total HQLA	N.A.	980,012.2	N.A.	932,302.7	N.A.	942,795.5
14.	Total net cash outflows (8)-(12)	N.A.	955,505.2	N.A.	946,432.5	N.A.	949,032.9
15.	Liquidity coverage ratio (%)	N.A.	102.56%	N.A.	98.51%	N.A.	99.34%

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 the overseas branches is maintained taking into consideration both host country and the RBI regulations.

The Bank during the three months ended March 31, 2018 maintained average HQLA (after haircut) of ` 1,051,010.5 million (March 31, 2017: ` 971,361.1 million) against the average liquidity requirement of ` 842,650.4 million (March 31, 2017: ` 795,626.5 million) at minimum LCR requirement of 90.0% (March 31, 2017: 80.0%). HQLA primarily includes government securities in excess of minimum statutory liquidity ratio (SLR) and to the extent allowed under marginal standing facility (MSF) and facility to avail liquidity for LCR (FALLCR) of ` 815,035.6 million (March 31, 2017: ` 806,903.7 million). Additionally, cash balance in excess of cash reserve requirement with RBI and balances with central banks of countries where the Bank's branches are located amounted to ` 160,400.8 million (March 31, 2017: ` 100,448.7 million). Further, average level 2 assets primarily consisting of AA- and above rated corporate bonds and commercial papers, amounted to ` 50,909.9 million (March 31, 2017: ` 36,348.1 million).

At March 31, 2018, top liability products/instruments and their percentage contribution to the total liabilities of the Bank were term deposits 30.83% (March 31, 2017: 31.51%), savings account deposits 22.86% (March 31, 2017: 22.27%), bond borrowings 10.68% (March 31, 2017: 12.33%) and current account deposits 10.12% (March 31, 2017: 9.72%). Top 20 depositors constituted 6.20% (March 31, 2017: 7.04%) of total deposits of the Bank at March 31, 2018. 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 8.92% (March 31, 2017: 10.26%) of the total liabilities of the Bank at March 31, 2018.

The weighted cash outflows are primarily driven by unsecured wholesale funding which includes operational deposits, non-operational deposits and unsecured debt. During the three months ended March 31, 2018, unsecured wholesale funding contributed 59.32% (March 31, 2017: 53.60%) 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 21.40% (March 31, 2017: 20.65%) and 5.61% (March 31, 2017:

5.46%) of the total weighted cash outflows, respectively. The other contingent funding obligations primarily include bank guarantees (BGs) and letters of credit (LCs) issued on behalf of the Bank's clients.

In view of the margin rules for non-centrally cleared derivative transactions issued by the Basel Committee on Banking Supervision and RBI, currently in a draft stage, certain derivative transactions would be subject to margin reset and consequent collateral exchange would be as governed by Credit Support Annex (CSA). The margin rules are applicable for both the domestic and overseas operations of the Bank. The Bank has entered into CSAs which would require maintenance of collateral due to valuation changes on transactions under the CSA framework. The Bank considers the increased liquidity requirement on account of valuation changes in the transactions settled through Qualified Central Counterparties (QCCP) in India including the Clearing Corporation of India (CCIL) and other exchange houses as well as for transactions covered under CSAs. The potential outflows on account of such transactions have been considered based on the look-back approach prescribed in the RBI guidelines.

The average LCR of the Bank for the three months ended March 31, 2018 was 112.25% (March 31, 2017: 97.67%). During the three months ended March 31, 2018, other than Indian Rupee, USD was the only significant foreign currency which constituted more than 5.00% of the balance sheet size of the Bank. The average LCR of the Bank for USD currency, computed based on month-end LCR values, was 112.57% for the three months ended March 31, 2018 (March 31, 2017: 44.51%).

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 Basel Committee on Banking Supervision (BCBS) document 'International Convergence of Capital Measurement and Capital Standards: A Revised Framework'. This segment also includes income from credit cards, debit cards, third party product distribution and the associated costs.
- **Wholesale Banking** includes all advances to trusts, partnership firms, companies and statutory bodies, which are not included under Retail Banking.
- **Treasury** includes the entire investment and derivative portfolio of the Bank.
- **Other Banking** includes leasing operations and other items not attributable to any particular business segment.

Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

All liabilities are transfer priced to a central treasury unit, which pools all funds and lends to the business units at appropriate rates based on the relevant maturity of assets being funded after adjusting for regulatory reserve requirements.

The transfer pricing mechanism of the Bank is periodically reviewed. The segment results are determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

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

` in million

Sr. No.	Particulars	For the year ended March 31, 2018 Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1.	Revenue	502,625.4	300,940.2	519,603.8	12,787.2	1,335,956.6
2.	Less: Inter-segment revenue					612,101.4
3.	Total revenue (1)–(2)					723,855.2
4.	Segment results	71,414.2	(82,813.0)	81,149.3	4,595.0	74,345.5
5.	Unallocated expenses					..
6.	Operating profit (4)-(5)					74,345.5
7.	Income tax expenses (including deferred tax credit)					6,571.3
8.	Net profit (6)-(7)					67,774.2
9.	Segment assets	2,586,385.4	2,657,712.2	3,303,399.8	107,924.8	8,655,422.2
10.	Unallocated assets[1]					136,469.4
11.	Total assets (9)+(10)					8,791,891.6
12.	Segment liabilities	4,135,023.7	1,672,682.4	2,946,198.7[2]	37,986.8	8,791,891.6
13.	Unallocated liabilities					..
14.	Total liabilities (12)+(13)					8,791,891.6
15.	Capital expenditure	7,393.7	1,302.8	24.3	24.8	8,745.6
16.	Depreciation	6,665.6	1,081.8	17.7	42.3	7,807.4

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax assets (net).
2. Includes share capital and reserves and surplus.

` in million

For the year ended March 31, 2017						
Sr. No.	Particulars	Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1.	Revenue	453,911.8	306,405.7	545,629.9	18,640.9	1,324,588.3
2.	Less: Inter-segment revenue					587,980.7
3.	Total revenue (1)-(2)					736,607.6
4.	Segment results	53,853.0	(74,341.1)	126,707.0	6,567.3	112,786.2
5.	Unallocated expenses					..
6.	Operating profit (4)-(5)					112,786.2
7.	Income tax expenses (including deferred tax credit)					14,775.2
8.	Net profit (6)-(7)					98,011.0
9.	Segment assets	2,136,950.4	2,612,652.8	2,748,218.4	109,999.3	7,607,820.9
10.	Unallocated assets[1]					110,093.6
11.	Total assets (9)+(10)					7,717,914.5
12.	Segment liabilities	3,678,085.9	1,495,191.4	2,510,968.2[2]	33,669.0	7,717,914.5
13.	Unallocated liabilities					..
14.	Total liabilities (12)+(13)					7,717,914.5
15.	Capital expenditure	6,547.3	616.2	19.4	20.0	7,202.9
16.	Depreciation	6,396.2	1,108.6	15.6	56.1	7,576.5

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

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

` in million

Revenues	Year ended March 31, 2018	Year ended March 31, 2017
Domestic operations	685,764.0	682,895.7
Foreign operations	38,091.2	53,711.9
Total	723,855.2	736,607.6

` in million

Assets	At March 31, 2018	At March 31, 2017
Domestic operations	7,724,037.0	6,661,570.6
Foreign operations	931,385.2	946,250.3
Total	8,655,422.2	7,607,820.9

Segment assets do not include tax paid in advance/tax deducted at source (net) and deferred tax assets (net).

The following table sets forth, for the periods indicated, capital expenditure and depreciation thereon for the geographical segments.

` in million

Particulars	Capital expenditure incurred during		Depreciation provided during	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Domestic operations	8,584.1	7,150.3	7,739.8	7,507.4
Foreign operations	161.5	52.6	67.6	69.1
Total	8,745.6	7,202.9	7,807.4	7,576.5

6. Maturity pattern

The following table sets forth, the maturity pattern of assets and liabilities of the Bank at March 31, 2018.

` in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1]	Total foreign currency assets[2]	Total foreign currency liabilities[2]
Day 1	8,269.3	248,957.1	92,186.7	..	12,974.8	1,597.0
2 to 7 days	45,366.0	220,653.2	435,307.2	155,100.1	320,146.2	8,076.4
8 to 14 days	51,069.5	80,973.0	142,865.4	31,043.3	18,014.4	23,194.4
15 to 30 days	114,084.8	100,440.0	83,340.3	48,153.1	45,594.1	42,027.0
31 days to 2 months	176,811.3	40,682.1	195,498.1	51,716.4	67,639.3	29,495.8
2 to 3 months	211,245.8	54,101.1	161,686.7	78,375.8	60,259.6	74,672.7
3 to 6 months	448,622.1	99,057.9	294,857.1	97,585.3	104,404.0	119,756.2
6 months to 1 year	552,756.4	191,411.3	487,247.8	215,439.8	113,605.0	211,011.2
1 to 3 years	1,240,469.0	274,485.7	557,322.3	531,721.2	162,479.4	418,914.5
3 to 5 years	905,127.2	275,685.9	1,586,822.7	267,450.8	88,163.8	117,477.0
Above 5 years	1,370,131.5	443,494.5	1,572,617.8	352,000.4	227,599.5	113,742.0
Total	5,123,952.9	2,029,941.8	5,609,752.1	1,828,586.2	1,220,880.1	1,159,964.2

1. Includes foreign currency balances.
2. Excludes off-balance sheet assets and liabilities.

The following table sets forth the maturity pattern of assets and liabilities of the Bank at March 31, 2017.

` in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1]	Total foreign currency assets[2]	Total foreign currency liabilities[2]
Day 1	8,757.4	175,720.4	72,285.3	..	14,070.1	1,379.8
2 to 7 days	41,128.1	87,210.4	375,542.3	13,124.4	172,411.2	25,643.2
8 to 14 days	33,216.1	50,137.2	106,138.4	9,924.6	17,866.8	17,007.1
15 to 30 days	86,614.9	78,397.8	77,275.1	80,377.4	37,280.8	90,888.0
31 days to 2 months	129,995.7	53,584.0	120,950.4	19,904.6	46,376.4	27,826.0
2 to 3 months	185,675.5	39,010.8	187,419.8	50,256.1	48,937.3	45,818.3
3 to 6 months	322,603.3	92,171.7	359,444.8	67,702.8	76,970.3	58,216.4
6 months to 1 year	517,143.6	105,792.2	326,211.4	231,641.7	110,974.7	218,095.5
1 to 3 years	1,284,125.8	208,006.9	497,017.3	468,435.2	234,380.5	393,384.5
3 to 5 years	924,537.2	285,991.2	1,393,293.3	215,539.9	171,209.0	126,716.6
Above 5 years	1,108,523.3	439,042.9	1,384,812.7	318,654.9	212,846.9	102,490.1
Total	4,642,320.8	1,615,065.5	4,900,390.6	1,475,561.5	1,143,324.0	1,107,465.5

1. Includes foreign currency balances.
2. Excludes off-balance sheet assets and liabilities.

The estimates and assumptions used by the Bank for classification of assets and liabilities under the different maturity buckets is based on the returns submitted to RBI for the relevant periods.

7. Preference shares

At March 31, 2018, certain government securities amounting to ` 3,338.9 million (March 31, 2017: ` 3,219.7 million) were earmarked against redemption of preference shares issued by the Bank. The preference shares have been subsequently redeemed after approval from RBI on April 20, 2018, as per the original terms of the issue.

8. Employee Stock Option Scheme (ESOS)

In terms of the ESOS, as amended, the maximum number of options granted to any eligible employee in a financial year shall not exceed 0.05% of the issued equity shares of the Bank at the time of grant of the options and aggregate of all such options granted to the eligible employees shall not exceed 10% of the aggregate number of the issued equity shares of the Bank on the date(s) of the grant of options in line with SEBI Regulations. Under the stock option scheme, eligible employees are entitled to apply for equity shares. In April 2016, exercise period was modified from 10 years from the date of grant or five years from the date of vesting, whichever is later, to 10 years from the date of vesting of options. In June 2017, exercise period was further modified to not exceed 10 years from the date of vesting of options as may be determined by the Board Governance, Remuneration & Nomination Committee to be applicable for future grants.

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 vested to the extent of 50% on April 30, 2017 and the balance vested on April 30, 2018 and option granted in September 2015 which would vest to the extent of 50% on April 30, 2018 and balance 50% would vest 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), all the unvested options would lapse. Options granted in January 2018 would vest at the end of four years from the date of grant.

Options granted prior to March 2014, vested in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting in each year, commencing from the end of 12 months from the date of grant. Options granted in April 2009 vested 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 vested 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.

Pursuant to the issuance of bonus shares approved by the shareholders on June 12, 2017, stock options were also adjusted with increase of one option for every 10 outstanding options and the exercise prices of options were proportionately adjusted. Accordingly the option and exercise price numbers are re-stated.

The exercise price of the Bank's options, except mentioned below, is the last closing price on the stock exchange, which recorded highest trading volume preceding the date of grant of options. In February 2011, the Bank granted 16,692,500 options to eligible employees and whole-time Directors of the Bank and certain of its subsidiaries at an exercise price of ` 175.82. This exercise price was the average closing price on the stock exchange during the six months ended October 28, 2010. Of these options granted, 50% vested on April 30, 2014 and the balance 50% vested on April 30, 2015.

Based on intrinsic value of options, no compensation cost was recognised during the year ended March 31, 2018 (year ended March 31, 2017: Nil). If the Bank had used the fair value of options based on binomial tree model, compensation cost in the year ended March 31, 2018 would have been higher by ` 3,526.6 million (year ended March 31, 2017: ` 5,107.5 million) including additional cost of ` 74.3 million (March 31, 2017: ` 1,393.1 million) due to change in exercise period and proforma profit after tax would have been ` 64,247.6 million (year ended March 31, 2017: ` 92,903.4 million). On a proforma basis, the Bank's basic and diluted earnings per share would have been ` 10.01 (year ended March 31, 2017: ` 14.51) and ` 9.91 (year ended March 31, 2017: ` 14.45) respectively for the year ended March 31, 2018. The following table sets forth, for the periods indicated, the key assumptions used to estimate the fair value of options granted.

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Risk-free interest rate	7.06% to 7.59%	7.43% to 7.77%
Expected life	3.90 to 6.90 years	3.89 to 5.89 years
Expected volatility	31.71% to 32.92%	32.03% to 33.31%
Expected dividend yield	0.73% to 1.81%	2.04% to 2.15%

The weighted average fair value of options granted during the year ended March 31, 2018 was ` 86.43 (year ended March 31, 2017: ` 76.72).

Risk free interest rates over the expected term of the option are based on the government securities yield in effect at the time of the grant. The expected term of an option is estimated based on the vesting term as well as expected exercise behavior of the employees who receive the option. Expected term of option is estimated based on the historical stock option exercise pattern of the Bank. Expected volatility during the estimated expected term of the option is based on historical volatility determined based on observed market prices of the Bank's publicly traded equity shares. Expected dividends during the estimated expected term of the option are based on recent dividend activity.

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

` except number of options

Particulars	Stock options outstanding			
	Year ended March 31, 2018		Year ended March 31, 2017	
	Number of options[1]	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	226,715,682	217.12	210,787,022	214.87
Add: Granted during the year	35,137,770	251.05	36,716,130	222.09
Less: Lapsed during the year, net of re-issuance	5,114,174[2]	248.30	10,108,994	242.30
Less: Exercised during the year	21,067,028	187.00	10,678,476	166.00
Outstanding at the end of the year	235,672,250	224.19	226,715,682	217.12
Options exercisable	136,428,736	208.44	120,512,112	195.06

1. Adjusted for bonus issuance.
2. Adjusted on account of fractional entitlement payout due to issuance of bonus shares.

The following table sets forth, the summary of stock options outstanding at March 31, 2018.

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	1,849,150	79.12	4.91
100-199	47,665,539	165.43	4.85
200-299	185,857,561	240.57	9.43
300-399	300,000	309.50	13.79

The following table sets forth, the summary of stock options outstanding at March 31, 2017.

Range of exercise price (₹ per share)	Number of shares arising out of options	Weighted average exercise price (` per share)	Weighted average remaining contractual life (Number of years)
60-99	2,355,045	79.08	5.93
100-199	59,262,913	164.74	5.65
200-299	165,097,724	237.89	9.98
300-399	..	..	..

The options were exercised regularly throughout the period and weighted average share price as per National Stock Exchange price volume data adjusted for bonus issue during the year ended March 31, 2018 was ` 296.94 (year ended March 31, 2017: ` 234.38).

9. Subordinated debt

The following table sets forth , the details of subordinated debt bonds qualifying for Additional Tier-1 capital raised during the year ended March 31, 2018.

` in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Subordinate Additional Tier-1	September 20, 2017	8.55% (annually)	Perpetual[1]	10,800.0
Subordinate Additional Tier-1	October 4, 2017	8.55% (annually)	Perpetual[2]	4,750.0
Subordinate Additional Tier-1	March 20, 2018	9.15% (annually)	Perpetual[3]	40,000.0

1. Call option exercisable on September 20, 2022 and on every interest payment date thereafter (exercisable with RBI approval).
2. Call option exercisable on October 4, 2022 and on every interest payment date thereafter (exercisable with RBI approval).
3. Call option exercisable on June 20, 2023 and on every interest payment date thereafter (exercisable with RBI approval).

The following table sets forth, the details of subordinated debt bonds qualifying for Additional Tier-1 capital raised during the year ended March 31, 2017.

` in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Subordinate Additional Tier-1	March 17, 2017	9.20% (annually)	Perpetual[1]	34,250.0

1. Call option exercisable on March 17, 2022 and on every interest payment date thereafter (exercisable with RBI approval).

During the year ended March 31, 2018, the Bank has not raised subordinated debt qualifying for Tier-2 capital (March 31, 2017: Nil).

10. Repurchase transactions

The following tables set forth for the periods indicated, the details of securities sold and purchased under repo and reverse repo transactions respectively including transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF).

` in million

Sr. No.	Particulars	Minimum outstanding balance during the	Maximum outstanding balance during the	Daily average outstanding balance during the	Outstanding balance at March 31, 2018
		Year ended March 31, 2018			
Securities sold under Repo, LAF and MSF					
i)	Government Securities	..	129,841.0	15,706.0	115,920.0
ii)	Corporate Debt Securities	..	1,000.0	4.4	..
Securities purchased under Reverse Repo and LAF					
i)	Government Securities	..	323,000.0	70,930.9	170,390.0
ii)	Corporate Debt Securities	..	2,000.0	7.7	..

1. Amounts reported are based on face value of securities under Repo and Reverse repo.
2. Amounts reported are based on lending/borrowing amount under LAF and MSF.

` in million

Sr. No.	Particulars	Minimum outstanding balance during the	Maximum outstanding balance during the	Daily average outstanding balance during the	Outstanding balance at March 31, 2017
		Year ended March 31, 2017			
Securities sold under Repo, LAF and MSF					
i)	Government Securities	9.5	176,914.4	37,829.8	9.5
ii)	Corporate Debt Securities	..	335.4	7.3	..
Securities purchased under Reverse Repo and LAF					
i)	Government Securities	..	341,500.0	63,402.7	288,000.0
ii)	Corporate Debt Securities	..	..	..	..

1. Amounts reported are based on face value of securities under Repo and Reverse repo.
2. Amounts reported are based on lending/borrowing amount under LAF and MSF.

11. Investments

The following table sets forth, for the periods indicated, the details of investments and the movement of provision held towards depreciation on investments of the Bank.

` in million

Sr. No.	Particulars	At March 31, 2018	At March 31, 2017
1.	Value of Investments		
i)	Gross value of investments		
	a) In India	2,003,754.4	1,576,298.5
	b) Outside India	73,275.2	74,196.7
ii)	Provision for depreciation		
	c) In India	(41,654.9)	(34,598.9)
	d) Outside India	(5,432.9)	(830.9)
iii)	Net value of investments		
	e) In India	1,962,099.5	1,541,699.6
	f) Outside India	67,842.3	73,365.8
2.	Movement of provisions held towards depreciation on investments		
i)	Opening balance	35,429.8	33,021.8
ii)	Add: Provisions made during the year	28,923.0	9,357.6
iii)	Less: Write-off/write-back of excess provisions during the year	(17,265.0)	(6,949.6)
iv)	Closing balance	47,087.8	35,429.8

During the year ended March 31, 2018, the Bank sold approximately 7.00% of its shareholding in ICICI Lombard General Insurance Company Limited in the IPO for a total consideration of ` 20,994.3 million and made a gain (net of IPO related expenses) of ` 20,121.5 million on this sale. Further, the Bank sold approximately 20.78% of its shareholding in ICICI Securities Limited in the IPO for a total consideration of ` 34,801.2 million and made a gain (net of IPO related expenses) of ` 33,197.7 million on this sale.

During the year ended March 31, 2017, the Bank sold approximately 12.63% of its shareholding in ICICI Prudential Life Insurance Company Limited in the IPO for a total consideration of ` 60,567.9 million and made a gain (net of IPO related expenses) of ` 56,820.3 million on this sale.

The following table sets forth, for the periods indicated, break-up of other investments in Schedule 8.

` in million

Investments	At March 31, 2018	At March 31, 2017
I. In India		
Pass through certificates	120,469.0	134,724.3
Commercial paper	128,647.6	71,295.2
Certificate of deposits	43,897.9	4,710.7
Security receipts	34,383.0	32,862.2
Venture funds	3,436.8	3,015.5
Others	253.7	433.8
Total	331,088.0	247,041.7
II. Outside India		
Certificate of deposits	4,234.9	3,306.0
Shares	309.5	210.0
Bonds	2,023.0	7,010.7
Venture funds	970.8	970.0
Total	7,538.2	11,496.7
Grand total	338,626.2	258,538.4

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, 2018.

` in million

Sr. No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities[2,3]	Extent of 'unlisted' securities[2,3]
			(a)	(b)	(c)	(d)
1.	PSUs	29,705.0	27,588.3	..	..	1,389.5
2.	FIs	139,996.7	86,664.0	..	5.4	..
3.	Banks	46,543.0	17,935.7	..	..	..
4.	Private corporates	181,651.3	155,962.0	6,394.7	2,983.3	17,811.4
5.	Subsidiaries/ Joint ventures	98,315.7	..	..	..	..
6.	Others[3,4]	165,317.7	165,297.2	37,886.8	..	..

Sr. No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities[2,3]	Extent of 'unlisted' securities[2,3]
7.	Provision held towards depreciation	(46,917.7)	N.A.	N.A.	N.A.	N.A.
	Total	614,611.7	453,447.2	44,281.5	2,988.7	19,200.9

1. Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.
2. Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates, security receipts, commercial papers, certificates of deposit, non-convertible debentures (NCDs) with original or initial maturity up to one year issued by corporate (including NBFC), unlisted convertible debentures and securities acquired by way of conversion of debt.
3. Excludes investments in non-Indian government securities by overseas branches amounting to ` 23,477.2 million.
4. Excludes investments in non-SLR government of India securities amounting to ` 7,578.5 million.

The following table sets forth, the issuer composition of investments of the Bank in securities, other than government and other approved securities at March 31, 2017.

` in million

Sr. No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities[2,3]	Extent of 'unlisted' securities[2,3]
			(a)	(b)	(c)	(d)
1.	PSUs	11,386.0	8,235.5	..	..	2,765.1
2.	FIs	94,063.6	60,168.5	..	..	..
3.	Banks	25,561.2	17,650.0	..	..	..
4.	Private corporates	101,389.2	95,563.1	3,422.1	3,610.8	5,817.6
5.	Subsidiaries/ Joint ventures	103,222.4	..	..	..	..
6.	Others[3,4]	189,179.3	176,877.5	48,804.9	..	..
7.	Provision held towards depreciation	(34,871.6)	N.A.	N.A.	N.A.	N.A.
	Total	489,930.1	358,494.6	52,227.0	3,610.8	8,582.7

1. Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.
2. 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.
3. Excludes investments in non-Indian government securities by overseas branches amounting to ` 21,051.8 million.
4. Excludes investments in non-SLR government of India securities amounting to ` 18,686.3 million.

ii) Non-performing investments in securities, other than government and other approved securities

The following table sets forth, for the periods indicated, the movement in gross non-performing investments in securities, other than government and other approved securities.

` in million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance	14,258.8	16,800.5
Additions during the year	33,485.8	3,375.6
Reduction during the year	(9,304.3)	(5,917.3)
Closing balance	38,440.3	14,258.8
Total provision held	28,712.6	10,738.6

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

During the three months ended June 30, 2017, with the approval of Board of Directors, the Bank had transferred securities amounting to ` 243,620.6 million from held-to-maturity (HTM) category to available-for-sale (AFS) category, being transfer of securities at the beginning of the accounting year as permitted by RBI. Further, during the year ended March 31, 2018, the Bank sold securities from HTM category in 52 transactions amounting to a net book value of ` 44,039.5 million which was 4.69% of portfolio under HTM category at April 1, 2017 (year ended March 31, 2017: 1,547 transactions amounting to a net book value of ` 700,024.5 million, which was 70.60% of the HTM portfolio at April 1, 2016). The above sale is excluding sale to RBI under pre-announced open market operation auctions and repurchase of government securities by Government of India, as permitted by RBI guidelines. The market value of investments held in the HTM category was ` 1,549,786.6 million at March 31, 2018 (March 31, 2017: ` 1,229,543.3 million), which includes investments in unlisted subsidiaries/joint ventures at cost.

14. CBLO transactions

Collateralised Borrowing and Lending Obligation (CBLO) is a discounted money market instrument, established by CCIL and approved by RBI, which involves secured borrowings and lending transactions. At March 31, 2018, the Bank had outstanding borrowings amounting to ` 48,642.5 million (March 31, 2017: Nil) and no outstanding lending (March 31, 2017: 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 ` 157,319.7 million at March 31, 2018 (March 31, 2017: ` 53,134.3 m illion).

15. Derivatives

The Bank is a major participant in the financial derivatives market. The Bank deals in derivatives for balance sheet management, proprietary trading and market making purposes whereby the Bank offers derivative products to its customers, enabling them to hedge their risks.

Dealing in derivatives is carried out by identified groups in the treasury of the Bank based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Treasury Control and Service Group (TCSG) conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting and ensures compliance with various internal and regulatory guidelines.

The market making and the proprietary trading activities in derivatives are governed by the Investment policy and Derivative policy of the Bank, which lays down the position limits, stop loss limits as well as other risk limits. The Risk Management Group (RMG) lays down the methodology for computation and monitoring of risk. The Risk Committee of the Board (RCB) reviews the Bank's risk management policy in relation to various risks including credit and recovery policy, investment policy, derivative policy, Asset Liability Management (ALM) policy and operational risk management policy. The RCB comprises independent directors and the Managing Director & CEO.

The Bank measures and monitors risk of its derivatives portfolio using such risk metrics as Value at Risk (VaR), stop loss limits and relevant greeks for options. Risk reporting on derivatives forms an integral part of the management information system.

The use of derivatives for hedging purposes is governed by the hedge policy approved by ALCO. Subject to prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate, floating rate or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter.

Hedge derivative transactions are accounted for pursuant to the principles of hedge accounting based on guidelines issued by RBI. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the profit and loss account. The premium on option contracts is accounted for as per Foreign Exchange Dealers Association of India (FEDAI) guidelines.

Over the counter (OTC) derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with the respective counter parties. The exposure on account of derivative transactions is computed as per RBI guidelines.

The following tables set forth, for the periods indicated, the details of derivative positions.

` in million

Sr. No.	Particulars	At March 31, 2018		At March 31, 2017	
		Currency derivative[1]	Interest rate derivative[2]	Currency derivative[1]	Interest rate derivative[2]
1.	Derivatives (Notional principal amount)				
	a) For hedging	524.1	385,450.3	6,863.8	433,745.0
	b) For trading	994,889.8	5,629,053.4	963,762.9	3,137,646.6
2.	Marked to market positions[3]				
	a) Asset (+)	22,385.8	16,311.0	26,572.6	12,052.2
	b) Liability (-)	(13,461.6)	(17,429.8)	(18,953.5)	(13,850.9)
3.	Credit exposure[4]	72,907.7	74,451.6	76,532.0	51,762.0
4.	Likely impact of one percentage change in interest rate (100*PV01)[5]				
	a) On hedging derivatives[6]	1.3	12,597.9	31.4	12,293.4
	b) On trading derivatives	1,425.2	370.1	1,092.1	719.7
5.	Maximum and minimum of 100*PV01 observed during the period				
	a) On hedging[6]				
	Maximum	31.6	14,133.6	97.2	16,705.8
	Minimum	1.1	10,992.5	30.6	11,876.5
	b) On trading				
	Maximum	1,425.2	1,732.1	1,488.4	1,680.7
	Minimum	735.3	2.0	1,044.5	648.3

1. Exchange traded and OTC options, cross currency interest rate swaps and currency futures are included in currency derivatives.
2. OTC Interest rate options, Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
3. For trading portfolio including accrued interest.
4. Includes accrued interest and has been computed based on current exposure method.
5. Amounts given are absolute values on a net basis, excluding options.
6. The swap contracts entered into for hedging purpose would have an opposite and off-setting impact with the underlying on-balance sheet items.

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

` in million

Sr. No.	Particulars	At March 31, 2018		At March 31, 2017	
		Trading	Non-trading	Trading	Non-trading
1.	Forex contracts (Notional principal amount)	4,049,874.7	276,814.5	4,028,098.3	244,240.1
2.	Marked to market positions				
	a) Asset (+)	18,880.0	921.0	29,561.4	550.8
	b) Liability (-)	(17,457.4)	(2,851.5)	(26,600.7)	(3,350.7)
3.	Credit exposure[1]	124,398.4	6,523.2	133,187.7	5,539.7
4.	Likely impact of one percentage change in interest rate (100*PV01)[2]	63.5	2.4	37.0	8.8

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, 2018 was ` 992.6 million (March 31, 2017: ` 2,926.7 million).

The Bank has no exposure in credit derivative instruments (funded and non-funded) including credit default swaps (CDS) and principal protected structures at March 31, 2018 (March 31, 2017: Nil).

The Bank offers deposits to customers of its overseas branches with structured returns linked to interest, forex, credit or equity benchmarks. The Bank covers these exposures in the inter-bank market. At March 31, 2018, the net open notional position on this portfolio was Nil (March 31, 2017: Nil) with no mark-to-market gain/loss (March 31, 2017: Nil).

The profit and loss impact on the aforementioned structured deposits portfolio on account of mark-to-market and realised profit and loss during the year ended March 31, 2018 was Nil (year ended March 31, 2017: net loss of ` 0.1 million). The non-Indian Rupee denominated derivatives are marked to market by the Bank based on counter-party valuation quotes or internal models using inputs from market sources such as Bloomberg/Reuters, counter-parties and Fixed Income Money Market and Derivative Association (FIMMDA). The Indian Rupee denominated credit derivatives are marked to market by the Bank based on CDS curve published by FIMMDA.

16. Exchange traded interest rate derivatives and currency derivatives

Exchange traded interest rate derivatives

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

` in million

Sr. No.	Particulars	At March 31, 2018	At March 31, 2017
1.	Notional principal amount of exchange traded interest rate derivatives undertaken during the year - 10 year Government Security Notional Bond	52,811.0	11,324.8
2.	Notional principal amount of exchange traded interest rate derivatives outstanding - 10 year Government Security Notional Bond	1,000.0	343.8
3.	Notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective'	N.A.	N.A.
4.	Mark-to-market value of exchange traded interest rate derivatives outstanding and not 'highly effective'	N.A.	N.A.

Exchange traded currency derivatives

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

` in million

Sr. No.	Particulars	At March 31, 2018	At March 31, 2017
1.	Notional principal amount of exchange traded currency derivatives undertaken during the year	1,395,871.3	1,891,822.9
2.	Notional principal amount of exchange traded currency derivatives options outstanding	34,651.8	45,370.2
3.	Notional principal amount of exchange traded currency derivatives outstanding and not 'highly effective'	N.A.	N.A.
4.	Mark-to-market value of exchange traded currency derivatives outstanding and not 'highly effective'	N.A.	N.A.

17. Forward rate agreement (FRA)/Interest rate swaps (IRS)/Cross currency swaps (CCS)

The Bank enters into FRA, IRS and CCS contracts for balance sheet management and market making purposes whereby the Bank offers derivative products to its customers to enable them to hedge their interest rate risk and currency risk within the prevalent regulatory guidelines.

A FRA is a financial contract between two parties to exchange interest payments for 'notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is London Inter-Bank Offered Rate (LIBOR) of various currencies.

An IRS is a financial contract between two parties exchanging or swapping a stream of interest payments for a 'notional principal' amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like Mumbai Inter-Bank Offered Rate (MIBOR), Indian Government Securities Benchmark Rate (INBMK), Mumbai Inter-Bank Forward Offer Rate (MIFOR) and LIBOR of various currencies.

A CCS is a financial contract between two parties exchanging interest payments and principal, wherein interest payments and principal in one currency would be exchanged for an equally valued interest payments and principal in another currency.

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

The following table sets forth, for the periods indicated, the details of the FRA/IRS.

` in million

Sr. No.	Particulars	At March 31, 2018	At March 31, 2017
1.	The notional principal of FRA/IRS	5,956,569.2	3,524,706.5
2.	Losses which would be incurred if all counter parties failed to fulfil their obligations under the agreement[1]	18,466.2	16,258.1
3.	Collateral required by the Bank upon entering into FRA/IRS	..	..
4.	Concentration of credit risk[2]	583.2	1,149.8
5.	The fair value of FRA/IRS[3]	(6,363.0)	1,527.0

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.

The following table sets forth, for the periods indicated, the details of the CCS.

` in million

Sr. No.	Particulars	At March 31, 2018	At March 31, 2017
1.	The notional principal of CCS[1]	416,989.4	410,829.6
2.	Losses which would be incurred if all counter parties failed to fulfil their obligations under the agreement[2]	18,255.0	21,925.7
3.	Collateral required by the Bank upon entering into CCS	..	..
4.	Concentration of credit risk[3]	5,180.3	4,875.4
5.	Fair value of CCS[4]	8,765.1	9,040.2

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

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

Hedging

₹ in million

Benchmark	Type	At March 31, 2018		At March 31, 2017	
		Notional principal	No. of deals	Notional principal	No. of deals
AUD LIBOR	Fixed receivable v/s floating payable	7,506.8	3	7,436.6	3
CHF LIBOR	Fixed receivable v/s floating payable	6,834.6	2	6,482.7	2
JPY LIBOR	Fixed receivable v/s floating payable	9,219.7	2	8,698.8	2
SGD SOR	Fixed receivable v/s floating payable	13,203.0	6	12,299.3	6
USD LIBOR	Fixed receivable v/s floating payable	348,686.2	63	398,827.5	72
Total		385,450.3	76	433,745.0	85

Trading

` in million

Benchmark	Type	At March 31, 2018		At March 31, 2017	
		Notional principal	No. of deals	Notional principal	No. of deals
EURIBOR	Fixed receivable v/s floating payable	9,277.1	32	32,922.4	19
EURIBOR	Floating receivable v/s fixed payable	11,122.3	20	33,566.3	13
EURIBOR	Floating receivable v/s floating payable	401.6	1	1,594.8	3
GBP LIBOR	Fixed receivable v/s floating payable	5,551.3	12	2,946.0	8
GBP LIBOR	Floating receivable v/s fixed payable	7,948.5	14	3,507.8	7
INBMK	Fixed receivable v/s floating payable	14,250.0	26	14,250.0	26
INBMK	Floating receivable v/s fixed payable	30,195.3	48	31,594.2	49
JPY LIBOR	Fixed receivable v/s floating payable	2,000.6	10	3,066.5	14
JPY LIBOR	Floating receivable v/s fixed payable	1,093.0	3	1,104.4	4
JPY LIBOR	Floating receivable v/s floating payable	613.6	1	581.3	1
MIBOR	Fixed receivable v/s floating payable	1,829,058.7	2,507	666,907.7	1,130
MIBOR	Floating receivable v/s fixed payable	1,540,590.7	2,362	641,374.2	1,130
MIFOR	Fixed receivable v/s floating payable	332,795.0	657	251,265.0	495
MIFOR	Floating receivable v/s fixed payable	293,635.0	620	264,975.0	544
USD LIBOR	Fixed receivable v/s floating payable	694,365.7	923	568,287.2	689
USD LIBOR	Floating receivable v/s fixed payable	733,965.6	771	517,591.0	485
USD LIBOR	Floating receivable v/s floating payable	56,026.6	61	45,935.4	51
USD LIBOR v/s EURIBOR	Floating receivable v/s floating payable	647.4	2	1,492.1	2
Others	Fixed receivable v/s fixed payable	7,580.9	91	8,000.2	93
Total		5,571,118.9	8,161	3,090,961.5	4,763

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

Hedging

` in million

Benchmark[1]	Type	At March 31, 2018		At March 31, 2017	
		Notional principal	No. of deals	Notional principal	No. of deals
USD LIBOR	Fixed receivable v/s floating payable	524.1	1	6,863.8	3
Total		524.1	1	6,863.8	3

1. Benchmark indicates floating leg of the fixed v/s floating CCS.

Trading

` in million

Benchmark[1]	Type	At March 31, 2018		At March 31, 2017	
		Notional principal	No. of deals	Notional principal	No. of deals
AUD BBSW V/s USD LIBOR	Floating receivable v/s floating payable	15,534.4	3	8,423.4	3
CHF LIBOR V/s USD LIBOR	Floating receivable v/s floating payable	7,081.3	3	6,762.3	2
CHF LIBOR V/s USD LIBOR	Floating payable v/s floating receivable	..	..	129.7	1
EURIBOR	Fixed receivable v/s floating payable	954.2	15	2,156.7	19
EURIBOR	Floating receivable v/s fixed payable	..	..	389.1	1
EURIBOR V/s GBP LIBOR	floating payable v/s Floating receivable	2,742.7	2	2,424.8	2
EURIBOR V/s USD LIBOR	Floating receivable v/s floating payable	6,601.8	9	7,160.0	10
EURIBOR V/s USD LIBOR	Floating payable v/s floating receivable	4,677.9	10	5,502.5	11
GBP LIBOR V/s USD LIBOR	Floating receivable v/s floating payable	275.1	2	410.0	2
GBP LIBOR V/s USD LIBOR	Floating payable v/s floating receivable	4,283.8	4	2,965.6	3
HIBOR v/s USD LIBOR	Floating receivable v/s floating payable	12,889.4	2	12,951.4	2
JPY LIBOR	Floating receivable v/s fixed payable	1,829.2	3	2,543.1	3
JPY LIBOR	Fixed receivable v/s floating	3,144.8	15	5,727.3	18

Benchmark[1]	Type	At March 31, 2018		At March 31, 2017	
		Notional principal	No. of deals	Notional principal	No. of deals
	payable				
JPY LIBOR V/s USD LIBOR	Floating receivable v/s floating payable	13,741.1	13	17,041.5	16
JPY LIBOR V/s USD LIBOR	Floating payable v/s floating receivable	4,083.6	4	5,533.3	4
SGD SOR V/s USD LIBOR	Floating receivable v/s floating payable	13,156.0	9	12,210.6	4
SGD SOR V/s USD LIBOR	Floating payable v/s floating receivable	325.9	2	..	..
USD LIBOR	Fixed receivable v/s floating payable	92,755.5	269	82,709.2	307
USD LIBOR	Floating receivable v/s fixed payable	111,817.1	118	105,271.5	119
Others	Fixed receivable v/s fixed payable	120,571.5	235	123,653.8	276
Total		416,465.3	718	403,965.8	803

1. Benchmark indicates floating leg of the fixed v/s floating CCS.

18. Non-performing assets

The following table sets forth, for the periods indicated, the details of movement of gross non-performing assets (NPAs), net NPAs and provisions.

` in million

Sr. No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
1.	Net NPAs (funded) to net advances (%)	5.43%	5.43%
2.	Movement of NPAs (Gross)		
	a) Opening balance[1]	421,593.9	262,212.5
	b) Additions: Fresh NPAs during the year	286,349.5	335,466.1
	Sub-total (1)	707,943.4	597,678.6
	c) Reductions during the year		
	• Upgradations	(38,668.2)	(9,703.4)
	• Recoveries (excluding recoveries made from upgraded accounts)	(53,186.8)	(44,462.2)
	• Technical/prudential write-offs	(67,720.7)	(72,857.8)
	• Write-offs other than technical/prudential write-offs	(15,965.9)	(49,061.3)
	Sub-total (2)	(175,541.6)	(176,084.7)
	d) Closing balance[1] (1)-(2)	532,401.8	421,593.9
3.	Movement of net NPAs		
	a) Opening balance[1]	252,168.1	129,630.8
	b) Additions during the year	147,672.6	215,559.2
	c) Reductions during the year	(121,605.1)	(93,021.9)

Sr. No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	d) Closing balance[1]	278,235.6	252,168.1
4.	Movement of provision for NPAs (excluding provision on standard assets)		
	a) Opening balance[1]	169,425.8	132,581.7
	b) Addition during the year	198,649.5	161,604.4
	Sub-total (1)	368,075.3	294,186.1
	c) Write-off/(write-back) of excess provisions		
	• Write-back of excess provision on account of upgradations	(14,289.9)	(2,912.8)
	• Write-back of excess provision on account of reduction in NPAs	(15,956.7)	(7,904.6)
	• Provision utilised for write-offs	(83,662.5)	(113,942.9)
	Sub-total (2)	(113,909.1)	(124,760.3)
	d) Closing balance[1] (1)-(2)	254,166.2	169,425.8

1. Net of write-off.

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

` in million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance	121,658.1	70,573.8
Add: Technical/prudential write-offs during the year	67,720.7	72,857.8
Sub-total (1)	189,378.8	143,431.6
Less: Recoveries made from previously technical/prudential written-off accounts during the year	(2,040.2)	(2,209.5)
Less: Sacrifice made from previously technical/prudential written-off accounts during the year	(15,210.2)	(19,564.0)
Sub-total (2)	(17,250.4)	(21,773.5)
Closing balance (1)-(2)	172,128.4	121,658.1

On February 12, 2018, RBI issued a revised framework for resolution of stressed assets, which superceded the existing guidelines on SDR, change in ownership outside SDR (except projects under implementation) and S4A with immediate effect. Under the revised framework, the stand-still benefits for accounts where any of these schemes had been invoked but not yet implemented were revoked and the accounts have been classified as per the extant RBI norms on income recognition and asset classification.

Further, in accordance with RBI guidelines, the loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. During the year ended March 31, 2018, the Bank has not classified any loans as NPAs at overseas branches (year ended March 31, 2017: ` 6,587.8 million) as per the requirement of these guidelines and not made any provision (year ended March 31, 2017: ` 3,993.7 million) on these loans.

Divergence in asset classification and provisioning for NPAs

In terms of the RBI circular no. DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either (a) the additional provisioning requirements assessed by RBI exceed 15% of the published net profits after tax for the reference period or (b) the additional Gross NPAs identified by RBI exceed 15% of the published incremental Gross NPAs for the reference period, or both. Based on the condition mentioned in RBI circular, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's supervisory process for the year ended March 31, 2017.

The following table sets forth, for the period indicated, details of divergence in the asset classification and provisioning as per RBI's supervisory process for the year ended March 31, 2016.

` in million

Sr. No.	Particulars	At March 31, 2016
1.	Gross NPAs as reported by the Bank	262,212.5
2.	Gross NPAs as assessed by RBI[1]	313,258.6
3.	Divergence in gross NPAs (2)-(1)	51,046.1
4.	Net NPAs as reported by the Bank	129,630.8
5.	Net NPAs as assessed by RBI	169,968.9
6.	Divergence in net NPAs (5)-(4)	40,338.1
7.	Provisions for NPAs as reported by the Bank	132,581.7
8.	Provisions for NPAs as assessed by RBI[1]	143,289.7
9.	Divergence in provisioning (8)-(7)	10,708.0
10.	Reported net profit after tax for the year ended March 31, 2016	97,262.9
11.	Adjusted (notional) net profit after tax for the year ended March 31, 2016 after taking into account the divergence in provisioning[1]	90,260.7

1. Excludes investment in shares of ` 1,071.9 million with an additional provision requirement of ` 168.0 million and an impact of ` 109.9 million on net profit after tax for the year ended March 31, 2016.

The impact of changes in classification and provisioning arising out of the RBI's supervisory process for the year ended March 31, 2016 has been fully given effect to in the audited financial statements for the year ended March 31, 2017.

Accounts covered under Insolvency and Bankruptcy Code, 2016

During three months ended June 30, 2017 and three months ended September 30, 2017, RBI advised the banks to initiate insolvency resolution process under the provisions of Insolvency and Bankruptcy Code, 2016 (IBC) for certain specific accounts. RBI also required the banks to make provision at 50% of the secured portion and 100% of unsecured portion, or provision as per extant RBI guideline on asset classification norms, whichever is higher. Subsequently, in April 2018, RBI revised the provisioning requirements in respect of these specified cases from 50% of secured portion to 40% of secured portion at March 31, 2018 and to 50% of the secured portion at June 30, 2018. Accordingly, the Bank has made the provision as per the April 2018 guidelines of RBI.

19. Floating provision

During the year ended March 31, 2018, the Bank did not make any floating provision (year ended March 31, 2017, the Bank made floating provision of ` 15,150.0 million, which was subsequently utilised during the same year by allocating it to specific non-performing assets).

The following table sets forth, for the periods indicated, the movement in floating provision held by the Bank.

` in million

Particulars	At March 31, 2018	At March 31, 2017
Opening balance[1]	1.9	1.9
Add: Provision made during the year	..	15,150.0
Less: Provision utilised during the year	..	(15,150.0)
Closing balance[1]	1.9	1.9

1. Includes amount taken over from erstwhile Bank of Rajasthan upon amalgamation.

20. General provision on standard assets

The general provision on standard assets held by the Bank at March 31, 2018 was ` 25,906.6 million (March 31, 2017: ` 23,126.2 million). The general provision on standard assets amounting to ` 2,771.1 million was made during the year ended March 31, 2018 (year ended March 31, 2017: provision reversed by ` 3,392.3 million) as per applicable RBI guidelines.

RBI, through its circular dated January 15, 2014 had advised banks to create incremental provision on standard loans and advances to entities with unhedged foreign currency exposure (UFCE). The Bank assesses the UFCEs of the borrowers through its credit appraisal and internal ratings process. The Bank also undertakes reviews of such exposures through thematic reviews evaluating the impact of exchange rate fluctuations on the Bank's portfolio on an yearly basis.

The Bank has made provision against borrowers with UFCE amounting to ` 50.0 million during the year ended March 31, 2018 (year ended March 31, 2017: Nil). The Bank held incremental capital of ` 5,487.5 million at March 31, 2018 on advances to borrowers with UFCE (March 31, 2017: ` 4,120.0 million).

On April 18, 2017, RBI through its circular advised that the provisioning rates prescribed as per the prudential norms circular are the regulatory minimum and banks are encouraged to make provisions at higher rates in respect of advances to stressed sectors of the economy and had specifically highlighted the telecom sector. Accordingly, during the year ended March 31, 2018, the Bank, as per its Board approved policy, has made additional general provision amounting to ` 1,911.5 million on standard loans to specific borrowers below certain rating threshold and in specific identified stressed sectors.

21. Provision Coverage Ratio

The provision coverage ratio of the Bank at March 31, 2018 computed as per the extant RBI guidelines was 47.7% (March 31, 2017: 40.2%).

22. Priority Sector Lending Certificates (PSLCs)

During the year ended March 31, 2018, the Bank purchased PSLCs under agriculture category amounting to ` 10,000.0 million (year ended March 31, 2017: Nil), general category amounting to ` 17,300.0 million (year ended March 31, 2017: ` 35,000.0 million) and small and marginal farmers category amounting to ` 25,000.0 million (year ended March 31, 2017: Nil). The Bank sold PSLCs amounting to ` 1,000.0 million under general category during the year ended March 31, 2018 (year ended March 31, 2017: Nil).

23. Securitisation

A. The Bank sells loans through securitisation and direct assignment. The following tables set forth, for the periods indicated, the information on securitisation and direct assignment activity of the Bank as an originator till May 7, 2012.

` in million, except number of loans securitised

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
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[1]	28.1	11.6

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

` in million

Particulars	At March 31, 2018	At March 31, 2017
Outstanding credit enhancement (funded)	3,469.7	3,992.0
Outstanding liquidity facility	0.1	0.3
Net outstanding servicing asset/(liability)	(15.5)	(19.9)
Outstanding subordinate contributions	1,469.7	1,481.3

The outstanding credit enhancement in the form of guarantees amounted to Nil at March 31, 2018 (March 31, 2017: Nil) and outstanding liquidity facility in the form of guarantees amounted to ` 265.8 million at March 31, 2018 (March 31, 2017: ` 265.5 million).

The outstanding credit enhancement in the form of guarantees for third party originated securitisation transactions amounted to ` 4,189.5 million at March 31, 2018 (March 31, 2017: ` 3,456.9 million) and outstanding liquidity facility for third party originated securitisation transactions amounted to Nil at March 31, 2018 (March 31, 2017: Nil).

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

` in million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance	802.7	745.3
Additions during the year	25.0	63.6
Deductions during the year	(4.4)	(6.2)
Closing balance	823.3	802.7

B. The information on securitisation and direct assignment activity of the Bank as an originator as per RBI guidelines ‘Revisions to the Guidelines on Securitisation Transactions’ dated May 7, 2012 is given below.

a. The Bank, as an originator, has not sold any loan through securitisation during the year ended March 31, 2018 (March 31, 2017: Nil).
b. The following table sets forth, for the periods indicated, the information on the loans sold through direct assignment.

` in million

Sr. No.	Particulars	At March 31, 2018	At March 31, 2017
1.	Number 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	 .. 19.8	 .. 33.8
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		 .. .. .. 0.1
	b) On-balance sheet exposures i) Exposure to own securitisation • First loss • Others ii) Exposure to third party securitisation • First loss • Others		 .. .. .. 52.5

The overseas branches of the Bank, as originators, sold 15 loans through direct assignment amounting to ` 19,132.7 million during the year ended March 31, 2018 (year ended March 31, 2017: eight loans amounting to ` 11,143.5 million).

24. Financial assets transferred during the year to securitisation company (SC)/reconstruction company (RC)

The Bank has transferred certain assets to Asset Reconstruction Companies (ARCs) in terms of the guidelines issued by RBI circular no. DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014. For the purpose of the valuation of the underlying security receipts issued by the underlying trusts managed by ARCs, the SRs are valued at their respective net asset values as advised by the ARCs.

The following table sets forth, for the periods indicated, the details of the assets transferred.

` in million, except number of accounts

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Number of accounts	12	35
Aggregate value (net of provisions) of accounts sold to SC/RC	2,718.5	37,095.2
Aggregate consideration[3]	3,039.3	32,268.1
Additional consideration realised in respect of accounts transferred in earlier years	..	..
Aggregate gain/(loss) over net book value[1,2,3]	320.8	(4,827.1)

1. During the year ended March 31, 2018, there was no loss on sale of financial assets to ARCs (year ended March 31, 2017: loss of ` 7,043.5 million).
2. During the year ended March 31, 2018, the Bank made a gain of ` 320.8 million (year ended March 31, 2017: gain of ` 2,216.4 million) on sale of financial assets to ARCs, out of which ` 200.2 million (year ended March 31, 2017: ` 1,883.8 million) is set aside towards the security receipts received on such sale.
3. Excludes security receipts received amounting to ` 34.5 million towards interest overdue not recognised as income (year ended March 31, 2017: ` 359.2 million).

The following tables set forth, for the periods indicated, the details of investments in security receipts (SRs).

` in million

Particulars	At March 31, 2018	At March 31, 2017
Net book value of investments in SRs which are -		
-Backed by NPAs sold by the Bank as underlying[1]	23,803.5	24,194.4
-Backed by NPAs sold by other banks/financial institutions (FIs)/non-banking financial companies (NBFCs) as underlying	52.6	172.0
Total	23,856.1	24,366.4

1. During the year ended March 31, 2018, no investment in a security receipt was fully redeemed by the ARC (year ended March 31, 2017: one security receipt was fully redeemed) and there was no gain/loss to the Bank (year ended March 31, 2017: Nil).

` in million

Sr. No.	Particulars	At March 31, 2018			
		SRs issued within past five years	SRs issued more than five years ago but within past eight years	SRs issued more than eight years ago	Total
1.	Book value of SRs backed by NPAs sold by the Bank as underlying	26,502.2	..	..	26,502.2
	Provision held against above	2,698.7	..	..	2,698.7

Sr. No.	Particulars	At March 31, 2018			
		SRs issued within past five years	SRs issued more than five years ago but within past eight years	SRs issued more than eight years ago	Total
2.	Book value of SRs backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying	..	52.6	..	52.6
	Provision held against above	..	..	..	..
Gross book value		26,502.2	52.6	..	26,554.8
Total provision held against above		2,698.7	..	..	2,698.7
Net book value		23,803.5	52.6	..	23,856.1

` in million

Sr. No.	Particulars	At March 31, 2017			
		SRs issued within past five years	SRs issued more than five years ago but within past eight years	SRs issued more than eight years ago	Total
1.	Book value of SRs backed by NPAs sold by the Bank as underlying	26,893.1	..	12,467.9	39,361.0
	Provision held against above	2,698.7	..	12,467.9	15,166.6
2.	Book value of SRs backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying	99.7	72.3	417.0	589.0
	Provision held against above	..	..	417.0	417.0
Gross book value		26,992.8	72.3	12,884.9	39,950.0
Total provision held against above		2,698.7	..	12,884.9	15,583.6
Net book value		24,294.1	72.3	..	24,366.4

25. Details of non-performing assets purchased/sold, excluding those sold to SC/RC

The Bank did not purchase any non-performing assets in terms of the guidelines issued by RBI circular no. DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014 during the year ended March 31, 2018 (year ended March 31, 2017: Nil).

The following table sets forth, for the periods indicated, details of non-performing assets sold, excluding those sold to SC/RC.

` in million, except number of accounts

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Number of accounts	1	2
Aggregate value (net of provisions) of accounts sold, excluding those sold to SC/RC	3,444.5	1,526.5
Aggregate consideration	3,988.7	2,207.4
Aggregate gain/(loss) over net book value	544.2	680.9

During the year ended March 31, 2018, the Bank did not sell any non-performing loan to an entity, other than to a financial intermediary (year ended March 31, 2017: one loan to a corporate for sale consideration of ` 39.3 million and gain of ` 39.3 million).

26. Information in respect of restructured assets

The following tables set forth, for the year ended March 31, 2018, details of restructured loan assets under CDR mechanism.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2017					
	No. of borrowers	19	..	20	6	45
	Amount outstanding	27,578.1	..	39,893.0	1,018.4	68,489.5
	Provision thereon	1,936.6	..	21,571.1	1,018.4	24,526.1
2.	Fresh restructuring during the year ended March 31, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the year ended March 31, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2018[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(7,802.3)	..	(740.9)	77.6	(8,465.6)
	Provision thereon	10,475.4	..	14,974.4	77.6	25,527.4
5.	Restructured standard advances at April 1, 2017, which cease to attract higher provisioning and/or additional risk weight at March 31, 2018 and hence need not be shown as restructured standard advances at April 1, 2018					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..

` in million, except number of accounts

Sr. No.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2018					
	No. of borrowers	(11)	..	11	..	..
	Amount outstanding	(15,606.0)	..	15,606.0	..	..
	Provision thereon	(12,055.9)	..	12,055.9	..	..
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2018					
	No. of borrowers	..	..	(1)	(1)	(2)
	Amount outstanding	..	..	(12,924.2)	(819.2)	(13,743.4)
	Provision thereon	..	..	(12,924.2)	(819.2)	(13,743.4)
8.	Restructured accounts at March 31, 2018					
	No. of borrowers	8	..	30	5	43
	Amount outstanding	4,169.8	..	41,833.9	276.8	46,280.5
	Provision thereon	356.1	..	35,677.2	276.8	36,310.1

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

The following tables set forth, for the year ended March 31, 2018, details of restructured loan assets under SME debt restructuring mechanism.

` in million, except number of accounts

Sr. No.	Type of Restructuring / Asset Classification / Details	Under SME Debt Restructuring Mechanism				
		Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2017					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	1.0	..	..	..	1.0
	Provision thereon	..	..	..	..	..
2.	Fresh restructuring during the year ended March 31, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the year ended March 31, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2018[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(0.7)	..	..	..	(0.7)
	Provision thereon	..	..	..	..	..
5.	Restructured standard advances at April 1, 2017, which cease to attract higher provisioning and/or additional risk weight at March 31, 2018 and hence need not be shown as restructured standard advances at April 1, 2018					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2018					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
8.	Restructured accounts at March 31, 2018					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	0.3	..	..	..	0.3
	Provision thereon	..	..	..	..	..

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

The following tables set forth, for the year ended March 31, 2018, details of other restructured loan assets.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Others				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2017					
	No. of borrowers	284	221	765	98	1,368
	Amount outstanding	17,903.4	2,447.8	55,002.6	530.3	75,884.1
	Provision thereon	896.2	368.3	21,478.7	530.3	23,273.5
2.	Fresh restructuring during the year ended March 31, 2018					
	No. of borrowers	6	218	149[3]	2	375
	Amount outstanding	3.8	57.3	53,659.8[3]	0.6	53,721.5
	Provision thereon	0.2	31.3	29,274.6[3]	0.6	29,306.7
3.	Upgradations to restructured standard category during the year ended March 31, 2018					
	No. of borrowers	8	(1)	..	(7)	..
	Amount outstanding	2.8	(0.3)	..	(2.9)	(0.4)
	Provision thereon	..	..	..	(2.9)	(2.9)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2018[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	1,258.4	..	(15,467.9)	26.8	(14,182.7)
	Provision thereon	5,201.7	..	4,700.3	26.8	9,928.8
5.	Restructured standard advances at April 1, 2017, which cease to attract higher provisioning and/or additional risk weight at March 31, 2018 and hence need not be shown as restructured standard advances at April 1, 2018					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2018					
	No. of borrowers	(24)	(160)	179	5	..
	Amount outstanding	(7,232.1)	(2,440.4)	9,908.5	124.1	360.1
	Provision thereon	(6,032.3)	(366.9)	6,958.9	124.1	683.8
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2018					
	No. of borrowers	(41)	(47)	(120)	(7)	(215)
	Amount outstanding	(156.6)	(5.6)	(10,062.6)	(3.1)	(10,227.9)
	Provision thereon	(0.1)	(1.1)	(9,835.0)	(3.1)	(9,839.3)
8.	Restructured Accounts at March 31, 2018					
	No. of borrowers	233	231	973	91	1,528
	Amount outstanding	11,779.7	58.8	93,040.4	675.8	105,554.7
	Provision thereon	65.7	31.5	52,577.5	675.8	53,350.5

1. Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application pending allotment) as part of restructuring scheme, etc.
2. ‘Others’ mechanism also include cases restructured under Joint Lender Forum (JLF) mechanism.
3. Includes loans to three borrowers amounting to ` 20,964.2 million which were NPA at March 31, 2017 and classified as restructured based on RBI’s direction.

The following tables set forth, for the year ended March 31, 2018, details of total restructured loan assets.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Total				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total
	Details	(a)	(b)	(c)	(d)	(e)
1.	Restructured accounts at April 1, 2017					
	No. of borrowers	304	221	785	104	1,414
	Amount outstanding	45,482.5	2,447.8	94,895.6	1,548.7	144,374.6
	Provision thereon	2,832.8	368.3	43,049.8	1,548.7	47,799.6
2.	Fresh restructuring during the year ended March 31, 2018					
	No. of borrowers	6	218	149	2	375
	Amount outstanding	3.8	57.3	53,659.8	0.6	53,721.5
	Provision thereon	0.2	31.3	29,274.6	0.6	29,306.7
3.	Upgradations to restructured standard category during the year ended March 31, 2018					
	No. of borrowers	8	(1)	..	(7)	..
	Amount outstanding	2.8	(0.3)	..	(2.9)	(0.4)
	Provision thereon	..	..	..	(2.9)	(2.9)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2018[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(6,544.6)	..	(16,208.8)	104.4	(22,649.0)
	Provision thereon	15,677.1	..	19,674.7	104.4	35,456.2
5.	Restructured standard advances at April 1, 2017, which cease to attract higher provisioning and/or additional risk weight at March 31, 2018 and hence need not be shown as restructured standard advances at April 1, 2018					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2018					
	No. of borrowers	(35)	(160)	190	5	..
	Amount outstanding	(22,838.1)	(2,440.4)	25,514.5	124.1	360.1
	Provision thereon	(18,088.2)	(366.9)	19,014.8	124.1	683.8
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2018					
	No. of borrowers	(41)	(47)	(121)	(8)	(217)
	Amount outstanding	(156.6)	(5.6)	(22,986.8)	(822.3)	(23,971.3)
	Provision thereon	(0.1)	(1.1)	(22,759.2)	(822.3)	(23,582.7)
8.	Restructured accounts at March 31, 2018					
	No. of borrowers	242	231	1,003	96	1,572
	Amount outstanding	15,949.8	58.8	134,874.3	952.6	151,835.5
	Provision thereon[2]	421.8	31.5	88,254.7	952.6	89,660.6

1. Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.
2. The Bank additionally holds provision amounting to ` 2,068.4 million on these accounts.

The following tables set forth, for the year ended March 31, 2017, details of restructured loan assets under CDR mechanism.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2016					
	No. of borrowers	32	..	26	7	65
	Amount outstanding	56,661.3	..	61,917.0	2,035.8	120,614.1
	Provision thereon	4,678.0	..	35,524.8	2,035.8	42,238.6
2.	Fresh restructuring during the year ended March 31, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the year ended March 31, 2017					
	No. of borrowers	1	..	(1)	..	..
	Amount outstanding	179.0	..	(193.5)	..	(14.5)
	Provision thereon	91.4	..	(193.5)	..	(102.1)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(1,630.2)	..	(22,243.6)	(105.7)	(23,979.5)
	Provision thereon	(239.8)	..	(10,970.0)	(105.7)	(11,315.5)
5.	Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at March 31, 2017 and hence need not be shown as restructured standard advances at April 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	(14)	..	11	3	..
	Amount outstanding	(27,632.0)	..	25,384.7	836.5	(1,410.8)
	Provision thereon	(2,593.0)	..	14,772.6	836.5	13,016.1
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	..	..	(16)	(4)	(20)
	Amount outstanding	..	..	(24,971.6)	(1,748.2)	(26,719.8)
	Provision thereon	..	..	(17,562.8)	(1,748.2)	(19,311.0)
8.	Restructured accounts at March 31, 2017					
	No. of borrowers	19	..	20	6	45
	Amount outstanding	27,578.1	..	39,893.0	1,018.4	68,489.5
	Provision thereon	1,936.6	..	21,571.1	1,018.4	24,526.1

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

The following tables set forth, for the year ended March 31, 2017, details of restructured loan assets under SME debt restructuring mechanism.

` in million, except number of accounts

Sr. No.	Type of Restructuring / Asset Classification / Details	Under SME Debt Restructuring Mechanism				
		Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2016					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	1.6	..	..	..	1.6
	Provision thereon	..	..	..	..	..
2.	Fresh restructuring during the year ended March 31, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the year ended March 31, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(0.6)	..	..	..	(0.6)
	Provision thereon	..	..	..	..	..
5.	Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at March 31, 2017 and hence need not be shown as restructured standard advances at April 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
8.	Restructured accounts at March 31, 2017					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	1.0	..	..	..	1.0
	Provision thereon	..	..	..	..	..

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

The following tables set forth, for the year ended March 31, 2017, details of other restructured loan assets.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Others				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2016					
	No. of borrowers	391	739	49	120	1,299
	Amount outstanding	36,467.5	611.4	33,331.9	6,644.0	77,054.8
	Provision thereon	2,724.7	102.3	14,942.1	6,644.0	24,413.1
2.	Fresh restructuring during the year ended March 31, 2017					
	No. of borrowers	181	1	2	..	184
	Amount outstanding	1,913.2	784.6	22,465.1	..	25,162.9
	Provision thereon	5.5	117.7	6,467.3	..	6,590.5
3.	Upgradations to restructured standard category during the year ended March 31, 2017					
	No. of borrowers	12	(3)	(1)	(8)	..
	Amount outstanding	6.6	(0.3)	(0.3)	(6.4)	(0.4)
	Provision thereon	0.7	..	(0.1)	(6.4)	(5.8)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(1,256.1)	..	(4,015.9)	(33.0)	(5,305.0)
	Provision thereon	158.7	..	(683.3)	(33.0)	(557.6)
5.	Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at March 31, 2017 and hence need not be shown as restructured standard advances at April 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	(242)	(453)	726	3	34
	Amount outstanding	(17,569.5)	1,058.4	13,801.0	1.6	(2,708.5)
	Provision thereon	(1,754.6)	149.6	7,274.0	1.6	5,670.6
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	(58)	(63)	(11)	(17)	(149)
	Amount outstanding	(1,658.3)	(6.3)	(10,579.2)	(6,075.9)	(18,319.7)
	Provision thereon	(238.8)	(1.2)	(6,521.3)	(6,075.9)	(12,837.2)
8.	Restructured Accounts at March 31, 2017					
	No. of borrowers	284	221	765	98	1,368
	Amount outstanding	17,903.4	2,447.8	55,002.6	530.3	75,884.1
	Provision thereon	896.2	368.3	21,478.7	530.3	23,273.5

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

The following tables set forth, for the year ended March 31, 2017, details of total restructured loan assets.

` in million, except number of accounts

Sr. No.	Type of Restructuring	Total				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2016					
	No. of borrowers	424	739	75	127	1,365
	Amount outstanding	93,130.4	611.4	95,248.9	8,679.8	197,670.5
	Provision thereon	7,402.7	102.3	50,466.9	8,679.8	66,651.7
2.	Fresh restructuring during the year ended March 31, 2017					
	No. of borrowers	181	1	2	..	184
	Amount outstanding	1,913.2	784.6	22,465.1	..	25,162.9
	Provision thereon	5.5	117.7	6,467.3	..	6,590.5
3.	Upgradations to restructured standard category during the year ended March 31, 2017					
	No. of borrowers	13	(3)	(2)	(8)	..
	Amount outstanding	185.6	(0.3)	(193.8)	(6.4)	(14.9)
	Provision thereon	92.1	..	(193.6)	(6.4)	(107.9)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(2,886.9)	..	(26,259.5)	(138.7)	(29,285.1)
	Provision thereon	(81.1)	..	(11,653.3)	(138.7)	(11,873.1)
5.	Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at March 31, 2017 and hence need not be shown as restructured standard advances at April 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	(256)	(453)	737	6	34
	Amount outstanding	(45,201.5)	1,058.4	39,185.7	838.1	(4,119.3)
	Provision thereon	(4,347.6)	149.6	22,046.6	838.1	18,686.7
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	(58)	(63)	(27)	(21)	(169)
	Amount outstanding	(1,658.3)	(6.3)	(35,550.8)	(7,824.1)	(45,039.5)
	Provision thereon	(238.8)	(1.2)	(24,084.1)	(7,824.1)	(32,148.2)
8.	Restructured accounts at March 31, 2017					
	No. of borrowers	304	221	785	104	1,414
	Amount outstanding	45,482.5	2,447.8	94,895.6	1,548.7	144,374.6
	Provision thereon[2]	2,832.8	368.3	43,049.8	1,548.7	47,799.6

1. Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.
2. The Bank additionally holds provision amounting to ` 6,224.1 million on these accounts.

The following table sets forth, for the periods indicated, details of cases under Strategic Debt Restructuring (SDR) scheme (accounts which are currently under the stand-still period).

` in million, except number of borrowers

Particulars	At March 31, 2018[1]	At March 31, 2017
Number of borrowers where SDR has been invoked	..	15
Gross amount outstanding[2,3]		
- Standard	..	64,475.4
- NPA	..	..
Gross amount outstanding for borrowers where conversion of debt to equity is pending[2,3]		
- Standard	..	12,076.0
- NPA	..	..
Gross amount outstanding for borrowers where conversion of debt to equity has taken place[2,3]		
- Standard	..	52,399.4
- NPA	..	..

1. With effect from February 12, 2018, RBI has withdrawn SDR scheme. Accordingly, at March 31, 2018, cases where SDR has been invoked but not implemented are classified as per the extant Income Recognition and Asset Classification norms of RBI and have not been included here.
2. At March 31, 2017, eight cases amounting to ` 23,182.5 million classified as standard restructured.
3. Represents gross loans and credit substitutes.
4. Cases where the Bank has not taken stand-still benefit for NPA are excluded.

The Bank does not recognise any amount towards interest on the cases under SDR. With effect from February 12, 2018, RBI has withdrawn the scheme and the interest income, for cases where SDR were not implemented has been recognised as per the Income Recognition and Asset Classification norms of RBI.

The following table sets forth, for the periods indicated, details for cases of change in ownership outside SDR scheme (accounts which are currently under the stand-still period).

` in million, except number of borrowers

Particulars	At March 31, 2018[1]	At March 31, 2017
Number of borrowers where the Bank has decided to effect change in ownership	..	1
Gross amount outstanding		
- Standard	..	51,052.3
- NPA	..	..
Gross amount outstanding for borrowers where conversion of debt to equity/invocation of pledge of equity shares is pending		
- Standard	..	51,052.3
- NPA	..	..
Gross amount outstanding for borrowers where conversion of debt to equity/invocation of pledge of equity shares has taken place		
- Standard	..	..
- NPA	..	..

Particulars	At March 31, 2018[1]	At March 31, 2017
Gross amount outstanding for borrowers where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity		
- Standard	..	..
- NPA	..	..

1. With effect from February 12, 2018, Reserve Bank of India (RBI) has withdrawn change of management outside SDR scheme. Accordingly, at March 31, 2018, cases where change of management outside SDR has been invoked but not implemented are classified as per the extant Income Recognition and Asset Classification norms of RBI and have not been included here.
2. Represents gross loans and credit substitutes.
3. Cases where the Bank has not taken stand-still benefit for NPA are excluded.

The Bank does not recognise any amount towards interest on the cases under change of management outside SDR. With effect from February 12, 2018, RBI has withdrawn the scheme and the interest income, for cases where the change in management outside SDR were not implemented has been recognised as per the Income Recognition and Asset Classification norms of RBI.

During the year ended March 31, 2018, the Bank has upgraded one NPA borrower to standard category subsequent to change in ownership in accordance with RBI circular dated February 12, 2018. At March 31, 2018, the borrower's fund based outstanding was ₹ 15,452.7 million, which includes ₹ 10,262.0 million of credit substitutes and shares converted as per the resolution plan. The Bank holds an aggregate provision of ₹ 7,785.1 million against this borrower, which includes ₹ 6,508.2 million held against credit substitutes and shares.

The following table sets forth, for the periods indicated, details for cases of change in ownership for projects under implementation (accounts which are currently under the stand-still period).

₹ in million, except number of borrowers

Particulars	At March 31, 2018	At March 31, 2017
Number of project loan borrowers where the Bank has decided to effect change in ownership	1	..
Gross amount outstanding		
- Standard	2,346.3	..
- Standard restructured	..	..
- NPA	..	..

The following table sets forth, for the periods indicated, details of cases where scheme for Sustainable Structuring of Stressed Assets (S4A) is implemented.

₹ in million, except number of borrowers

Particulars	At March 31, 2018	At March 31, 2017
Number of borrowers where S4A has been applied	6	2
Total gross amount outstanding[1]		
- Standard	6,596.9[2]	2,925.7
- NPA	1,144.8	..

Particulars	At March 31, 2018	At March 31, 2017
Gross amount outstanding in Part A - Standard - NPA	 4,084.9[2] 108.7	 1,556.6 ..
Gross amount outstanding in Part B - Standard - NPA	 2,512.0 1,036.1	 1,369.1 ..
Provision held - Standard - NPA	 1,281.4 789.0	 576.4 ..

1. Represents loans, credit substitutes and shares under S4A scheme.
2. Includes outstanding amounting to ` 1,327.2 million which was upgraded to standard from NPA on implementation of S4A.

The Bank does not recognise any amount towards interest on the cases under S4A. With effect from February 12, 2018, RBI has withdrawn the scheme and the interest income, for cases where S4A were not implemented has been recognised as per the Income Recognition and Asset Classification norms of RBI.

The following table sets forth, for the periods indicated, details of cases under flexible structuring of existing loans.

` in million, except number of borrowers

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Number of borrowers taken up for flexible structuring	3[1]	2
Amount of loans taken up for flexible structuring[2] - Standard - NPA	 11,709.8 ..	 6,588.7 ..
Exposure weighted average duration of loans taken up for flexible structuring - Before applying flexible structuring - After applying flexible structuring	 4.57 10.98	 2.56 6.77

1. During the year ended March 31, 2018, two borrowers were taken up for flexible structuring, out of which one borrower was demerged into two entities through National Company Law Appellate Tribunal (NCLAT) order dated February 28, 2018.
2. Represents implementation amount.

27. Concentration of Deposits, Advances, Exposures and NPAs

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

` in million

Concentration of deposits	At March 31, 2018	At March 31, 2017
Total deposits of 20 largest depositors	347,959.8	344,948.7
Deposits of 20 largest depositors as a percentage of total deposits of the Bank	6.20%	7.03%

` in million

Concentration of advances[1]	At March 31, 2018	At March 31, 2017
Total advances to 20 largest borrowers (including banks)	1,365,485.0	1,176,210.0
Advances to 20 largest borrowers as a percentage of total advances of the Bank	14.11%	13.16%

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

` in million

Concentration of exposures[1]	At March 31, 2018	At March 31, 2017
Total exposure to 20 largest borrowers/customers (including banks)	1,431,945.8	1,209,099.8
Exposures to 20 largest borrowers/customers as a percentage of total exposure of the Bank	13.95%	12.90%

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

` in million

Concentration of NPAs	At March 31, 2018	At March 31 2017
Total exposure[1] to top four NPA accounts	154,385.3	149,247.4

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

(II) Sector-wise advances

` in million, except percentages

Sr. No.	Particulars	At March 31, 2018		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
A.	Priority sector			
1.	Agriculture and allied activities	393,267.6	12,330.0	3.14%
2.	Advances to industries sector eligible as priority sector lending	231,019.8	4,387.3	1.90%
3.	Services	75,247.9	1,599.6	2.13%
	of which:			
	Transport operators	14,846.4	165.5	1.12%
	Wholesale trade	36,832.9	971.5	2.64%
4.	Personal loans	243,380.3	2,498.2	1.03%
	of which:			
	Housing	229,255.3	2,255.3	0.98%
	Vehicle loans	11,946.7	120.2	1.01%
	Sub-total (A)	942,915.6	20,815.1	2.21%
B.	Non-priority sector			
1.	Agriculture and allied activities	..	..	0.00%
2.	Advances to industries sector	1,629,611.9	415,068.6	25.47%

Sr. No.	Particulars	At March 31, 2018		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
	of which: Infrastructure Basic metal and metal products	 484,409.9 253,136.8	 127,310.9 63,862.2	 26.28% 25.23%
3.	Services of which: Commercial real estate Wholesale trade Non-banking financial companies	1,109,598.3 280,361.6 131,292.0 135,066.6	75,133.1 10,704.7 5,789.1 0.2	6.77% 3.82% 4.41% 0.00%
4.	Personal loans[1] of which: Housing	1,697,325.1 1,120,039.7	21,385.0 8,706.7	1.26% 0.78%
	Sub-total (B)	4,436,535.3	511,586.7	11.53%
	Total (A)+(B)	5,379,450.9	532,401.8	9.90%

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.	Particulars	At March 31, 2017		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
A.	Priority sector			
1.	Agriculture and allied activities	341,765.2	10,634.9	3.11%
2.	Advances to industries sector eligible as priority sector lending	179,014.5	5,417.8	3.03%
3.	Services of which: Transport operators Wholesale trade	157,736.7 94,243.6 21,329.9	2,460.1 1,109.2 424.1	1.56% 1.18% 1.99%
4.	Personal loans of which: Housing Vehicle loans	401,622.2 259,814.7 130,646.7	4,805.5 2,241.1 2,233.1	1.20% 0.86% 1.71%
	Sub-total (A)	1,080,138.6	23,318.3	2.16%
B.	Non-priority sector			
1.	Agriculture and allied activities	..	..	..
2.	Advances to industries sector of which: Infrastructure Basic metal and metal products	1,621,712.6 532,398.0 323,388.0	321,120.6 86,004.1 80,392.5	19.80% 16.15% 24.86%
3.	Services of which: Commercial real estate Wholesale trade	908,101.3 262,610.0 126,313.8	66,357.4 7,694.1 6,978.8	7.31% 2.93% 5.53%

Sr. No.	Particulars	At March 31, 2017		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
	Non-banking financial companies	112,359.7	0.2	0.00%
4.	Personal loans[1] of which: Housing	1,214,651.5 898,475.2	10,797.5 5,014.8	0.89% 0.56%
	Sub-total (B)	3,744,465.4	398,275.5	10.64%
	Total (A)+(B)	4,824,604.0	421,593.8	8.74%

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

` in million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Total assets[1]	931,385.2	946,250.3
Total NPAs (net)	122,524.3	79,506.2
Total revenue[1]	38,091.2	53,711.9

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) for the year ended March 31, 2018

(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[1]
A.	Domestic
	1. ICICI Strategic Investments Fund[2]
	2. India Advantage Fund-III[2]
	3. India Advantage Fund-IV[2]
B.	Overseas
	None

1. SPVs/Trusts which are consolidated and set-up/sponsored by the Bank/Subsidiaries of the Bank.
2. The nature of business of the above entities is venture capital fund.

(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.

` in million

Sr. No.	Particulars	At March 31, 2018	At March 31, 2017
1.	Total amount of intra-group exposures	125,838.4	91,990.1
2.	Total amount of top 20 intra-group exposures	125,838.4	91,990.1
3.	Percentage of intra-group exposure to total exposures of the Bank on borrowers/customers	1.23%	0.98%
4.	Details of breach of limits on intra-group exposures and regulatory action thereon, if any	Nil	Nil

29. Exposure to sensitive sectors

The Bank has exposure to sectors, which are sensitive to asset price fluctuations. The sensitive sectors include capital markets and real estate.

The following table sets forth, for the periods indicated, the position of exposure to capital market sector.

` in million

Sr. No.	Particulars	At March 31, 2018	At March 31, 2017
1.	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds, the corpus of which is not exclusively invested in corporate debt	24,451.5	26,647.1
2.	Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	1,336.0	1,574.9
3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	49,530.2	53,953.3
4.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/ convertible debentures/units of equity oriented mutual funds does not fully cover the advances	..	..
5.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers	74,928.9	58,604.7
6.	Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	..	..
7.	Bridge loans to companies against expected equity flows/issues	..	324.3
8.	Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	..	..
9.	Financing to stockbrokers for margin trading	..	..
10.	All exposures to venture capital funds (both registered and unregistered)	5,634.3	5,263.1
11.	Others	591.7	2,307.3
	Total exposure to capital market[1]	156,472.6	148,674.7

1. At March 31, 2018, excludes investment in equity shares of ` 27,085.1 million (March 31, 2017: ` 18,098.1 million) exempted from the regulatory ceiling, out of which investments of ` 25,481.8 million (March 31, 2017: ` 17,887.0 million) were acquired under resolution schemes of RBI.

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

` in million

Sr. No.	Particulars	At March 31, 2018	At March 31, 2017
I	Direct exposure	2,003,591.0	1,764,643.6
	i) Residential mortgages	1,573,084.4	1,361,624.8
	of which: individual housing loans eligible for priority sector advances	188,656.5	185,680.7
	ii) Commercial real estate[1]	400,703.7	365,609.4
	iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposure	29,802.9	37,409.4
	a. Residential	25,370.6	33,382.6
	b. Commercial real estate	4,432.3	4,026.8
II	Indirect exposure	189,766.3	135,414.3
	i) Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	189,766.3	135,414.3
	ii) Others	..	..
	Total exposure to real estate sector	2,193,357.3	1,900,057.9

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.

30. Factoring business

At March 31, 2018, the outstanding receivables acquired by the Bank under factoring business were Nil (March 31, 2017: ` 2,061.0 million).

31. Risk category-wise country exposure

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. The funded country exposure (net) of the Bank as a percentage of total funded assets for United States of America was 3.08% (March 31, 2017: 2.27%) and for Singapore was 1.13% (March 31, 2017: 1.20%). As the net funded exposure to United States of America and Singapore exceeded 1.0% of total funded assets, the Bank held a provision of ` 455.0 million on country exposure at March 31, 2018 (March 31, 2017: ` 375.0 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

Risk category	Exposure (net) at March 31, 2018	Provision held at March 31, 2018	Exposure (net) at March 31, 2017	Provision held at March 31, 2017
Insignificant	914,183.7	455.0	741,032.4	375.0
Low	282,931.3	..	203,202.9	..
Moderately Low	8,706.1	..	10,958.7	..

Risk category	Exposure (net) at March 31, 2018	Provision held at March 31, 2018	Exposure (net) at March 31, 2017	Provision held at March 31, 2017
Moderate	7,737.7	..	15,919.2	..
Moderately High	9,928.4	..	..	..
High	..	..	..	..
Very High	..	..	..	..
Total	1,223,487.2	455.0	971,113.2	375.0

32. Details of Single Borrower Limit and Borrower Group Limit exceeded by the Bank

During the year ended March 31, 2018 and March 31, 2017, the Bank has 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 the financial statements at March 31, 2018 (March 31, 2017: Nil).

34. Revaluation of fixed assets

The Bank follows the revaluation model for its premises (land and buildings) as per AS 10 – 'Property, Plant and Equipment'. The Bank had initially revalued its premises at March 31, 2016. In accordance with the Bank's policy, annual revaluation was carried out during the year ended March 31, 2018 through external valuers, using methodologies such as direct comparison method and income generation method and the incremental amount has been taken to revaluation reserve. The revalued amount at March 31, 2018 was ` 56,637.9 million (March 31, 2017: ` 57,161.9 million) as compared to the historical cost less accumulated depreciation of ` 26,606.0 million (March 31, 2017: ` 26,740.5 million).

The revaluation reserve is not available for distribution of dividend.

35. Fixed Assets

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets.

` in million

Particulars	At March 31, 2018	At March 31, 2017
At cost at March 31 of preceding year	15,066.6	13,136.6
Additions during the year	3,573.5	1,950.3
Deductions during the year	(32.0)	(20.3)
Depreciation to date	(14,033.0)	(11,807.7)
Net block	4,575.1	3,258.9

36. Description of contingent liabilities

The following table describes the nature of contingent liabilities of the Bank.

Sr. no.	Contingent liability	Brief Description
1.	Claims against the Bank, 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.
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 RBI under the Depositor Education and Awareness Fund (DEAF), exposure under partial credit enhancement, commitment towards contribution to venture fund and the amount that the Bank is obligated to pay under capital contracts. Capital contracts are job orders of a capital nature which have been committed.

37. Insurance business

The following table sets forth, for the periods indicated, the break-up of income derived from insurance business.

` in million

Sr. No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
1.	Income from selling life insurance policies	8,821.1	9,644.2
2.	Income from selling non-life insurance policies	1,133.5	888.9
3.	Income from selling mutual fund/collective investment scheme products	4,999.5	2,681.3

38. Employee benefits

Pension

The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for pension benefits.

` in million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening obligations	16,686.9	14,191.6
Service cost	275.0	253.7
Interest cost	1,113.1	1,116.5
Actuarial (gain)/loss	(1,162.8)	2,436.0
Liabilities extinguished on settlement	(1,399.0)	(1,182.5)
Benefits paid	(122.1)	(128.4)
Obligations at the end of year	15,391.1	16,686.9
Opening plan assets, at fair value	16,888.1	13,191.6
Expected return on plan assets	1,433.4	1,143.2
Actuarial gain/(loss)	(449.6)	589.5
Assets distributed on settlement	(1,554.5)	(1,313.9)
Contributions	108.4	3,406.1
Benefits paid	(122.1)	(128.4)
Closing plan assets, at fair value	16,303.7	16,888.1
Fair value of plan assets at the end of the year	16,303.7	16,888.1
Present value of the defined benefit obligations at the end of the year	(15,391.1)	(16,686.9)
Amount not recognised as an asset (limit in Para 59(b) of AS 15 on 'employee benefits')	(310.1)	(68.4)
Asset/(liability)	602.5	132.8
Cost[1]		
Service cost	275.0	253.7
Interest cost	1,113.1	1,116.5
Expected return on plan assets	(1,433.4)	(1,143.2)
Actuarial (gain)/loss	(713.2)	1,846.5
Curtailments & settlements (gain)/loss	155.5	131.4
Effect of the limit in para 59(b) of AS 15 on 'employee benefits'	241.8	68.4

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net cost	(361.2)	2,273.3
Actual return on plan assets	983.8	1,732.7
Expected employer's contribution next year	3,000.0	3,000.0
Investment details of plan assets		
Insurer managed funds	0.88%	0.80%
Government of India securities	48.98%	47.80%
Corporate bonds	43.48%	39.38%
Equity securities in listed companies	6.00%	6.02%
Others	0.66%	6.00%
Assumptions		
Discount rate	7.45%	6.75%
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.

Estimated rate of return on plan assets is based on the expected average long-term rate of return on investments of the Fund during the estimated term of the obligations.

Experience adjustment

` in million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Plan assets	16,303.7	16,888.1	13,191.6	10,103.4	9,018.8
Defined benefit obligations	(15,391.1)	(16,686.9)	(14,191.6)	(12,999.9)	(10,209.9)
Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee benefits')	(310.1)	(68.4)	..	..	..
Surplus/(deficit)	602.5	132.8	(1,000.0)	(2,896.5)	(1,191.1)
Experience adjustment on plan assets	(449.6)	589.5	(4.1)	104.7	(29.1)
Experience adjustment on plan liabilities	290.1	(80.0)	1,503.4	1,271.2	2,549.6

Gratuity

The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for gratuity benefits.

` in million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening obligations	8,701.8	7,386.8
Add: Adjustment for exchange fluctuation on opening obligations	0.4	(2.7)
Adjusted opening obligations	8,702.2	7,384.1
Service cost	893.4	716.6
Interest cost	599.3	587.8
Actuarial (gain)/loss	(318.5)	723.8
Past service cost	14.7	..
Liability transferred from/to other companies	4.4	68.1
Benefits paid	(807.8)	(778.6)
Obligations at the end of the year	9,087.7	8,701.8
Opening plan assets, at fair value	8,559.0	6,933.0
Expected return on plan assets	689.6	527.7
Actuarial gain/(loss)	(115.9)	454.5
Contributions	650.5	1,354.3
Asset transferred from/to other companies	4.5	68.1
Benefits paid	(807.8)	(778.6)
Closing plan assets, at fair value	8,979.9	8,559.0
Fair value of plan assets at the end of the year	8,979.9	8,559.0
Present value of the defined benefit obligations at the end of the year	(9,087.7)	(8,701.8)
Amount not recognised as an asset (limit in Para 59(b) of AS 15 on 'employee benefits')	..	..
Asset/(liability)	(107.8)	(142.8)
Cost[1]		
Service cost	893.4	716.6
Interest cost	599.3	587.8
Expected return on plan assets	(689.6)	(527.7)
Actuarial (gain)/loss	(202.6)	269.3
Past service cost	14.7	..
Exchange fluctuation loss/(gain)	0.4	(2.7)
Effect of the limit in para 59(b) of AS 15 on 'employee benefits'	..	..
Net cost	615.6	1,043.3
Actual return on plan assets	573.7	982.2
Expected employer's contribution next year	1,500.0	1,500.0
Investment details of plan assets		
Insurer managed funds	..	..
Government of India securities	27.49%	19.70%
Corporate bonds	48.70%	51.94%
Special deposit schemes	3.25%	3.41%

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Equity	15.70%	14.92%
Others	4.86%	10.03%
Assumptions		
Discount rate	7.60%	6.75%
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.

Estimated rate of return on plan assets is based on the expected average long-term rate of return on investments of the Fund during the estimated term of the obligations.

Experience adjustment

` in million

Particulars	Year ended March 31, 2018	Year ended March 31,2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Plan assets	8,979.9	8,559.0	6,933.0	6,570.7	5,729.9
Defined benefit obligations	(9,087.7)	(8,701.8)	(7,386.7)	(6,754.6)	(5,818.5)
Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee benefits')	..	..	..	..	..
Surplus/(deficit)	(107.8)	(142.8)	(453.7)	(183.9)	(88.6)
Experience adjustment on plan assets	(115.9)	454.5	(345.7)	589.1	(29.5)
Experience adjustment on plan liabilities	162.0	125.2	120.1	41.9	217.6

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, 2018 (year ended March 31, 2017: Nil).

The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for provident fund.

` in million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening obligations	22,596.8	19,920.6

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Service cost	1,233.8	1,097.0
Interest cost	1,512.4	1,549.2
Actuarial (gain)/loss	412.4	252.8
Employees contribution	2,314.8	2,116.6
Liability transferred from/to other companies	304.8	225.7
Benefits paid	(2,850.6)	(2,565.1)
Obligations at end of the year	25,524.4	22,596.8
Opening plan assets	22,596.8	19,920.6
Expected return on plan assets	1,960.4	1,828.8
Actuarial gain/(loss)	(35.6)	(26.8)
Employer contributions	1,233.8	1,097.0
Employees contributions	2,314.8	2,116.6
Asset transferred from/to other companies	304.8	225.7
Benefits paid	(2,850.6)	(2,565.1)
Closing plan assets	25,524.4	22,596.8
Plan assets at the end of the year	25,524.4	22,596.8
Present value of the defined benefit obligations at the end of the year	(25,524.4)	(22,596.8)
Asset/(liability)	..	..
Cost[1]		
Service cost	1,233.8	1,097.0
Interest cost	1,512.4	1,549.2
Expected return on plan assets	(1,960.4)	(1,828.8)
Actuarial (gain)/loss	448.0	279.6
Net cost	1,233.8	1,097.0
Actual return on plan assets	1,924.8	1,802.0
Expected employer's contribution next year	1,320.2	1,173.8
Investment details of plan assets		
Government of India securities	46.67%	43.38%
Corporate bonds	46.57%	50.20%
Special deposit scheme	2.12%	2.40%
Others	4.64%	4.02%
Assumption		
Discount rate	7.60%	6.75%
Expected rate of return on assets	8.95%	8.55%
Discount rate for the remaining term to maturity of investments	7.55%	7.09%
Average historic yield on the investment	8.90%	8.89%
Guaranteed rate of return	8.65%	8.65%

1. Included in line item 'Payments to and provision for employees' of Schedule-16 Operating expenses.

Experience adjustment

` in million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Plan assets	25,524.4	22,596.8	19,920.6	17,746.8	15,689.8
Defined benefit obligations	(25,524.4)	(22,596.8)	(19,920.6)	(17,746.8)	(15,693.3)
Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee benefits')	..	..	..	..	..
Surplus/(deficit)	..	..	..	..	(3.5)
Experience adjustment on plan assets	(35.6)	(26.8)	8.7	346.4	(150.5)
Experience adjustment on plan liabilities	412.4	252.8	199.0	322.3	(49.1)

The Bank has contributed ` 1,982.2 million to provident fund for the year ended March 31, 2018 (year ended March 31, 2017: ` 1,823.6 million), which includes compulsory contribution made towards employee pension scheme under Employees Provident Fund and Miscellaneous Provisions Act, 1952.

Superannuation Fund

The Bank has contributed ` 207.2 million for the year ended March 31, 2018 (year ended March 31, 2017: ` 197.4 million) to Superannuation Fund for employees who had opted for the scheme.

National Pension Scheme (NPS)

The Bank has contributed ` 76.8 million for the year ended March 31, 2018 (year ended March 31, 2017: ` 64.4 million) to NPS for employees who had opted for the scheme.

Compensated absence

The following table sets forth, for the periods indicated, movement in provision for compensated absence.

` in million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cost[1]	675.3	728.9
Assumptions		
Discount rate	7.60%	6.75%
Salary escalation rate	7.00%	7.00%

1. Included in line item 'Payments to and provision for employees' of Schedule-16 Operating expenses.

39. Movement in provision for credit cards/debit cards/savings accounts and direct marketing agents reward points

The following table sets forth, for the periods indicated, movement in provision for credit cards/debit cards/savings accounts reward points.

` in million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening provision for reward points	1,627.3	1,417.5
Provision for reward points made during the year	1,573.0	1,725.4
Utilisation/write-back of provision for reward points	(1,307.4)	(1,515.6)
Closing provision for reward points[1]	1,892.9	1,627.3

1. The closing provision is based on the actuarial valuation of accumulated credit cards/debit cards/savings accounts reward points.

The following table sets forth, for the periods indicated, movement in provision for reward points to direct marketing agents.

` in million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening provision for reward points	201.5	168.1
Provision for reward points made during the year	101.1	145.4
Utilisation/write-back of provision for reward points	(123.0)	(112.0)
Closing provision for reward points	179.6	201.5

40. Provisions and contingencies

The following table sets forth, for the periods indicated, the break-up of provisions and contingencies included in profit and loss account.

` in million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Provisions for depreciation of investments	18,773.4	6,088.2
Provision towards non-performing and other assets[1,2]	142,445.2	146,859.5
Provision towards income tax		
- Current[3]	26,618.5	21,801.2
- Deferred	(20,047.2)	(7,026.0)
Floating provision	..	..
Other provisions and contingencies[4]	11,851.2	(866.3)
Total provisions and contingencies	179,641.1	166,856.6

1. Includes provision towards NPA amounting to ` 163,793.6 million (March 31, 2017: ` 164,334.2 million).
2. During the year ended March 31, 2017, the Bank has fully utilised an amount of ` 36,000.0 million from collective contingency and related reserve.

3. During the year ended March 31, 2018, the Bank has recognised Minimum Alternate Tax (MAT) credit as an asset amounting to ` 2,178.0 million, as the normal income tax liability related to the year ended March 31, 2017 was less than the MAT computed as per section 115JB of the Income tax Act, 1961. The MAT asset has been fully utilised against the normal income tax liability for the year ended March 31, 2018.
4. Includes general provision made towards standard assets amounting to ` 2,771.1 million (March 31, 2017: reversal of provision by ` 3,392.4 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 AS 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Bank recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

The following table sets forth, for the periods indicated, the movement in provision for legal and fraud cases, operational risk and other contingencies.

` in million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening provision	7,861.3	6,146.6
Movement during the year (net)	3,135.3	1,714.7
Closing provision	10,996.6	7,861.3

1. Excludes provision towards sundry expenses.

41. Provision for income tax

The provision for income tax (including deferred tax) for the year ended March 31, 2018 amounted to ` 6,571.3 million (March 31, 2017: ` 14,775.1 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, 2018, the Bank has recorded net deferred tax assets of ` 74,770.2 million (March 31, 2017: ` 54,722.3 million), which have been included in other assets.

The following table sets forth, for the periods indicated, the break-up of deferred tax assets and liabilities into major items.

` in million

Particulars	At March 31, 2018[1]	At March 31, 2017[2]
Deferred tax assets		
Provision for bad and doubtful debts	102,010.3	78,109.5
Foreign currency translation reserve[3]	861.2	5,721.3
Others	6,603.6	4,565.4
Total deferred tax assets	109,475.1	88,396.2
Deferred tax liabilities		
Special reserve deduction	28,653.2	26,870.6
Depreciation on fixed assets	4,974.6	5,243.7
Interest on refund of taxes[3]	1,077.1	1,559.6
Total deferred tax liabilities	34,704.9	33,673.9
Total net deferred tax assets/(liabilities)	74,770.2	54,722.3

1. Tax rate of 34.944% is adopted based on Finance Act, 2018.
2. Tax rate of 34.608% is adopted based on Finance Act, 2017.
3. These items are considered in accordance with the requirements of Income Computation and Disclosure Standards (ICDS).

As per ICDS and subsequent circular issued by Central Board of Direct Taxes, during the year ended March 31, 2017, the Bank had recognised tax expense and deferred tax asset on closing balance of Foreign Currency Translation Reserve (FCTR) at March 31, 2017. Delhi High Court struck down certain part of ICDS in November 2017. Further, pursuant to amendments in Income tax Act 1961 through Finance Act, 2018, the movement during the year in FCTR has become taxable effective from April 1, 2016. Accordingly, tax expense of ` 4,159.0 million and equal amount of deferred tax asset on the opening balance of FCTR at April 1, 2016 recognised earlier under ICDS has been reversed.

43. Details of provisioning pertaining to fraud accounts

The following table sets forth, for the periods indicated, the details of provisioning pertaining to fraud accounts.

` in million, except number of frauds

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Number of frauds reported	2,938[1]	3,359
Amount involved in frauds	5,895.7[1]	4,210.7
Provision made[1]	2,087.5	584.9
Unamortised provision debited from balance in profit and loss account under 'Reserves and Surplus'	199.8	..

1. Excludes amount written off and interest reversal.

Additionally, during the year ended March 31, 2018, the Bank accounted for three borrower accounts with outstanding of ` 7,948.7 million as fraud and made a provision of ` 2,894.5 million through profit and loss account and ` 5,054.2 million through balance in profit and loss account under 'Reserves and Surplus'. As permitted by RBI, provision made through balance in profit and loss account under 'Reserves and Surplus' will be reversed and recognised through profit and loss account in the subsequent quarters of the next financial year.

44. Proposed dividend on equity and preference shares

The Board of Directors at its meeting held on May 7, 2018 has recommended a dividend of ` 1.50 per equity share for the year ended March 31, 2018 (year ended March 31, 2017: ` 2.50 per equity share). The declaration and payment of dividend is subject to requisite approvals.

The Board at its meeting held on April 2, 2018 recommended an interim dividend of ` 100.00 per preference share for the year ended March 31, 2018. The interim dividend will be placed for ratification by the shareholders as final dividend. The Board of Directors had recommended a dividend of ` 100.00 per preference share for the year ended March 31, 2017.

According to the revised AS 4 - 'Contingencies and events occurring after the balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not accounted for proposed dividend (including tax) as a liability for the year ended March 31, 2018. However, the Bank has reckoned proposed dividend in determining capital funds in computing capital adequacy ratio at March 31, 2018.

45. Dividend distribution tax

Dividend received from Indian subsidiaries, on which dividend distribution tax has been paid by them and dividend received from overseas subsidiaries, on which tax has been paid under section 115BBD of the Income Tax Act, 1961, have been reduced from dividend to be distributed by the Bank for the purpose of computation of dividend distribution tax as per section 115-O of the Income Tax Act, 1961.

46. Related party transactions

The Bank has transactions with its related parties comprising subsidiaries, associates/joint ventures/other related entities, key management personnel and relatives of key management personnel.

I. Related parties

Subsidiaries

ICICI Bank Canada, ICICI Bank UK PLC, ICICI Home Finance Company Limited, ICICI International Limited, ICICI Investment Management Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Prudential Asset Management Company Limited, ICICI Prudential Life Insurance Company Limited, ICICI Prudential Pension Funds Management Company Limited, ICICI Prudential Trust Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Securities Limited, ICICI Securities Primary Dealership Limited, ICICI Trusteeship Services Limited and ICICI Venture Funds Management Company Limited.

Associates/joint ventures/other related entities

ICICI Merchant Services Private Limited, ICICI Strategic Investments Fund[1], India Advantage Fund-III, India Advantage Fund-IV, India Infradebt Limited, I-Process Services (India) Private Limited, NIIT Institute of Finance, Banking and Insurance Training Limited, Comm Trade Services Limited and ICICI Foundation for Inclusive Growth.

1. Entity consolidated as per Accounting Standard (AS) 21 on 'Consolidated Financial Statements'.

Akzo Nobel India Limited and FINO PayTech Limited ceased to be related parties effective from April 30, 2016 and January 5, 2017 respectively.

Key management personnel

Ms. Chanda Kochhar, Mr. N. S. Kannan, Ms. Vishakha Mulye, Mr. Vijay Chandok[1], Mr. Anup Bagchi[2], Mr. K. Ramkumar[3] and Mr. Rajiv Sabharwal[4].

1. Identified as related party effective from July 28, 2016.
2. Identified as related party effective from February 1, 2017.
3. Ceased to be related party effective close of business hours on April 30, 2016.
4. Ceased to be related party effective close of business hours on January 31, 2017.

Relatives of key management personnel

Mr. Deepak Kochhar, Mr. Arjun Kochhar, Ms. Aarti Kaji, Mr. Mahesh Advani, Ms. Rangarajan Kumudalakshmi, Ms. Aditi Kannan, Ms. Sudha Narayanan, Mr. Raghunathan Narayanan, Mr. Rangarajan Narayanan, Mr. Vivek Mulye, Ms. Vriddhi Mulye, Dr. Gauresh Palekar, Ms. Shalaka Gadekar, Ms. Manisha Palekar, Ms. Poonam Chandok[1], Ms. Saluni Chandok[1], Ms. Simran Chandok[1], Mr. C. V. Kumar[1], Ms. Shad Kumar[1], Ms. Sanjana Gulati[1], Ms. Mitul Bagchi[2], Mr. Aditya Bagchi[2], Mr. Shishir Bagchi[2], Mr. K. Jayakumar[3], Ms. J. Krishnaswamy[3], Ms. Sangeeta Sabharwal[4], Mr. Kartik Sabharwal[4] and Mr. Arnav Sabharwal[4].

1. Identified as related party effective from July 28, 2016.
2. Identified as related party effective from February 1, 2017.
3. Ceased to be related party effective close of business hours on April 30, 2016.
4. Ceased to be related party effective close of business hours on January 31, 2017.

II. Transactions with related parties

The following table sets forth, for the periods indicated, the significant transactions between the Bank and its related parties.

` in million

Items	Year ended March 31, 2018	Year ended March 31, 2017
Interest income		
Subsidiaries	489.1	691.9
Associates/joint ventures/others	29.4	43.5
Key management personnel	9.0	10.7
Relatives of key management personnel	0.1	0.2
Total	**527.6**	**746.3**
Fee, commission and other income		
Subsidiaries	12,080.3	11,198.9
Associates/joint ventures/others	13.9	17.6
Key management personnel	0.0[1]	0.2
Relatives of key management personnel	0.0[1]	0.0[1]
Total	**12,094.2**	**11,216.7**
Commission income on guarantees issued		
Subsidiaries	35.2	25.5

` in million

Items	Year ended March 31, 2018	Year ended March 31, 2017
Associates/joint ventures/others	0.1	0.0[1]
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	35.3	25.5
Income on custodial services		
Subsidiaries	26.8	10.4
Associates/joint ventures/others	..	1.5
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	26.8	11.9
Gain/(loss) on forex and derivative transactions (net)[2]		
Subsidiaries	44.5	478.6
Associates/joint ventures/others	(0.0)[1]	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	44.5	478.6
Dividend income		
Subsidiaries	12,140.6	14,190.3
Associates/joint ventures/others	62.9	..
Total	12,203.5	14,190.3
Insurance claims received		
Subsidiaries	127.5	116.4
Associates/joint ventures/others	..	..
Total	127.5	116.4
Recovery of lease of premises, common corporate and facilities expenses		
Subsidiaries	1,611.1	1,474.9
Associates/joint ventures/others	69.2	64.5
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	1,680.3	1,539.4
Payment of lease of premises, common corporate and facilities expenses		
Subsidiaries	73.1	85.5
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	73.1	85.5

` in million

Items	Year ended March 31, 2018	Year ended March 31, 2017
Recovery for secondment of employees		
Subsidiaries	11.2	29.3
Associates/joint ventures/others	8.7	8.0
Total	19.9	37.3
Reimbursement of expenses from related parties		
Subsidiaries	1.4	1.6
Associates/joint ventures/others	3.3	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	4.7	1.6
Interest expense		
Subsidiaries	303.6	339.3
Associates/joint ventures/others	5.4	15.6
Key management personnel	10.2	6.7
Relatives of key management personnel	3.1	2.9
Total	322.3	364.5
Remuneration to wholetime directors[3]		
Key management personnel	232.9	223.5
Total	232.9	223.5
Reimbursement of expenses to related parties		
Subsidiaries	784.5	543.5
Associates/joint ventures/others	0.1	0.2
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	784.6	543.7
Insurance premium paid		
Subsidiaries	2,869.0	1,830.5
Associates/joint ventures/others	..	..
Total	2,869.0	1,830.5
Brokerage, fee and other expenses		
Subsidiaries	503.9	951.7
Associates/joint ventures/others	6,833.4	5,919.6
Key management personnel	..	..
Relatives of key management personnel	..	..

` in million

Items	Year ended March 31, 2018	Year ended March 31, 2017
Total	7,337.3	6,871.3
Donation given		
Subsidiaries	..	..
Associates/joint ventures/others	560.0	475.0
Total	560.0	475.0
Dividend paid		
Subsidiaries	..	..
Associates/joint ventures/others	..	..
Key management personnel	8.3	17.7
Relatives of key management personnel	0.0[1]	0.0[1]
Total	8.3	17.7
Purchase of investments		
Subsidiaries	50,279.2	7,074.0
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	50,279.2	7,074.0
Investment in certificate of deposits (CDs)/bonds issued by the Bank		
Subsidiaries	..	5,018.9
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	..	5,018.9
Investments in the securities issued by related parties		
Subsidiaries	..	..
Associates/joint ventures/others	6,462.0	5,779.5
Total	6,462.0	5,779.5
Sale of investments		
Subsidiaries	29,950.3	15,486.1
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	29,950.3	15,486.1
Redemption/buyback of securities		

` in million

Items	Year ended March 31, 2018	Year ended March 31, 2017
Subsidiaries	5,065.0	5,862.2
Associates/joint ventures/others	190.1	566.1
Total	5,255.1	6,428.3
Unfunded risk participation		
Subsidiaries	1,291.6	2,075.2
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	1,291.6	2,075.2
Sale of loans		
Subsidiaries	1,403.9	..
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	1,403.9	..
Purchase of fixed assets		
Subsidiaries	1.2	10.8
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	1.2	10.8
Sale of fixed assets		
Subsidiaries	2.2	1.2
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	2.2	1.2

1. Insignificant amount.
2. The Bank undertakes derivative transactions with its subsidiaries, associates, joint ventures and other related entities. The Bank manages its foreign exchange and interest rate risks arising from these transactions by covering them in the market. While the Bank, within its overall position limits covers these transactions in the market, the above amounts represent only the transactions with its subsidiaries, associates, joint ventures and other related entities and not the offsetting/covering transactions.
3. Excludes the perquisite value on account of employee stock options exercised.

III. Material transactions with related parties

The following table sets forth, for the periods indicated, the material transactions between the Bank and its related parties. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

` in million

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
Interest income			
1	ICICI Home Finance Company Limited	368.5	558.7
2	ICICI Securities Primary Dealership Limited	111.6	89.3
Fee, commission and other income			
1	ICICI Prudential Life Insurance Company Limited	8,818.7	9,675.3
2	ICICI Prudential Asset Management Company Limited	1,360.8	86.6
3	ICICI Lombard General Insurance Company Limited	1,213.7	937.3
Commission income on guarantees issued			
1	ICICI Bank UK PLC	33.3	24.1
Income on custodial services			
1	ICICI Prudential Asset Management Company Limited	23.7	8.1
2	ICICI Securities Primary Dealership Limited	3.1	2.3
Gain/(loss) on forex and derivative transactions (net)[1]			
1	ICICI Securities Primary Dealership Limited	(565.1)	(258.0)
2	ICICI Bank UK PLC	535.3	825.0
3	ICICI Prudential Life Insurance Company Limited	54.0	11.8
4	ICICI Prudential Asset Management Company Limited	14.8	10.6
5	ICICI Lombard General Insurance Company Limited	8.7	14.7
6	ICICI Home Finance Company Limited	(7.9)	(113.1)
Dividend income			
1	ICICI Prudential Life Insurance Company Limited	5,435.9	5,449.1
2	ICICI Prudential Asset Management Company Limited	2,268.6	1,629.5
3	ICICI Securities Limited	1,771.8	2,050.3
4	ICICI Securities Primary Dealership Limited	672.3	2,782.9
Insurance claims received			
1	ICICI Prudential Life Insurance Company Limited	85.3	85.1
2	ICICI Lombard General Insurance Company Limited	42.2	31.3
Recovery of lease of premises, common corporate and facilities expenses			
1	ICICI Home Finance Company Limited	377.5	346.7
2	ICICI Securities Limited	288.0	269.8
3	ICICI Bank UK PLC	260.6	275.2
4	ICICI Prudential Life Insurance Company Limited	232.7	183.7
5	ICICI Lombard General Insurance Company Limited	226.4	201.3

` in million

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
Payment of lease of premises, common corporate and facilities expenses			
1	ICICI Venture Funds Management Company Limited	66.3	66.5
2	ICICI Home Finance Company Limited	2.0	10.5
Recovery for secondment of employees			
1	ICICI Securities Limited	10.1	9.8
2	I-Process Services (India) Private Limited	8.7	8.0
3	ICICI Investment Management Company Limited	..	17.6
Reimbursement of expenses from related parties			
1	India Infradebt Limited	3.3	..
2	ICICI Home Finance Company Limited	1.4	1.4
3	ICICI Bank Canada	..	0.1
Interest expense			
1	ICICI Prudential Life Insurance Company Limited	190.0	93.5
2	ICICI Securities Limited	87.1	218.4
Remuneration to wholetime directors[2]			
1	Ms. Chanda Kochhar	63.3	58.7
2	Mr. N. S. Kannan	45.1	40.7
3	Ms. Vishakha Mulye	43.1	36.7
4	Mr. Vijay Chandok[3]	44.1	26.1
5	Mr. Anup Bagchi[4]	37.3	8.5
7	Mr. K. Ramkumar[5]	N.A.	11.1
6	Mr. Rajiv Sabharwal[6]	N.A.	41.7
Reimbursement of expenses to related parties			
1	ICICI Securities Limited	553.8	0.3
2	ICICI Lombard General Insurance Company Limited	193.6	..
3	ICICI Prudential Life Insurance Company Limited	2.4	509.9
Insurance premium paid			
1	ICICI Lombard General Insurance Company Limited	1,699.5	1,271.0
2	ICICI Prudential Life Insurance Company Limited	1,169.5	559.5
Brokerage, fee and other expenses			
1	I-Process Services (India) Private Limited	4,516.6	3,572.8
2	ICICI Merchant Services Private Limited	2,303.1	2,318.4
Donation given			
1	ICICI Foundation for Inclusive Growth	560.0	475.0
Dividend paid			

` in million

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
1	Ms. Chanda Kochhar	5.7	11.7
2	Mr. N. S. Kannan	1.1	2.1
3	Ms. Vishakha Mulye	1.5	2.6
4	Mr. Vijay Chandok[3]	0.0[7]	..
5	Mr. Anup Bagchi[4]	..	..
6	Mr. Rajiv Sabharwal[6]	N.A.	1.4
Purchase of investments			
1	ICICI Securities Primary Dealership Limited	42,642.3	2,124.0
2	ICICI Prudential Life Insurance Company Limited	6,045.6	4,685.2
Investment in certificate of deposits (CDs)/bonds issued by the Bank			
1	ICICI Prudential Life Insurance Company Limited	..	3,250.0
2	ICICI Bank UK PLC	..	1,018.9
3	ICICI Securities Primary Dealership Limited	..	750.0
Investments in the securities issued by related parties			
1	India Infradebt Limited	6,462.0	5,779.5
Sale of investments			
1	ICICI Prudential Life Insurance Company Limited	16,353.3	10,700.3
2	ICICI Securities Primary Dealership Limited	12,379.0	2,512.4
3	ICICI Lombard General Insurance Company Limited	1,218.0	2,273.4
Redemption/buyback of investments			
1	ICICI Bank Canada	5,065.0	5,862.2
2	India Advantage Fund-III	108.2	41.3
3	India Advantage Fund-IV	81.9	35.6
Unfunded risk participation			
1	ICICI Bank UK PLC	1,291.6	2,075.2
Sale of loans			
1	ICICI Bank UK PLC	1,403.9	..
Purchase of fixed assets			
1	ICICI Home Finance Company Limited	1.1	..
2	ICICI Securities Primary Dealership Limited	0.1	4.0
3	ICICI Securities Limited	..	4.3
4	ICICI Prudential Life Insurance Company Limited	..	1.9
5	ICICI Prudential Asset Management Company Limited	..	0.5
Sale of fixed assets			
1	ICICI Prudential Asset Management Company Limited	2.2	..
2	ICICI Securities Limited	..	1.2

1. The Bank undertakes derivative transactions with its subsidiaries, associates, joint ventures and other related entities. The Bank manages its foreign exchange and interest rate risks arising from these transactions by covering them in the market.

While the Bank, within its overall position limits covers these transactions in the market, the above amounts represent only the transactions with its subsidiaries, associates, joint ventures and other related entities and not the offsetting/covering transactions.
2. Excludes the perquisite value on account of employee stock options exercised.
3. Identified as related party effective from July 28, 2016.
4. Identified as related party effective from February 1, 2017.
5. Ceased to be related party effective close of business hours on April 30, 2016.
6. Ceased to be related party effective close of business hours on January 31, 2017.
7. Insignificant amount.

IV. Related party outstanding balances

The following table sets forth, for the periods indicated, the balance payable to/receivable from related parties.

` in million

Items	At March 31, 2018	At March 31, 2017
Deposits with the Bank		
Subsidiaries	7,652.6	5,069.8
Associates/joint ventures/others	1,070.4	3,749.2
Key management personnel	146.1	145.2
Relatives of key management personnel	120.8	56.2
Total	8,989.9	9,020.4
Investments of related parties in the Bank		
Subsidiaries	3,477.6	3,522.8
Associates/joint ventures/others	..	..
Key management personnel	7.9	6.6
Relatives of key management personnel	0.0[1]	0.0[1]
Total	3,485.5	3,529.4
Call/term money borrowed		
Subsidiaries	..	..
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	..	..
Reverse repurchase		
Subsidiaries	23,044.5	..
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	23,044.5	..
Payables[2]		
Subsidiaries	515.1	9.0
Associates/joint ventures/others	749.8	729.4
Key management personnel	0.0[1]	0.0[1]

` in million

Items	At March 31, 2018	At March 31, 2017
Relatives of key management personnel	0.0[1]	0.0[1]
Total	1,264.9	738.4
Deposits by the Bank		
Subsidiaries	886.9	540.0
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	886.9	540.0
Call/term money lent		
Subsidiaries	3,000.0	..
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	3,000.0	..
Investments of the Bank		
Subsidiaries	98,315.7	103,222.4
Associates/joint ventures/others	4,147.6	4,326.8
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	102,463.3	107,549.2
Advances		
Subsidiaries	4,077.2	4,784.8
Associates/joint ventures/others	..	..
Key management personnel	161.1	204.0
Relatives of key management personnel	0.7	0.9
Total	4,239.0	4,989.7
Receivables[2]		
Subsidiaries	1,608.2	1,292.9
Associates/joint ventures/others	1.9	5.9
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	1,610.1	1,298.8
Guarantees/letters of credit/indemnity given by the Bank		
Subsidiaries	13,747.5	11,674.6
Associates/joint ventures/others	1.1	7.7
Key management personnel	..	..

` in million

Items	At March 31, 2018	At March 31, 2017
Relatives of key management personnel	..	..
Total	13,748.6	11,682.3
Guarantees/letters of credit/indemnity issued by related parties		
Subsidiaries	1,983.4	3,862.0
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	1,983.4	3,862.0
Swaps/forward contracts (notional amount)		
Subsidiaries	731,169.6	288,432.8
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	731,169.6	288,432.8
Unfunded risk participation		
Subsidiaries	1,279.4	2,070.0
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	1,279.4	2,070.0

1. Insignificant amount.
2. Excludes mark-to-market on outstanding derivative transactions.
3. At March 31, 2018, 38,444,750 (March 31, 2017: 34,321,540, after adjusting for bonus shares issued by the Bank during the year ended March 31, 2018) employee stock options for key management personnel were outstanding.
4. During the year ended March 31, 2018, 408,119 (March 31, 2017: 1,115,730), after adjusting for bonus shares issued by the Bank during the year ended March 31, 2018, employee stock options with total exercise price of ` 60.0 million (March 31, 2017: ` 170.9 million) were exercised by the key management personnel.

V. Related party maximum balances

The following table sets forth, for the periods indicated, the maximum balance payable to/receivable from related parties.

` in million

Items	Year ended March 31, 2018	Year ended March 31, 2017
Deposits with the Bank		
Subsidiaries	26,475.9	40,191.5
Associates/joint ventures/others	5,613.6	5,258.0
Key management personnel	198.2	293.7
Relatives of key management personnel	550.5	62.3

` in million

Items	Year ended March 31, 2018	Year ended March 31, 2017
Total	32,838.2	45,805.5
Investments of related parties in the Bank[1]		
Subsidiaries	3,529.3	5,068.9
Associates/joint ventures/others	..	..
Key management personnel	7.9	7.1
Relatives of key management personnel	0.0[2]	0.0[2]
Total	3,537.2	5,076.0
Call/term money borrowed		
Subsidiaries	1,000.0	..
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	1,000.0	..
Reverse repurchase		
Subsidiaries	23,044.5	..
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	23,044.5	..
Payables[1,3]		
Subsidiaries	515.1	232.7
Associates/joint ventures/others	1,191.8	729.4
Key management personnel	0.1	0.1
Relatives of key management personnel	0.1	0.0[2]
Total	1,707.1	962.2
Deposits by the Bank		
Subsidiaries	4,426.2	1,778.7
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	4,426.2	1,778.7
Call/term money lent		
Subsidiaries	8,450.0	10,000.0
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..

` in million

Items	Year ended March 31, 2018	Year ended March 31, 2017
Total	8,450.0	10,000.0
Investments of the Bank		
Subsidiaries	103,222.4	110,374.0
Associates/joint ventures/others	6,099.8	4,326.9
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	109,322.2	114,700.9
Advances		
Subsidiaries	20,158.8	14,157.5
Associates/joint ventures/others	..	0.2
Key management personnel	203.6	206.7
Relatives of key management personnel	3.1	8.6
Total	20,365.5	14,373.0
Receivables[3]		
Subsidiaries	1,683.7	1,681.5
Associates/joint ventures/others	137.1	69.7
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	1,820.8	1,751.2
Guarantees/letters of credit/indemnity given by the Bank		
Subsidiaries	14,043.2	15,167.0
Associates/joint ventures/others	9.8	7.7
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	14,053.0	15,174.7
Guarantees/letters of credit/indemnity issued by related parties[1]		
Subsidiaries	4,155.1	3,862.0
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	4,155.1	3,862.0
Swaps/forward contracts (notional amount)		
Subsidiaries	853,591.5	303,545.4
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..

` in million

Items	Year ended March 31, 2018	Year ended March 31, 2017
Total	853,591.5	303,545.4
Unfunded risk participation		
Subsidiaries	3,562.2	2,075.2
Associates/joint ventures/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	3,562.2	2,075.2

1. Maximum balance is determined based on comparison of the total outstanding balances at each quarter end during the financial year.
2. Insignificant amount.
3. Excludes mark-to-market on outstanding derivative transactions.

VI. 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 ` 498.2 million) to the Monetary Authority of Singapore (MAS) and has executed indemnity agreement on behalf of ICICI Bank Canada to its independent directors for a sum not exceeding Canadian dollar 2.5 million each (currently equivalent to ` 126.6 million), aggregating to Canadian dollar 17.5 million (currently equivalent to ` 886.4 million). The aggregate amount of ` 1,384.6 million at March 31, 2018 (March 31, 2017: ` 1,314.5 million) is included in the contingent liabilities.

The letters of comfort in the nature of letters of awareness that were outstanding at March 31, 2018 issued by the Bank on behalf of its subsidiaries in respect of their borrowings made or proposed to be made, aggregated to ` 12,363.0 million (March 31, 2017: ` 12,363.0 million).

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.

47. Details of amount transferred to The Depositor Education and Awareness Fund (the Fund) of RBI

The following table sets forth, for the periods indicated, the movement in amount transferred to the Fund.

` in million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance	4,841.2	3,584.1
Add: Amounts transferred during the year	1,906.2	1,346.0

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Less: Amounts reimbursed by the Fund towards claims during the year	(92.8)	(88.9)
Closing balance	6,654.6	4,841.2

48. Small and micro enterprises

The following table sets forth, for the periods indicated, details relating to enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

` in million

Sr. No.	Particulars	At March 31, 2018		At March 31, 2017	
		Principal	Interest	Principal	Interest
1.	The Principal amount and the interest due thereon remaining unpaid to any supplier	..	..	..	..
2.	The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date	..	..	..	..
3.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006	30.8	0.5	..	..
4.	The amount of interest accrued and remaining unpaid	..	..	..	..
5.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23	..	..	..	..

49. 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, 2018 was ` 627.2 million (year ended March 31, 2017: Nil).

As mentioned by RBI in its press release dated March 29, 2018, RBI has through an order dated March 26, 2018, imposed a monetary penalty of ` 589.0 million on the Bank for non-compliance with directions/guidelines issued by RBI. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1) (c) read with Section 46(4)(i) of the Banking Regulation Act, 1949. During the year ended March 31, 2018, an overseas regulator imposed a composition sum of ` 38.2 million for non-adherence of rules under AML regulations at one of the Bank's overseas branches, resulting from regulatory inspection conducted in 2013 and subsequently, pursuant to consultant's review of records, relating to the period of May 2012 to April 2014.

In February 2015, penalty was imposed on several banks, including the Bank, by the Financial Intelligence Unit - India for failure in reporting of attempted suspicious transactions, with respect to the incidents concerning the media sting operation in September 2013. A penalty of ` 1.4 million was levied on the Bank, which the Bank had paid and filed an appeal against the penalty with the Appellate Tribunal. In June 2017, the Appellate Tribunal ruled that the penalty was not sustainable and asked the appellant banks to be careful and report such matters in future.

50. Disclosure on Remuneration

Compensation Policy and practices

(A) Qualitative Disclosures

a) Information relating to the bodies that oversee remuneration.

- Name, composition and mandate of the main body overseeing remuneration

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

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

  The Bank did not take advice from an external consultant on any area of remuneration during the year ended March 31, 2018.

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

  The Compensation Policy of the Bank, as last amended during the year ended March 31, 2018 and approved by the BGRNC and the Board at their meeting held on May 3, 2017, 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, 2018 was 81,548.

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 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

During the year ended March 31, 2018, the Bank's Compensation Policy was reviewed by the BGRNC and the Board at their meeting held on May 3, 2017. The disclosures were reviewed pursuant to RBI circular on Disclosures in Financial Statements.

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

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

c) Description of the ways in which current and future risks are taken into account in the remuneration processes.

- Overview of the key risks that the Bank takes into account when implementing remuneration measures

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

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

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

- Discussion of the ways in which these measures affect remuneration

  Every year, the financial plan/targets are formulated in conjunction with a risk framework with limit structures for various areas of risk/lines of business, within which the Bank operates to achieve the financial plan. To ensure effective alignment of compensation with prudent risk taking, the BGRNC takes into account adherence to the risk framework in conjunction with which the financial plan/targets have been formulated. KPIs of WTDs 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.

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

d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration

- Overview of main performance metrics for Bank, top level business lines and individuals

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

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

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

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

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

e) Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance

- Discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance

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

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

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

f) Description of the different forms of variable remuneration that the Bank utilises and the rationale for using these different forms

- Overview of the forms of variable remuneration offered. A discussion of the use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance

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

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

(B) Quantitative disclosures

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

` in million, except numbers

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Number of meetings held by the BGRNC	7	10
Remuneration paid to its members during the financial year (sitting fees)	0.3	0.5
Number of employees who received a variable remuneration award[1]	4	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[2] Variable[3] - Deferred - Non-deferred Share-linked instruments[3,4]	 222.7 4,526,500	 231.5 5,071,000
Total amount of deferred remuneration paid out during the year	6.1	16
Total amount of outstanding deferred remuneration		

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash Shares (nos.) Shares-linked instruments[4] Other forms	N.A. .. 14,825,250 ..	6.1 .. 14,747,150 ..
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments	..	6.1
Total amount of reductions during the year due to ex-post explicit adjustments	..	..
Total amount of reductions during the year due to ex-post implicit adjustments	..	..

1. Includes deferred remuneration paid during the year to retired WTDs.
2. Fixed pay includes basic salary, supplementary allowances, superannuation, contribution to provident fund and gratuity fund by the Bank.
3. For the years ended March 31, 2018 and March 31, 2017, variable pay and share-linked instruments represent amounts paid/options awarded for the years ended March 31, 2017 and March 31, 2016 respectively, as per RBI approvals. For the year ended March 31, 2018, ` 90.4 million of variable pay (year ended March 31, 2017: ` 75.6 million) and 4,307,500 share-linked instruments (year ended March 31, 2017: 4,526, 500 option) are subject to RBI approval.
4. Pursuant to the issuance of bonus shares by the Bank on June 24, 2017, the share-linked instruments have been adjusted with increase of one option for every 10 outstanding options.

Payment of compensation in the form of profit related commission to the non-executive directors

The Board at its meeting held on September 16, 2015 and the shareholders at their meeting held on July 11, 2016 approved the payment of profit related commission of ` 1.0 million per annum to be paid to each non-executive Director of the Bank (excluding government nominee and part-time Chairman) subject to the availability of net profits at the end of each financial year.

The Bank accordingly recognised an amount of ` 5.1 million as profit related commission payable to the non-executive Directors during the year ended March 31, 2018, subject to requisite approvals. For the year ended March 31, 2017, the Bank had recognised an amount of ` 6.0 million as profit related commission payable to the non-executive Directors, which was paid in August 2017 after obtaining the shareholders' approval in the Annual General Meeting of the Bank.

51. 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, 2018 was ` 1,702.0 million (March 31, 2017: ` 1,997.3 million).

The following table sets forth, for the periods indicated, the amount spent by the Bank on CSR related activities.

` in million

Sr. No.	Particulars	Year ended March 31, 2018			Year ended March 31, 2017		
		In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
1.	Construction/ acquisition of any asset	..	..	..	..	..	..
2.	On purposes other than (1) above	1,361.6	342.2	1,703.8	980.1	843.5	1,823.6

The following table sets forth, for the periods indicated, the details of related party transactions pertaining to CSR related activities.

` in million

Sr. No.	Related Party	Year ended March 31, 2018	Year ended March 31, 2017
1.	ICICI Foundation	560.0	475.0
2.	FINO PayTech Limited	..	50.0
	Total	560.0	525.0

The following table sets forth, for the periods indicated, the details of movement of amounts yet to be paid for CSR related activities.

` in million

Particulars	At March 31, 2018	At March 31, 2017
Opening balance	1,363.7	815.7
Provided during the year	1,703.8	1,823.6
Paid during the year	(1,987.5)	(1,275.6)
Closing balance	1,080.0	1,363.7

52. Disclosure of customer complaints

The following table sets forth, for the periods indicated, the movement of the outstanding number of complaints.

Complaints relating to the Bank's customers on the Bank's ATMs	Year ended March 31, 2018	Year ended March 31, 2017
No. of complaints pending at the beginning of the year	29	107
No. of complaints received during the year	2,356	4,687
No. of complaints redressed during the year	2,310	4,765
No. of complaints pending at the end of the year	75	29

1. The above does not include complaints redressed within one working day.

Complaints relating to the Bank's customers on other banks' ATMs	Year ended March 31, 2018	Year ended March 31, 2017
No. of complaints pending at the beginning of the year	1,763	1,602
No. of complaints received during the year	124,361	106,709
No. of complaints redressed during the year	122,180	106,548
No. of complaints pending at the end of the year	3,944	1,763

1. The above does not include complaints redressed within one working day.

Complaints relating to other than ATM transactions	Year ended March 31, 2018	Year ended March 31, 2017
No. of complaints pending at the beginning of the year	2,480	1,691
No. of complaints received during the year	110,626	106,077
No. of complaints redressed during the year	110,916	105,288
No. of complaints pending at the end of the year	2,190	2,480

1. The above does not include complaints redressed within one working day.

Total complaints	Year ended March 31, 2018	Year ended March 31, 2017
No. of complaints pending at the beginning of the year	4,272	3,400
No. of complaints received during the year	237,343	217,473
No. of complaints redressed during the year	235,406	216,601
No. of complaints pending at the end of the year	6,209	4,272

1. The above does not include complaints redressed within one working day.

The following table sets forth, for the periods indicated, the details of awards during the year.

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
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	..	..

53. Drawdown from reserves

The Bank has not drawn any amount from reserves during the year ended March 31, 2018 (year ended March 31, 2017: Nil).

54. Investor Education and Protection Fund

The unclaimed dividend amount due to be transferred to the Investor Education and Protection Fund during the year ended March 31, 2018 has been transferred without any delay.

55. 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 DIN-00327684	Uday Madhav Chitale Director DIN-00043268	Chanda Kochhar Managing Director & CEO DIN-00043617
Venkataramanan Vishwanath Partner Membership no.: 113156	N. S. Kannan Executive Director DIN-00066009	Vishakha Mulye Executive Director	Vijay Chandok Executive Director DIN-01545262
			Anup Bagchi Executive Director
Place: Mumbai Date: May 7, 2018	P. Sanker Senior General Manager (Legal) & Company Secretary	Rakesh Jha Chief Financial Officer	Ajay Mittal Chief Accountant

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES

Overview

ICICI Bank Limited (ICICI Bank or the Bank), incorporated in Vadodara, India is a publicly held banking company engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. ICICI Bank is a banking company governed by the Banking Regulation Act, 1949. The Bank also has overseas branches in Bahrain, China, Dubai, Hong Kong, Qatar, Singapore, South Africa, Sri Lanka, United States of America and Offshore Banking units.

Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of ICICI Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the historical cost convention and the accrual method of accounting, except in the case of interest and other income on non-performing assets (NPAs) 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, interest income was recognised upon realisation under the SDR, change in management outside SDR or S4A schemes, from the date of invocation till the end of stand-still period/implementation date. With effect from February 12, 2018, RBI has withdrawn these schemes and the interest income, for cases where the SDR, change in management outside SDR or S4A schemes were not implemented at that date, has been recognised as per the income recognition and asset classification norms of RBI.

b) Income from finance leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding on the lease over the primary lease period.

c) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.

d) Dividend income is accounted on accrual basis when the right to receive the dividend is established.

e) Loan processing fee is accounted for upfront when it becomes due.

f) Project appraisal/structuring fee is accounted for on the completion of the agreed service.

g) Arranger fee is accounted for as income when a significant portion of the arrangement/syndication is completed.

h) Commission received on guarantees issued is amortised on a straight-line basis over the period of the guarantee.

i) The annual/renewal fee on credit cards and debit cards are amortised on a straight line basis over one year.

j) Fees paid/received for priority sector lending certificates (PSLC) is amortised on straight-line basis over the period of the certificate.

k) All other fees are accounted for as and when they become due.

l) 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.

m) The Bank deals in bullion business on a consignment basis. The difference between price recovered from customers and cost of bullion is accounted for at the time of sales to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on accrual basis.

2. Investments

Investments are accounted for in accordance with the extant RBI guidelines on investment classification and valuation as given below.

1. All investments are classified into 'Held to Maturity', 'Available for Sale' and 'Held for Trading'. Reclassifications, if any, in any category are accounted for as per RBI guidelines. Under each classification, the investments are further categorised as (a) government securities, (b) other approved securities, (c) shares, (d) bonds and debentures, (e) subsidiaries and joint ventures and (f) others.

2. 'Held to Maturity' securities are carried at their acquisition cost or at amortised cost, if acquired at a premium over the face value. Any premium over the face value of fixed rate and floating rate securities acquired is amortised over the remaining period to maturity on a constant yield basis and straight line basis respectively.

3. 'Available for Sale' and 'Held for Trading' securities are valued periodically as per RBI guidelines. Any premium over the face value of fixed rate and floating rate investments in government securities, classified as 'Available for Sale', is amortised over the remaining period to maturity on constant yield basis and straight line basis respectively. Quoted investments are valued based on the closing quotes on the recognised stock exchanges or prices declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association (FIMMDA) /Financial Benchmark India Private Limited (FBIL), 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. The sovereign foreign securities and non-INR India linked bonds are valued on the basis of prices published by the sovereign regulator or counterparty quotes.

   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 under each investment classification, if any, being unrealised, is ignored, while net depreciation is provided for. The depreciation on securities acquired by way of conversion of outstanding loans is fully provided for. Non-performing investments are identified based on the RBI guidelines.

   Depreciation on equity shares acquired and held by the Bank under SDR, S4A and change in management outside SDR schemes is provided over a period of four calendar quarters from the date of conversion of debt into equity in accordance with the RBI guidelines. With effect from February 12, 2018, the depreciation is provided over a period of four quarters for the schemes which have been implemented prior to that date as per extant 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.

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 classified under 'Held to Maturity' and 'Available for Sale'. The Bank assesses these investments for any permanent diminution in value and appropriate provisions are made.

8. Profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the profit and loss account.

9. Market repurchase, reverse repurchase and transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as borrowing and lending transactions in accordance with the extant RBI guidelines.

10. Broken period interest (the amount of interest from the previous interest payment date till the date of purchase/sale of instruments) on debt instruments is treated as a revenue item.

11. At the end of each reporting period, security receipts issued by the asset reconstruction companies are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction companies are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting period end. The security receipts which are outstanding and not redeemed as at the end of the resolution period are treated as loss assets and are fully provided for.

12. The Bank follows trade date method of accounting for purchase and sale of investments, except for government of India and state government securities where settlement date method of accounting is followed in accordance with RBI guidelines.

13. The Bank undertakes short sale transactions in dated central government securities in accordance with RBI guidelines. The short positions are categorised under HFT category and are marked to market. The mark-to-market loss is charged to profit and loss account and gain, if any, is ignored as per RBI guidelines.

3. Provision/write-offs on loans and other credit facilities

The Bank classifies its loans and investments, including at overseas branches and overdues arising from crystallised derivative contracts, into performing and NPAs in accordance with RBI guidelines. Loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI.

In the case of corporate loans and advances, provisions are made for sub-standard and doubtful assets at rates prescribed by RBI. Loss assets and the unsecured portion of doubtful assets are provided/written-off as per the extant RBI guidelines. For loans and advances booked in overseas branches, which are standard as per the extant RBI guidelines but are classified as NPAs based on host country guidelines, provisions are made as per the host country regulations. For loans and advances booked in overseas branches, which are NPAs as per the extant RBI guidelines and as per host country guidelines, provisions are made at the higher of the provisions required under RBI regulations and host country regulations. Provisions on homogeneous retail loans and advances, subject to minimum provisioning requirements of RBI, are assessed on the basis of the ageing of the loans in the non-performing category. In respect of non-retail loans reported as fraud to RBI and classified in doubtful category, 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 respect of non-retail loans where there has been delay in reporting the fraud to the RBI or which are classified as loss accounts, the entire amount is provided immediately. In case of fraud in retail accounts, the entire amount is provided immediately. In respect of borrowers classified as non-cooperative borrowers or willful defaulters, 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, including RBI direction for provision on accounts referred to the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code, 2016. 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. Prior to February 12, 2018, standard restructured loans were upgraded to the standard category when satisfactory payment performance was evidenced during the specified period and after the loan reverted to the normal level of standard asset provisions/risk weights. With effect from February 12, 2018, non-performing and restructured loans are upgraded to standard only after satisfaction of certain payment and rating threshold criteria specified under RBI guidelines on Resolution of Stressed Assets – Revised Framework.

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, provisions on loans to specific borrowers in specific stressed sectors and provision on exposures to step-down subsidiaries of Indian companies. For performing loans and advances in overseas branches, the general provision is made at higher of host country regulations requirement and RBI requirement.

d) In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposures including indirect country risk (other than for home country exposure). The countries are categorised into seven risk categories namely insignificant, low, moderately low, moderate, moderately high, high and very high, and provisioning is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 25%. For exposures with contractual maturity of less than 180 days, provision is required to be held at 25% of the rates applicable to exposures exceeding 180 days. The indirect exposure is reckoned at 50% of the exposure. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is required on such country exposure.

e) The Bank makes floating provision as per a Board approved policy, which is in addition to the specific and general provisions made by the Bank. The floating provision is utilised, with the approval of Board and RBI, in case of contingencies which do not arise in the normal course of business and are exceptional and non-recurring in nature and for making specific provision for impaired loans as per the requirement of extant RBI guidelines or any regulatory guidance/instructions. The floating provision is netted-off from advances.

4. Transfer and servicing of assets

The Bank transfers commercial and consumer loans through securitisation transactions. The transferred loans are de-recognised and gains/losses are accounted for, only if the Bank surrenders the rights to benefits specified in the underlying securitised loan contract. Recourse and servicing obligations are accounted for net of provisions.

In accordance with the RBI guidelines for securitisation of standard assets, with effect from February 1, 2006, the Bank accounts for any loss arising from securitisation immediately at the time of sale and the profit/premium arising from securitisation is amortised over the life of the securities issued or to be issued by the special purpose vehicle to which the assets are sold. With effect from May 7, 2012, the RBI guidelines require the profit/premium arising from securitisation to be amortised over the life of the transaction based on the method prescribed in the guidelines.

In accordance with RBI guidelines, in case of non-performing/special mention account-2 loans sold to securitisation company (SC)/reconstruction company (RC), the Bank reverses the excess provision in profit and loss account in the year in which amounts are received. Any shortfall of sale value over the net book value on sale of such assets is recognised by the Bank in the year in which the loan is sold.

5. Property, Plant and Equipment

Property, Plant and Equipment (PPE), other than premises, are carried at cost less accumulated depreciation and impairment, if any. Premises are carried at revalued amount, being fair value at the date of revaluation less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Depreciation is charged over the estimated useful life of PPE on a straight-line basis. The useful lives of the groups of PPE are given below.

Asset	Useful life
Premises owned by the Bank	60 years
Leased assets and improvements to leasehold premises	60 years or lease period whichever is lower
ATMs[1]	6-8 years[1]
Plant and machinery[1] (including office equipment)	5-10 years[1]
Electric installations and equipments	10-15 years
Computers	3 years
Servers and network equipment[1]	4-10 years[1]
Furniture and fixtures[1]	5-10 years[1]
Motor vehicles[1]	5 years[1]
Others (including software and system development expenses)[1]	4 years[1]

1. The useful life of assets is based on historical experience of the Bank, which is different from the useful life as prescribed in Schedule II to the Companies Act, 2013.

a) Assets purchased/sold during the year are depreciated on a pro-rata basis for the actual number of days the asset has been capitalised.
b) Items individually costing upto ` 5,000/- are depreciated fully over a period of 12 months from the date of purchase.
c) Assets at residences of Bank's employees are depreciated over the estimated useful life of 5 years.
d) In case of revalued/impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised asset values. In case of premises, which are carried at revalued amounts, the depreciation on the excess of revalued amount over historical cost is transferred from Revaluation Reserve to General Reserve annually.
e) The profit on sale of premises is appropriated to capital reserve, net of transfer to Statutory Reserve and taxes, in accordance with RBI guidelines.

Non-Banking assets

Non-Banking assets (NBAs) acquired in satisfaction of claims are carried at lower of net book value and net realisable value. Further, the Bank creates provision on non-banking assets as per specific RBI directions.

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 at relevant closing exchange rates notified by FEDAI at the balance sheet date and the resulting gains/losses from exchange differences are accumulated in the foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operations. Pursuant to RBI guideline, the Bank does not recognise the cumulative/proportionate amount of such exchange differences as income or expenses, which relate to repatriation of accumulated retained earnings from overseas operations.

The premium or discount arising on inception of forward exchange contracts that are entered into to establish the amount of reporting currency required or available at the settlement date of a transaction is amortised over the life of the contract. All other outstanding forward exchange contracts are revalued based on the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of interim maturities. The contracts of longer maturities where exchange rates are not notified by FEDAI are revalued based on the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognised in the profit and loss account.

Contingent liabilities on account of guarantees, endorsements and other obligations denominated in foreign currencies are disclosed at the closing exchange rates notified by FEDAI relevant to the balance sheet date.

7. Accounting for derivative contracts

The Bank enters into derivative contracts such as interest rate and currency options, interest rate and currency futures, interest rate and currency swaps, credit default swaps and cross currency interest rate swaps.

The swap contracts entered to hedge on-balance sheet assets and liabilities are structured such that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of underlying assets and liabilities and accounted pursuant to the principles of hedge accounting. Hedge swaps are accounted for on an accrual basis and are not marked to market unless their underlying transaction is marked to market.

Foreign currency and rupee derivative contracts entered into for trading purposes are marked to market and the resulting gain or loss is accounted for in the profit and loss account. Pursuant to RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed through profit and loss account.

8. Employee Stock Option Scheme (ESOS)

The Employees Stock Option Scheme (the Scheme) provides for grant of options on the Bank's equity shares to wholetime directors and employees of the Bank and its subsidiaries. The Scheme provides that employees are granted an option to subscribe to equity shares of the Bank that vest in a graded manner. The options may be exercised within a specified period. The Bank follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date and amortised over the vesting period. The fair market price is the latest closing price, immediately prior to the grant date, which is generally the date of the meeting of the Board Governance, Remuneration & Nomination Committee in which the options are granted, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

9. Employee Benefits

Gratuity

The Bank pays gratuity, a defined benefit plan, to employees who retire or resign after a minimum prescribed period of continuous service and in case of employees at overseas locations as per the rules in force in the respective countries. The Bank makes contribution to a trust which administers the funds on its own account or through insurance companies.

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 15.0% 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 10.0% 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.

Pension

The Bank provides for pension, a defined benefit plan covering eligible employees of erstwhile Bank of Madura, erstwhile Sangli Bank and erstwhile Bank of Rajasthan. The Bank makes contribution to a trust which administers the funds on its own account or through insurance companies. The plan provides for pension payment including dearness relief on a monthly basis to these employees on their retirement based on the respective employee's years of service with the Bank and applicable salary.

Actuarial valuation of the pension liability is determined by an actuary appointed by the Bank. Actuarial valuation of pension liability is calculated based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

Employees covered by the pension plan are not eligible for employer's contribution under the provident fund plan.

Provident Fund

The Bank is statutorily required to maintain a provident fund, a defined benefit plan, as a part of retirement benefits to its employees. Each employee contributes a certain percentage of his or her basic salary and the Bank contributes an equal amount for eligible employees. The Bank makes contribution as required by The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 to Employees' Pension Scheme administered by the Regional Provident Fund Commissioner. The Bank makes balance contributions to a fund administered by trustees. The funds are invested according to the rules prescribed by the Government of India.

Actuarial valuation for the interest rate guarantee on the provident fund balances is determined by an actuary appointed by the Bank.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

The overseas branches of the Bank and its eligible employees contribute a certain percentage of their salary towards respective government schemes as per local regulatory guidelines. The contribution made by the overseas branches is recognised in profit and loss account at the time of contribution.

Compensated absences

The Bank provides for compensated absence based on actuarial valuation conducted by an independent actuary.

10. Income Taxes

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively. Deferred tax adjustments comprise changes in the deferred tax assets or liabilities during the year.

Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account.

Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgement as to whether their realisation is considered as reasonably certain. However, in case of unabsorbed depreciation or carried forward loss, deferred tax assets will be recognised only if there is virtual certainty of realisation of such assets.

Minimum Alternate Tax (MAT) credit is recognised as an asset to the extent there is convincing evidence that the Bank will pay normal income tax during specified period, i.e., the period for which MAT credit is allowed to be carried forward as per prevailing provisions of the Income Tax Act 1961. In accordance with the recommendation contained in the guidance note issued by ICAI, MAT credit is to be recognised as an asset in the year in which it becomes eligible for set off against normal income tax. The Bank reviews MAT credit entitlements at each balance sheet date and writes down the carrying amount to the extent there is no longer convincing evidence to the effect that the Bank will pay normal income tax during the specified period.

11. Impairment of Assets

The Bank follows revaluation model of accounting for its premises and the recoverable amount of the revalued assets is considered to be close to its revalued amount. Accordingly, separate assessment for impairment of premises is not required.

12. Provisions, contingent liabilities and contingent assets

The Bank estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available up to the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions are determined based on management estimates of amounts required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statements. The Bank does not account for or disclose contingent assets, if any.

The Bank estimates the probability of redemption of customer loyalty reward points using an actuarial method by employing an independent actuary and accordingly makes provision for these reward points. Actuarial valuation is determined based on certain assumptions regarding mortality rate, discount rate, cancellation rate and redemption rate.

13. Earnings per share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

14. Lease transactions

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss account over the lease term on straight line basis.

15. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

Independent Auditor's 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 2017, the Profit and Loss Account, the Cash Flow Statement for the year then ended, a summary of the significant accounting policies and other explanatory information in which are incorporated the returns of the Singapore, Bahrain, Hong Kong, Dubai, Qatar, China, South Africa, New York and Sri Lanka branches of the Bank, audited by the branch auditors.

Management's Responsibility for the Standalone Financial Statements

2. The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the Bank including its branches in accordance with the Standards on Auditing (the 'Standards') specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

Independent Auditor's Report *(Continued)*

ICICI Bank Limited

Auditor's Responsibility *(Continued)*

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the relevant requirements of the Act, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2017, and its profit and its cash flows for the year then ended.

Other Matters

9. We did not audit the financial statements of Singapore, Bahrain, Hong Kong, Dubai, Qatar, China, South Africa, New York and Sri Lanka branches of the Bank, whose financial statements reflect total assets of Rs. 1,407,430 million as at 31 March 2017, total revenues of Rs. 65,406 million for the year ended 31 March 2017 and net cash outflow amounting to Rs. 58,032 million for the year ended 31 March 2017. These financial statements have been audited by other auditors, duly qualified to act as auditors in the country of incorporation of the said branches, whose reports have been furnished to us by Management of the Bank and our opinion, in so far as it relates to such branches is based solely on the reports of the other auditors. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. The Balance Sheet and Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Act read with the Rule 7 of the Companies (Accounts) Rules, 2014.

11. As required by sub section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:

    (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

    (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

Report on Other Legal and Regulatory Requirements *(Continued)*

(c) since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit we have visited 100 branches. As stated above, returns from nine foreign branches were received duly audited by other auditors and were found adequate for the purposes of our audit.

12. Further, as required by Section 143 (3) of the Act, we further report that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the foreign branches not visited by us;

(c) the reports on the accounts of the foreign branch offices audited by the respective branch auditors of the Bank under Section 143 (8) of the Act have been sent to us and have been properly dealt with by us in preparing this report;

(d) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the foreign branches not visited by us;

(e) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI;

(f) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A';

(h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) the Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 41 to the financial statements;

(ii) the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 41 to the financial statements;

(iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank; and

Report on Other Legal and Regulatory Requirements ***(Continued)***

(iv) the disclosure required on holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 as envisaged in notification G.S.R. 308(E) dated 30 March 2017 issued by the Ministry of Corporate Affairs is not applicable to the Bank. Refer Note 56 to the financial statements.

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

Venkataramanan Vishwanath
Partner
Membership No:113156

Mumbai
3 May 2017

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

Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

1. We have audited the internal financial controls over financial reporting of ICICI Bank Limited (the 'Bank') as at 31 March 2017 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing (the 'Standards'), issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

ANNEXURE A to the Independent Auditor's Report of even date on the Standalone Financial Statements of ICICI Bank Limited *(Continued)*

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.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to overseas branches, is based on the corresponding reports of the branch auditors. Our opinion is not modified in respect of this matter.

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

Venkataramanan Vishwanath
Partner
Membership No:113156

Mumbai
3 May 2017

ICICI BANK LIMITED
Unconsolidated Balance Sheet at March 31, 2017

₹ in '000s

	Schedule	At 31.03.2017	At 31.03.2016
CAPITAL AND LIABILITIES			
Capital	1	11,651,071	11,631,656
Employees stock options outstanding		62,562	67,019
Reserves and surplus	2	987,797,070	885,657,157
Deposits	3	4,900,390,648	4,214,257,086
Borrowings	4	1,475,561,521	1,748,073,779
Other liabilities and provisions	5	342,451,588	347,264,350
TOTAL CAPITAL AND LIABILITIES		7,717,914,460	7,206,951,047
ASSETS			
Cash and balances with Reserve Bank of India	6	317,024,051	271,060,888
Balances with banks and money at call and short notice	7	440,106,563	327,626,531
Investments	8	1,615,065,454	1,604,117,966
Advances	9	4,642,320,842	4,352,639,419
Fixed assets	10	78,052,072	75,769,200
Other assets	11	625,345,478	575,737,043
TOTAL ASSETS		7,717,914,460	7,206,951,047
Contingent liabilities	12	10,309,937,127	9,007,987,789
Bills for collection		226,231,852	216,547,286
Significant accounting policies and notes to accounts	17 & 18		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration
no.: 101248W/W-100022

M. K. Sharma
Chairman

Homi Khusrokhan
Director

Chanda Kochhar
Managing Director & CEO

Venkataramanan Vishwanath
Partner
Membership no.: 113156

N. S. Kannan
Executive Director

Vishakha Mulye
Executive Director

Vijay Chandok
Executive Director

Anup Bagchi
Executive Director

Place: Mumbai
Date: May 3, 2017

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

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

ICICI BANK LIMITED

Unconsolidated Profit and Loss Account for the year ended March 31, 2017

₹ in '000s

	Schedule	Year ended 31.03.2017	Year ended 31.03.2016
I. INCOME			
Interest earned	13	541,562,793	527,394,348
Other income	14	195,044,831	153,230,516
TOTAL INCOME		736,607,624	680,624,864
II. EXPENDITURE			
Interest expended	15	324,189,585	315,153,949
Operating expenses	16	147,550,576	126,835,582
Provisions and contingencies (refer note 18.41)		166,856,557	141,372,460
TOTAL EXPENDITURE		638,596,718	583,361,991
III. PROFIT/(LOSS)			
Net profit for the year		98,010,906	97,262,873
Profit brought forward		171,321,884	172,614,164
TOTAL PROFIT/(LOSS)		269,332,790	269,877,037
IV. APPROPRIATIONS/TRANSFERS			
Transfer to Statutory Reserve		24,503,000	24,316,000
Transfer to Reserve Fund		9,824	9,340
Transfer to Capital Reserve		52,933,000	23,822,375
Transfer to/(from) Investment Reserve Account		..	..
Transfer to Revenue and other reserves		..	5,000,000
Transfer to Special Reserve		4,500,000	13,500,000
Dividend (including corporate dividend tax) for the previous year paid during the year		(62,410)	38,513
Proposed equity share dividend (refer note 18.45)		..	29,075,153
Proposed preference share dividend (refer note 18.45)		..	35
Corporate dividend tax		..	2,793,737
Balance carried over to balance sheet		187,449,376	171,321,884
TOTAL		269,332,790	269,877,037
Significant accounting policies and notes to accounts	17 & 18		
Earnings per share (refer note 18.1)			
Basic (`)		16.84	16.75
Diluted (`)		16.77	16.65
Face value per share (`)		2.00	2.00

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report of even date.

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration
no.: 101248W/W-100022

M. K. Sharma
Chairman

Homi Khusrokhan
Director

Chanda Kochhar
Managing Director & CEO

Venkataramanan Vishwanath
Partner
Membership no.: 113156

N. S. Kannan
Executive Director

Vishakha Mulye
Executive Director

Vijay Chandok
Executive Director

Anup Bagchi
Executive Director

Place: Mumbai
Date: May 3, 2017

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

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

ICICI BANK LIMITED
Unconsolidated Cash Flow Statement for the year ended March 31, 2017

₹ in '000s

		Year ended 31.03.2017	Year ended 31.03.2016
Cash flow from/(used in) operating activities			
Profit before taxes		112,786,097	121,957,196
Adjustments for:			
Depreciation and amortisation		8,818,212	7,541,591
Net (appreciation)/depreciation on investments[1]		(65,120,985)	(33,500,856)
Provision in respect of non-performing and other assets		147,343,302	83,276,673
General provision for standard assets		(3,392,346)	2,970,064
Provision for contingencies & others		2,042,186	28,724,485
Income from subsidiaries, joint ventures and consolidated entities		(14,190,348)	(15,375,521)
(Profit)/loss on sale of fixed assets		(21,151)	(280,717)
Employees stock options grants		..	806
	(i)	188,264,967	195,313,721
Adjustments for:			
(Increase)/decrease in investments		325,906	67,185,855
(Increase)/decrease in advances		(475,008,889)	(568,482,751)
Increase/(decrease) in deposits		686,133,562	598,629,787
(Increase)/decrease in other assets		(17,190,477)	(10,782,335)
Increase/(decrease) in other liabilities and provisions		56,675,413	(1,791,686)
	(ii)	250,935,515	84,758,870
Refund/(payment) of direct taxes	(iii)	(46,972,358)	(55,787,902)
Net cash flow from/(used in) operating activities (i)+(ii)+(iii)	(A)	392,228,124	224,284,689
Cash flow from/(used in) investing activities			
Redemption/sale from/(investments in) subsidiaries and/or joint ventures (including application money)		58,779,642	41,459,527
Income from subsidiaries, joint ventures and consolidated entities		14,190,348	15,375,521
Purchase of fixed assets		(7,832,191)	(7,004,911)
Proceeds from sale of fixed assets		116,323	651,004
(Purchase)/sale of held to maturity securities		5,200,126	(89,980,988)
Net cash flow from/(used in) investing activities	(B)	70,454,248	(39,499,847)
Cash flow from/(used in) financing activities			
Proceeds from issue of share capital (including ESOPs)		1,772,579	2,824,200
Proceeds from long-term borrowings		312,175,179	332,678,447
Repayment of long-term borrowings		(411,326,836)	(261,945,823)
Net proceeds/(repayment) of short-term borrowings		(174,602,302)	(47,669,402)
Dividend and dividend tax paid		(31,806,516)	(31,738,089)
Net cash flow from/(used in) financing activities	(C)	(303,787,896)	(5,850,668)
Effect of exchange fluctuation on translation reserve	(D)	(451,281)	(3,292,908)

Unconsolidated Cash Flow Statement for the year ended March 31, 2017

₹ in '000s

	Year ended 31.03.2017	Year ended 31.03.2016
Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C) + (D)	158,443,195	175,641,266
Cash and cash equivalents at beginning of the year	598,687,419	423,046,153
Cash and cash equivalents at end of the year	757,130,614	598,687,419

1. Includes gain for the year ended March 31, 2017 on sale of a part of equity investment in ICICI Prudential Life Insurance Company Limited, a subsidiary, in the initial public offer (IPO) (gain for the year ended March 31, 2016 on sale of a part of equity investments in its subsidiaries, ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited).

2. Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

As per our Report of even date.

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration no.: 101248W/W-100022

M. K. Sharma
Chairman

Homi Khusrokhan
Director

Chanda Kochhar

Venkataramanan Vishwanath
Partner
Membership no.: 113156

N. S. Kannan
Executive Director

Vishakha Mulye

Vijay Chandok
Executive Director

Anup Bagchi
Executive Director

Place: Mumbai
Date: May 3, 2017

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

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2017	At 31.03.2016
SCHEDULE 1 - CAPITAL		
Authorised capital		
6,375,000,000 equity shares of ₹ 2 each (March 31, 2016: 6,375,000,000 equity shares of ₹ 2 each)	12,750,000	12,750,000
15,000,000 shares of ₹ 100 each (March 31, 2016: 15,000,000 shares of ₹ 100 each)[1]	1,500,000	1,500,000
350 preference shares of ₹ 10 million each (March 31, 2016: 350 preference shares of ₹ 10 million each)[2]	3,500,000	3,500,000
Equity share capital Issued, subscribed and paid-up capital 5,814,768,430 equity shares of ₹ 2 each (March 31, 2016: 5,797,244,645 equity shares)	11,629,537	11,594,489
Add: 9,707,705 equity shares of ₹ 2 each (March 31, 2016: 17,523,785 equity shares) issued pursuant to exercise of employee stock options	19,415	35,048
	11,648,952	11,629,537
Add: 266,089 equity shares of ₹ 10 each forfeited (March 31, 2016: 266,089 equity shares)	2,119	2,119
TOTAL CAPITAL	11,651,071	11,631,656

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 dated March 30, 2010, the issued and paid-up preference shares are grouped under Schedule 4 - 'Borrowings'.

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2017	At 31.03.2016
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory reserve		
Opening balance	187,521,519	163,205,519
Additions during the year	24,503,000	24,316,000
Deductions during the year	..	..
Closing balance	212,024,519	187,521,519
II. Special reserve		
Opening balance	79,290,000	65,790,000
Additions during the year	4,500,000	13,500,000
Deductions during the year	..	..
Closing balance	83,790,000	79,290,000
III. Securities premium		
Opening balance	321,212,411	318,415,084
Additions during the year[1]	1,757,622	2,797,327
Deductions during the year	..	..
Closing balance	322,970,033	321,212,411
IV. Investment reserve account		
Opening balance	..	..
Additions during the year	..	..
Deductions during the year	..	..
Closing balance	..	..
V. Capital reserve		
Opening balance	49,674,125	25,851,750
Additions during the year[2]	52,933,000	23,822,375
Deductions during the year	..	..
Closing balance	102,607,125	49,674,125
VI. Foreign currency translation reserve		
Opening balance	16,982,939	20,275,848
Additions during the year	..	6,118,977
Deductions during the year[3]	(451,281)	(9,411,886)
Closing balance	16,531,658	16,982,939
VII. Revaluation reserve (refer note 18.34)		
Opening balance	28,174,747	..
Additions during the year[4]	2,760,256	28,174,747
Deductions during the year[5]	(513,583)	..
Closing balance	30,421,420	28,174,747
VIII. Reserve fund		
Opening balance	46,034	36,694
Additions during the year[6]	9,824	9,340
Deductions during the year	..	..
Closing balance	55,858	46,034
IX. Revenue and other reserves		
Opening balance	31,433,498	26,433,498
Additions during the year	513,583	5,000,000
Deductions during the year	..	..
Closing balance	31,947,081	31,433,498
X. Balance in profit and loss account	187,449,376	171,321,884
TOTAL RESERVES AND SURPLUS	987,797,070	885,657,157

1. Includes ₹ 1,753.2 million (March 31, 2016: ₹ 2,789.2 million) on exercise of employee stock options.
2. Includes appropriations made for profit on sale of investments in held-to-maturity category, net of taxes and transfer to Statutory Reserve and profit on sale of land and buildings, net of taxes and transfer to Statutory Reserve.
3. Includes exchange profit on repatriation of retained earnings from overseas branches for the year ended March 31, 2016.
4. Represents gain on revaluation of premises carried out by the Bank.
5. Represents amount transferred from Revaluation Reserve to General Reserve on account of incremental depreciation charge on revaluation amounting to ₹ 494.9 million and revaluation surplus on assets sold amounting to ₹ 18.7 million.
6. Includes appropriations made to Reserve Fund in accordance with regulations applicable to Sri Lanka branch.

ICICI Bank

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2017	At 31.03.2016
SCHEDULE 3 - DEPOSITS		
A. **I.** Demand deposits		
i) From banks	52,925,544	39,981,240
ii) From others	696,908,936	548,717,944
II. Savings bank deposits	1,718,384,859	1,342,301,249
III. Term deposits		
i) From banks	97,676,104	95,975,771
ii) From others	2,334,495,205	2,187,280,882
TOTAL DEPOSITS	4,900,390,648	4,214,257,086
B. **I.** Deposits of branches in India	4,831,184,802	4,104,261,083
II. Deposits of branches outside India	69,205,846	109,996,003
TOTAL DEPOSITS	4,900,390,648	4,214,257,086

₹ in '000s

	At 31.03.2017	At 31.03.2016
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	..	40,070,000
ii) Other banks	6,485,000	34,783,875
iii) Other institutions and agencies		
a) Government of India	..	..
b) Financial institutions	103,500,002	163,509,806
iv) Borrowings in the form of bonds and debentures (excluding subordinated debt)	188,734,247	83,420,502
v) Application money-bonds	..	..
vi) Capital instruments		
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital)	39,430,000	13,010,000
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital)	84,982,344	98,152,555
c) Redeemable Non-Cumulative Preference Shares (RNCPS) (350 RNCPS of ₹ 10.0 million each issued to preference share holders of erstwhile ICICI Limited on amalgamation, redeemable at par on April 20, 2018)	3,500,000	3,500,000
d) Unsecured redeemable debentures/bonds (subordinated debt included in Tier 2 capital)	159,625,635	187,603,348
TOTAL BORROWINGS IN INDIA	586,257,228	624,050,086
II. Borrowings outside India		
i) Capital instruments		
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as additional Tier 1 capital)	..	22,517,983
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as Tier 2 capital)	58,365,000	59,629,500
ii) Bonds and notes	420,662,435	458,729,975
iii) Other borrowings[1]	410,276,858	583,146,235
TOTAL BORROWINGS OUTSIDE INDIA	889,304,293	1,124,023,693
TOTAL BORROWINGS	1,475,561,521	1,748,073,779

1. Includes borrowings guaranteed by Government of India amounting to Nil (March 31, 2016: ` 5,132.2 million).
2. Secured borrowings in I and II above amount to Nil (March 31, 2016: Nil) except borrowings of ₹ 9.5 million (March 31, 2016: ` 40,131.2 million) under Collateralised Borrowing and Lending Obligation, market repurchase transactions with banks and financial institutions and transactions under Liquidity Adjustment Facility and Marginal Standing Facility.

ICICI Bank

Schedules forming part of the balance sheet

₹ in '000s

		At 31.03.2017	At 31.03.2016
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I.	Bills payable	70,763,677	47,057,517
II.	Inter-office adjustments (net)	1,759,072	1,295,074
III.	Interest accrued	31,641,555	32,177,245
IV.	Sundry creditors	72,389,126	51,995,329
V.	General provision for standard assets (refer note 18.20)	23,126,189	26,583,449
VI.	Others (including provisions)[1,2,3]	142,771,969	188,155,736
TOTAL OTHER LIABILITIES AND PROVISIONS		342,451,588	347,264,350

1. Includes collective contingency and related reserve amounting to Nil (March 31, 2016: ₹ 36,000.0 million).
2. Includes provision for standard loans amounting to ₹ 21,023.8 million (March 31, 2016: ₹ 7,061.4 million).
3. For the year ended March 31, 2016, includes proposed dividend amounting ₹ 29,075.2 million and corporate dividend tax amounting to ₹ 2,793.7 million. For proposed dividend for the year ended March 31, 2017, refer note 18.45 - Proposed dividend and issue of bonus shares.

₹ in '000s

		At 31.03.2017	At 31.03.2016
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I.	Cash in hand (including foreign currency notes)	71,939,219	65,797,469
II.	Balances with Reserve Bank of India in current accounts	245,084,832	205,263,419
TOTAL CASH AND BALANCES WITH RESERVE BANK OF INDIA		317,024,051	271,060,888

₹ in '000s

		At 31.03.2017	At 31.03.2016
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I.	In India		
	i) Balances with banks		
	a) In current accounts	3,697,412	2,344,575
	b) In other deposit accounts	103,856	101,370
	ii) Money at call and short notice		
	a) With banks	285,000,000	66,771,325
	b) With other institutions	3,130,204	1,650,000
TOTAL		291,931,472	70,867,270
II.	Outside India		
	i) In current accounts	82,887,328	96,881,089
	ii) In other deposit accounts	17,763,767	69,743,692
	iii) Money at call and short notice	47,523,996	90,134,480
TOTAL		148,175,091	256,759,261
TOTAL BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		440,106,563	327,626,531

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2017	At 31.03.2016
SCHEDULE 8 - INVESTMENTS		
I. Investments in India [net of provisions]		
i) Government securities	1,104,083,563	1,106,492,693
ii) Other approved securities	..	..
iii) Shares (includes equity and preference shares)	27,419,207	19,873,644
iv) Debentures and bonds	100,750,028	92,741,589
v) Subsidiaries and/or joint ventures	62,405,039	64,218,449
vi) Others (commercial paper, mutual fund units, pass through certificates, security receipts and certificate of deposits)	247,041,706	239,280,471
TOTAL INVESTMENTS IN INDIA	1,541,699,543	1,522,606,846
II. Investments outside India [net of provisions]		
i) Government securities	21,051,830	21,715,158
ii) Subsidiaries and/or joint ventures abroad (includes equity and preference shares)	40,817,388	46,063,582
iii) Others (equity shares, bonds and certificate of deposits)	11,496,693	13,732,380
TOTAL INVESTMENTS OUTSIDE INDIA	73,365,911	81,511,120
TOTAL INVESTMENTS	1,615,065,454	1,604,117,966
A. Investments in India		
Gross value of investments	1,576,298,484	1,554,622,302
Less: Aggregate of provision/depreciation/(appreciation)	34,598,941	32,015,456
Net investments	1,541,699,543	1,522,606,846
B. Investments outside India		
Gross value of investments	74,196,748	82,517,459
Less: Aggregate of provision/depreciation/(appreciation)	830,837	1,006,339
Net investments	73,365,911	81,511,120
TOTAL INVESTMENTS	1,615,065,454	1,604,117,966

1. Refer note 18.11 - Investments and note 18.12 - Non-SLR Investments.

₹ in '000s

	At 31.03.2017	At 31.03.2016
SCHEDULE 9 - ADVANCES [net of provisions]		
A. i) Bills purchased and discounted[1]	205,535,584	125,883,999
ii) Cash credits, overdrafts and loans repayable on demand	1,025,441,344	845,132,942
iii) Term loans	3,411,343,914	3,381,622,478
TOTAL ADVANCES	4,642,320,842	4,352,639,419
B. i) Secured by tangible assets (includes advances against book debts)	3,590,021,442	3,508,024,917
ii) Covered by bank/government guarantees	85,095,391	91,968,107
iii) Unsecured	967,204,009	752,646,395
TOTAL ADVANCES	4,642,320,842	4,352,639,419
C. I. Advances in India		
i) Priority sector	1,065,527,064	924,348,694
ii) Public sector	129,991,400	44,329,100
iii) Banks	3,448,842	283,403
iv) Others	2,693,419,652	2,445,558,803
TOTAL ADVANCES IN INDIA	3,892,386,958	3,414,520,000
II. Advances outside India		
i) Due from banks	3,727,321	4,860,662
ii) Due from others		
a) Bills purchased and discounted	60,382,775	37,850,081
b) Syndicated and term loans	505,610,525	737,769,046
c) Others	180,213,263	157,639,630
TOTAL ADVANCES OUTSIDE INDIA	749,933,884	938,119,419
TOTAL ADVANCES	4,642,320,842	4,352,639,419

1. Net of bills re-discounted amounting to Nil (March 31, 2016: ₹ 14,250.0 million).

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2017	At 31.03.2016
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
Gross block		
At cost at March 31 of preceding year	69,336,049	40,522,620
Additions during the year[1]	3,795,192	29,414,022
Deductions during the year	(429,921)	(600,593)
Closing balance	72,701,320	69,336,049
Less: Depreciation to date[2]	(12,189,563)	(10,859,345)
Net block[3]	60,511,757	58,476,704
II. Other fixed assets (including furniture and fixtures)		
Gross block		
At cost at March 31 of preceding year	50,133,048	46,222,026
Additions during the year	6,167,987	6,217,940
Deductions during the year	(2,778,100)	(2,306,918)
Closing balance	53,522,935	50,133,048
Less: Depreciation to date[4]	(38,397,243)	(35,255,187)
Net block	15,125,692	14,877,861
III. Assets given on lease		
Gross block		
At cost at March 31 of preceding year	17,299,544	17,299,544
Additions during the year	..	..
Deductions during the year	(394,916)	..
Closing balance	16,904,628	17,299,544
Less: Depreciation to date, accumulated lease adjustment and provisions[5]	(14,490,005)	(14,884,909)
Net block	2,414,623	2,414,635
TOTAL FIXED ASSETS	78,052,072	75,769,200

1. At March 31, 2017, includes ₹ 2,760.3 million on account of revaluation carried out by the Bank (March 31, 2016: ₹ 28,174.7 million).
2. Includes depreciation charge amounting to ₹ 1,721.9 million for the year ended March 31, 2017 (year ended March 31, 2016: ` 1,291.2 million), including depreciation charge of ₹ 494.9 million for the year ended March 31, 2017 (year ended March 31, 2016: Nil) on account of revaluation.
3. Includes assets of ₹ 72.0 million (March 31, 2016: ₹ 13.6 million) which are held for sale.
4. Includes depreciation charge amounting to ₹ 5,854.6 million for the year ended March 31, 2017 (year ended March 31, 2016: ₹ 5,501.7 million).
5. The depreciation charge/lease adjustment is an insignificant amount for the year ended March 31, 2017 (year ended March 31, 2016: ₹ 192.2 million).

Schedules forming part of the balance sheet

₹ in '000s

		At 31.03.2017	At 31.03.2016
SCHEDULE 11 - OTHER ASSETS			
I.	Inter-office adjustments (net)	..	..
II.	Interest accrued	57,769,472	60,510,784
III.	Tax paid in advance/tax deducted at source (net)	55,371,313	30,200,188
IV.	Stationery and stamps	1,180	1,710
V.	Non-banking assets acquired in satisfaction of claims[1,2,3]	25,327,852	17,822,999
VI.	Advances for capital assets	1,734,228	1,224,389
VII.	Deposits	11,246,046	11,494,126
VIII.	Deferred tax assets (net) (refer note 18.43)	54,722,268	47,700,357
IX.	Deposits in Rural Infrastructure and Development Fund	241,126,021	280,661,817
X.	Others	178,047,098	126,120,673
TOTAL OTHER ASSETS		625,345,478	575,737,043

1. Includes certain non-banking assets acquired in satisfaction of claims which are in the process of being transferred in the Bank's name.
2. During the year ended March 31, 2017, the Bank acquired assets amounting to ₹ 16,252.2 million (year ended March 31, 2016: ₹ 17,218.5 million) in satisfaction of claims under debt-asset swap transactions with certain borrowers. Assets amounting to ₹ 500.3 million were sold during the year ended March 31, 2017 (year ended March 31, 2016: Nil).
3. Represents balance net of provision held amounting to ₹ 7,401.2 million at March 31, 2017 (March 31, 2016: Nil).

₹ in '000s

		At 31.03.2017	At 31.03.2016
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the Bank not acknowledged as debts	46,433,936	35,360,765
II.	Liability for partly paid investments	12,455	12,455
III.	Liability on account of outstanding forward exchange contracts[1]	4,272,338,374	3,567,729,012
IV.	Guarantees given on behalf of constituents		
	a) In India	726,798,240	749,922,608
	b) Outside India	203,192,612	255,030,143
V.	Acceptances, endorsements and other obligations	478,371,361	472,780,107
VI.	Currency swaps[1]	410,829,581	460,007,024
VII.	Interest rate swaps, currency options and interest rate futures[1]	4,131,188,719	3,414,397,317
VIII.	Other items for which the Bank is contingently liable	40,771,849	52,748,358
TOTAL CONTINGENT LIABILITIES		10,309,937,127	9,007,987,789

1. Represents notional amount.
2. Refer note 18.36 - Description of contingent liabilities.
3. Refer note 18.16 - Exchange traded interest rate derivatives and currency derivatives and note 18.17 - Forward rate agreement (FRA)/Interest rate swaps (IRS)/Cross currency swaps (CCS).

ICICI Bank

Schedules forming part of the profit and loss account

₹ in '000s

	Year ended 31.03.2017	Year ended 31.03.2016
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	396,033,926	389,431,536
II. Income on investments	113,770,721	106,253,486
III. Interest on balances with Reserve Bank of India and other inter-bank funds	4,954,607	1,582,379
IV. Others[1,2]	26,803,539	30,126,947
TOTAL INTEREST EARNED	541,562,793	527,394,348

1. Includes interest on income tax refunds amounting to ₹ 4,507.1 million (March 31, 2016: ₹ 3,119.3 million).
2. Includes interest and amortisation of premium on non-trading interest rate swaps and foreign currency swaps.

₹ in '000s

	Year ended 31.03.2017	Year ended 31.03.2016
SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	80,348,880	74,616,599
II. Profit/(loss) on sale of investments (net)[1]	88,139,431	42,582,615
III. Profit/(loss) on revaluation of investments (net)	(1,907,142)	(4,628,535)
IV. Profit/(loss) on sale of land, buildings and other assets (net)[2]	21,151	280,717
V. Profit/(loss) on exchange/derivative transactions (net)[3]	13,552,152	22,715,610
VI. Income earned by way of dividends, etc. from subsidiary companies and/or joint ventures abroad/in India	14,190,348	15,352,148
VII. Miscellaneous income (including lease income)	700,011	2,311,362
TOTAL OTHER INCOME	195,044,831	153,230,516

1. Refer note 18.11 - Investments.
2. Includes profit/(loss) on sale of assets given on lease for the year ended March 31, 2016.
3. Includes exchange profit/(loss) on repatriation of retained earnings/capital from overseas branches/subsidiaries for the year ended March 31, 2016.

₹ in '000s

	Year ended 31.03.2017	Year ended 31.03.2016
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	228,716,676	215,488,232
II. Interest on Reserve Bank of India/inter-bank borrowings	9,967,203	11,093,814
III. Others (including interest on borrowings of erstwhile ICICI Limited)	85,505,706	88,571,903
TOTAL INTEREST EXPENDED	324,189,585	315,153,949

₹ in '000s

	Year ended 31.03.2017	Year ended 31.03.2016
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	57,337,052	50,023,472
II. Rent, taxes and lighting[1]	11,137,184	9,750,002
III. Printing and stationery	1,760,972	1,491,557
IV. Advertisement and publicity	2,880,587	2,109,728
V. Depreciation on Bank's property	7,576,498	6,792,869
VI. Depreciation (including lease equalisation) on leased assets	12	192,206
VII. Directors' fees, allowances and expenses	23,720	9,998
VIII. Auditors' fees and expenses	78,260	73,315
IX. Law charges	691,079	436,767
X. Postages, courier, telephones, etc.	3,430,089	3,026,474
XI. Repairs and maintenance	11,460,088	10,030,088
XII. Insurance	4,628,895	3,922,060
XIII. Direct marketing agency expenses	11,078,152	9,340,329
XIV. Other expenditure[2]	35,467,988	29,636,717
TOTAL OPERATING EXPENSES	147,550,576	126,835,582

1. Includes lease expense of ₹ 8,174.7 million (March 31, 2016: ₹ 7,176.2 million).
2. Net of recoveries from group companies towards shared services.

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES

Overview

ICICI Bank Limited (ICICI Bank or the Bank), incorporated in Vadodara, India is a publicly held banking company engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. ICICI Bank is a banking company governed by the Banking Regulation Act, 1949. The Bank also has overseas branches in Bahrain, China, Dubai, Hong Kong, Qatar, Singapore, South Africa, Sri Lanka, and United States of America and Offshore Banking units.

Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of ICICI Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the historical cost convention and the accrual method of accounting, except in the case of interest and other income on non-performing assets (NPAs) and assets under strategic debt restructuring (SDR) scheme, scheme for sustainable structuring of stressed assets (S4A) and prudential norms on change in ownership of borrowing entities (change in management outside SDR) of RBI where it is recognised upon realisation.

The preparation of financial statements requires the management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

SIGNIFICANT ACCOUNTING POLICIES

1. Revenue recognition

a) Interest income is recognised in the profit and loss account as it accrues except in the case of non-performing assets (NPAs) where it is recognised upon realisation, as per the income recognition and asset classification norms of RBI. For assets, where SDR or change in management outside SDR schemes of RBI have been invoked, the interest income is recognised upon realisation during the period from the date of invocation till the end of stand-still period. Further, the interest income on assets is recognised upon realisation where S4A scheme has been invoked but not implemented.

b) Income from finance leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding on the lease over the primary lease period.

c) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.

d) Dividend income is accounted on accrual basis when the right to receive the dividend is established.

e) Loan processing fee is accounted for upfront when it becomes due.

f) Project appraisal/structuring fee is accounted for on the completion of the agreed service.

g) Arranger fee is accounted for as income when a significant portion of the arrangement/syndication is completed.

h) Commission received on guarantees issued is amortised on a straight-line basis over the period of the guarantee.

i) The annual/renewal fee on credit cards is amortised on a straight line basis over one year.

j) Fees paid/received for priority sector lending certificates (PSLC) is amortised on straight-line basis over the period of the certificate.

k) Fees/other income related to borrowers, where SDR or change in management outside SDR schemes of RBI have been invoked, are recognised upon realisation during the period from the date of invocation till the end of stand-still period. Further, fees/other income are recognised upon realisation where S4A scheme has been invoked but not implemented.

l) All other fees are accounted for as and when they become due.

m) Net income arising from sell-down/securitisation of loan assets prior to February 1, 2006 has been recognised upfront as interest income. With effect from February 1, 2006, net income arising from securitisation of loan assets is amortised over the life of securities issued or to be issued by the special purpose vehicle/special purpose entity to which the assets are sold. Net income arising from sale of loan assets through direct assignment with recourse obligation is amortised over the life of underlying assets sold and net income from sale of loan assets through direct assignment, without any recourse obligation, is recognised at the time of sale. Net loss arising on account of the sell-down/securitisation and direct assignment of loan assets is recognised at the time of sale.

n) The Bank deals in bullion business on a consignment basis. The difference between price recovered from customers and cost of bullion is accounted for at the time of sales to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on accrual basis.

2. Investments

Investments are accounted for in accordance with the extant RBI guidelines on investment classification and valuation as given below.

1. All investments are classified into 'Held to Maturity', 'Available for Sale' and 'Held for Trading'. Reclassifications, if any, in any category are accounted for as per RBI guidelines. Under each classification, the investments are further categorised as (a) government securities, (b) other approved securities, (c) shares, (d) bonds and debentures, (e) subsidiaries and joint ventures and (f) others.

2. 'Held to Maturity' securities are carried at their acquisition cost or at amortised cost, if acquired at a premium over the face value. Any premium over the face value of fixed rate and floating rate securities acquired is amortised over the remaining period to maturity on a constant yield basis and straight line basis respectively.

3. 'Available for Sale' and 'Held for Trading' securities are valued periodically as per RBI guidelines. Any premium over the face value of fixed rate and floating rate investments in government securities, classified as 'Available for Sale', is amortised over the remaining period to maturity on constant yield basis and straight line basis respectively. Quoted investments are valued based on the closing quotes on the recognised stock exchanges or prices declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association (FIMMDA), periodically.

   The market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio (SLR) securities included in the 'Available for Sale' and 'Held for Trading' categories is as per the rates published by FIMMDA. The valuation of other unquoted fixed income securities, including Pass Through Certificates, wherever linked to the Yield-to-Maturity (YTM) rates, is computed with a mark-up (reflecting associated credit risk) over the YTM rates for government securities published by FIMMDA.

   Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available, or at ₹ 1, as per RBI guidelines.

   Securities are valued scrip-wise. Depreciation/appreciation on securities, other than those acquired by way of conversion of outstanding loans, is aggregated for each category. Net appreciation in each category, if any, being unrealised, is ignored, while net depreciation is provided for. The depreciation on securities acquired by way of conversion of outstanding loans is fully provided for. Non-performing investments are identified based on the RBI guidelines.

Depreciation on equity shares acquired and held by the Bank under SDR, S4A and change in management outside SDR schemes is provided over a period of four calendar quarters from the date of conversion of debt into equity in accordance with the RBI guidelines.

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.

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, reverse repurchase and transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as borrowing and lending transactions in accordance with the extant RBI guidelines.

10. Broken period interest (the amount of interest from the previous interest payment date till the date of purchase/sale of instruments) on debt instruments is treated as a revenue item.

11. At the end of each reporting period, security receipts issued by the asset reconstruction companies are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction companies are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting period end. The security receipts which are outstanding and not redeemed as at the end of the resolution period are treated as loss assets and are fully provided for.

12. The Bank follows trade date method of accounting for purchase and sale of investments, except for government of India and state government securities where settlement date method of accounting is followed in accordance with RBI guidelines.

13. The Bank undertakes short sale transactions in dated central government securities in accordance with RBI guidelines. The short positions are categorised under HFT category and are marked to market. The mark-to-market loss is charged to profit and loss account and gain, if any, is ignored as per RBI guidelines.

3. Provision/write-offs on loans and other credit facilities

The Bank classifies its loans and investments, including at overseas branches and overdues arising from crystallised derivative contracts, into performing and NPAs in accordance with RBI guidelines. Loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI.

In the case of corporate loans and advances, provisions are made for sub-standard and doubtful assets at rates prescribed by RBI. Loss assets and the unsecured portion of doubtful assets are provided/written-off as per the extant RBI guidelines. For loans and advances booked in overseas branches, which are standard as per the extant RBI guidelines but are classified as NPAs based on host country guidelines, provisions are made as per the host country regulations. For loans and advances booked in overseas branches, which are NPAs as per the extant RBI guidelines and as per host country guidelines, provisions are made at the higher of the provisions required under RBI regulations and host country regulations. Provisions on homogeneous retail loans and advances, subject to minimum provisioning requirements of RBI, are assessed on the basis of the ageing of the loans in the non-performing category. In respect of loans classified as fraud, the entire amount, without considering the value of security, is provided for over a period of four quarters starting from the quarter in which fraud has been detected. In accounts where there has been delay in reporting the fraud to the RBI, the entire amount is provided immediately. In respect of borrowers classified as non-cooperative borrowers, willful defaulters and NPAs covered under distressed assets framework of RBI, the Bank makes accelerated provisions as per extant RBI guidelines.

The Bank holds specific provisions against non-performing loans and advances and against certain performing loans and advances in accordance with RBI directions. The Bank also holds provisions on loans under SDR, S4A and change in management outside SDR schemes of RBI. The assessment of incremental specific provisions is made after taking into consideration the existing specific provision held. The specific provisions on retail loans and advances held by the Bank are higher than the minimum regulatory requirements.

a) Provision due to diminution in the fair value of restructured/rescheduled loans and advances is made in accordance with the applicable RBI guidelines.

   In respect of non-performing loans and advances accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e. a period of one year after the date when first payment of interest or of principal, whichever is later, falls due, subject to satisfactory performance of the account during the period. A standard restructured loan is upgraded to the standard category when satisfactory payment performance is evidenced during the specified period and after the loan reverts to the normal level of standard asset provisions/risk weights.

b) Amounts recovered against debts written-off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the profit and loss account.

c) The Bank maintains general provision on performing loans and advances in accordance with the RBI guidelines, including provisions on loans to borrowers having unhedged foreign currency exposure and provision on exposures to step-down subsidiaries of Indian companies. For performing loans and advances in overseas branches, the general provision is made at higher of host country regulations requirement and RBI requirement.

d) In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposures including indirect country risk (other than for home country exposure). The countries are categorised into seven risk categories namely insignificant, low, moderately low, moderate, moderately high, high and very high, and provisioning is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 25%. For exposures with contractual maturity of less than 180 days, provision is required to be held at 25% of the rates applicable to exposures exceeding 180 days. The indirect exposure is reckoned at 50% of the exposure. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is required on such country exposure.

e) The Bank makes floating provision as per a Board approved policy, which is in addition to the specific and general provisions made by the Bank. The floating provision is utilised, with the approval of Board and RBI, in case of contingencies which do not arise in the normal course of business and are exceptional and non-recurring in nature and for making specific provision for impaired loans as per the requirement of extant RBI guidelines or any regulatory guidance/instructions. The floating provision is netted-off from advances.

4. Transfer and servicing of assets

The Bank transfers commercial and consumer loans through securitisation transactions. The transferred loans are de-recognised and gains/losses are accounted for, only if the Bank surrenders the rights to benefits specified in the underlying securitised loan contract. Recourse and servicing obligations are accounted for net of provisions.

In accordance with the RBI guidelines for securitisation of standard assets, with effect from February 1, 2006, the Bank accounts for any loss arising from securitisation immediately at the time of sale and the profit/premium arising from securitisation is amortised over the life of the securities issued or to be issued by the special purpose vehicle to which the assets are sold. With effect from May 7, 2012, the RBI guidelines require the profit/premium arising from securitisation to be amortised over the life of the transaction based on the method prescribed in the guidelines.

In accordance with RBI guidelines, in case of non-performing/special mention account-2 loans sold to securitisation company (SC)/reconstruction company (RC), the Bank reverses the excess provision in profit and loss account in the year in which amounts are received. Any shortfall of sale value over the net book value on sale of such assets is recognised by the Bank in the year in which the loan is sold.

5. Property, Plant and Equipment

Property, Plant and Equipment (PPE), other than premises, are carried at cost less accumulated depreciation and impairment, if any. Premises are carried at revalued amount, being fair value at the date of revaluation less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Depreciation is charged over the estimated useful life of PPE on a straight-line basis. The useful lives of the groups of PPE are given below.

Asset	Useful life
Premises owned by the Bank	60 years
Leased assets and improvements to leasehold premises	60 years or lease period whichever is lower
ATMs[1]	8 years
Plant and machinery[1] (including office equipment)	10 years
Electric installations and equipments	10 years
Computers	3 years
Servers and network equipment[1]	4 years
Furniture and fixtures[1]	6 years, 8 months
Motor vehicles[1]	5 years
Others (including software and system development expenses)[1]	4 years

1. The useful life of assets is based on historical experience of the Bank, which is different from the useful life as prescribed in Schedule II to the Companies Act, 2013.

a) Assets purchased/sold during the year are depreciated on a pro-rata basis for the actual number of days the asset has been capitalised.
b) Items individually costing upto ` 5,000/- are depreciated fully over a period of 12 months from the date of purchase.
c) Assets at residences of Bank's employees are depreciated over the estimated useful life of 5 years.
d) In case of revalued/impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised asset values. In case of premises, which are carried at revalued amounts, the depreciation on the excess of revalued amount over historical cost is transferred from Revaluation Reserve to General Reserve annually.
e) The profit on sale of premises is appropriated to capital reserve, net of transfer to Statutory Reserve and taxes, in accordance with RBI guidelines.

Non-banking assets

Non-banking assets (NBAs) acquired in satisfaction of claims are carried at lower of net book value and net realisable value.

6. Transactions involving foreign exchange

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Income and expenditure items of integral foreign operations (representative offices) are translated at daily closing rates, and income and expenditure items of non-integral foreign operations (foreign branches and offshore banking units) are translated at quarterly average closing rates.

Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing exchange rates notified by Foreign Exchange Dealers' Association of India (FEDAI) relevant to the balance sheet date and the resulting gains/losses are included in the profit and loss account.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at relevant closing exchange rates notified by FEDAI at the balance sheet date and the resulting gains/losses from exchange differences are accumulated in the foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operations. Prior to April 1, 2016, on the disposal/partial disposal of a non-integral foreign operation, the cumulative/proportionate amount of the exchange differences which had been accumulated in the foreign currency translation reserve and which related to that operation were recognised as income or expenses in the same period in which the gain or loss on disposal was recognised. From April 1, 2016, pursuant to RBI guideline dated April 18, 2017, the Bank does not recognise the cumulative/proportionate amount of such exchange differences as income or expenses, which relate to repatriation of accumulated retained earnings from overseas operations.

The premium or discount arising on inception of forward exchange contracts that are entered into to establish the amount of reporting currency required or available at the settlement date of a transaction is amortised over the life of the contract. All other outstanding forward exchange contracts are revalued based on the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of interim maturities. The contracts of longer maturities where exchange rates are not notified by FEDAI are revalued based on the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognised in the profit and loss account.

Contingent liabilities on account of guarantees, endorsements and other obligations denominated in foreign currencies are disclosed at the closing exchange rates notified by FEDAI relevant to the balance sheet date.

7. Accounting for derivative contracts

The Bank enters into derivative contracts such as interest rate and currency options, interest rate and currency futures, interest rate and currency swaps, credit default swaps and cross currency interest rate swaps.

The swap contracts entered to hedge on-balance sheet assets and liabilities are structured such that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of underlying assets and liabilities and accounted pursuant to the principles of hedge accounting. Hedge swaps are accounted for on an accrual basis and are not marked to market unless their underlying transaction is marked to market.

Foreign currency and rupee derivative contracts entered into for trading purposes are marked to market and the resulting gain or loss is accounted for in the profit and loss account. Pursuant to RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed through profit and loss account.

8. Employee Stock Option Scheme (ESOS)

The Employees Stock Option Scheme (the Scheme) provides for grant of options on the Bank's equity shares to wholetime directors and employees of the Bank and its subsidiaries. The Scheme provides that employees are granted an option to subscribe to equity shares of the Bank that vest in a graded manner. The options may be exercised within a specified period. The Bank follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date and amortised over the vesting period. The fair market price is the latest closing price, immediately prior to the grant date, which is generally the date of the meeting of the Board Governance, Remuneration & Nomination Committee in which the options are granted, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

9. Employee Benefits

Gratuity

The Bank pays gratuity, a defined benefit plan, to employees who retire or resign after a minimum prescribed period of continuous service and in case of employees at overseas locations as per the rules in force in the respective countries. The Bank makes contribution to a trust which administers the funds on its own account or through insurance companies.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

Actuarial valuation of the gratuity liability is determined by an actuary appointed by the Bank. Actuarial valuation of gratuity liability is determined based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

Superannuation Fund and National Pension Scheme

The Bank contributes 15.00% of the total annual basic salary of certain employees to superannuation funds, a defined contribution plan, managed and administered by insurance companies. Further, the Bank contributes 10.00% of the total basic salary of certain employees to National Pension Scheme (NPS), a defined contribution plan, which is managed and administered by pension fund management companies. The Bank also gives an option to its employees allowing them to receive the amount in lieu of such contributions along with their monthly salary during their employment.

The amounts so contributed/paid by the Bank to the superannuation fund and NPS or to employees during the year are recognised in the profit and loss account.

Pension

The Bank provides for pension, a defined benefit plan covering eligible employees of erstwhile Bank of Madura, erstwhile Sangli Bank and erstwhile Bank of Rajasthan. The Bank makes contribution to a trust which administers the funds on its own account or through insurance companies. The plan provides for pension payment including dearness relief on a monthly basis to these employees on their retirement based on the respective employee's years of service with the Bank and applicable salary.

Actuarial valuation of the pension liability is determined by an actuary appointed by the Bank. Actuarial valuation of pension liability is calculated based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

Employees covered by the pension plan are not eligible for employer's contribution under the provident fund plan.

Provident Fund

The Bank is statutorily required to maintain a provident fund, a defined benefit plan, as a part of retirement benefits to its employees. Each employee contributes a certain percentage of his or her basic salary and the Bank contributes an equal amount for eligible employees. The Bank makes contribution as required by The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 to Employees' Pension Scheme administered by the Regional Provident Fund Commissioner. The Bank makes balance contributions to a fund administered by trustees. The funds are invested according to the rules prescribed by the Government of India.

Actuarial valuation for the interest rate guarantee on the provident fund balances is determined by an actuary appointed by the Bank.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

The overseas branches of the Bank and its eligible employees contribute a certain percentage of their salary towards respective government schemes as per local regulatory guidelines. The contribution made by the overseas branches is recognised in profit and loss account at the time of contribution.

Compensated absences

The Bank provides for compensated absence based on actuarial valuation conducted by an independent actuary.

10. Income Taxes

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively. Deferred tax adjustments comprise changes in the deferred tax assets or liabilities during the year.

Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account.

Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgement as to whether their realisation is considered as reasonably certain. However, in case of unabsorbed depreciation or carried forward loss, deferred tax assets will be recognised only if there is virtual certainty of realisation of such assets.

11. Impairment of Assets

The immovable fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is treated as impaired when its carrying amount exceeds its recoverable amount. The impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the impaired assets exceeds their recoverable value.

12. Provisions, contingent liabilities and contingent assets

The Bank estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available up to the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimates of amounts required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statements. The Bank does not account for or disclose contingent assets, if any.

The Bank estimates the probability of redemption of customer loyalty reward points using an actuarial method by employing an independent actuary and accordingly makes provision for these reward points. Actuarial valuation is determined based on certain assumptions regarding mortality rate, discount rate, cancellation rate and redemption rate.

13. Earnings per share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

14. Lease transactions

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss account over the lease term on straight line basis.

15. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

SCHEDULE 18

NOTES FORMING PART OF THE ACCOUNTS

The following disclosures have been made taking into account the requirements of Accounting Standards (ASs) and Reserve Bank of India (RBI) guidelines in this regards.

1. Earnings per share

Basic and diluted earnings per equity share are computed in accordance with AS 20 – Earnings per share. Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year.

The following table sets forth, for the periods indicated, the computation of earnings per share.

` in million, except per share data

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Basic		
Weighted average number of equity shares outstanding	5,818,851,357	5,807,339,489
Net profit	98,010.9	97,262.9
Basic earnings per share (`)	16.84	16.75
Diluted		
Weighted average number of equity shares outstanding	5,842,890,835	5,840,224,893
Net profit	98,010.9	97,262.9
Diluted earnings per share (`)	16.77	16.65
Nominal value per share (`)	2.00	2.00

The dilutive impact is due to options granted to employees by the Bank.

2. Business/information ratios

The following table sets forth, for the periods indicated, the business/information ratios.

Sr. No.	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(i)	Interest income to working funds[1]	7.43%	8.06%
(ii)	Non-interest income to working funds[1]	2.68%	2.34%
(iii)	Operating profit to working funds[1,2]	3.64%	3.65%
(iv)	Return on assets[3]	1.35%	1.49%
(v)	Net profit per employee[4] (` in million)	1.2	1.4
(vi)	Business (average deposits plus average advances) per employee[4,5] (` in million)	98.9	94.3

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 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.

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.

3. Capital adequacy ratio

The Bank is subject to the Basel III capital adequacy guidelines stipulated by RBI with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till March 31, 2019. As per the guidelines, the Tier-1 capital is made up of Common Equity Tier-1 (CET1) and Additional Tier-1.

At March 31, 2017, Basel III guidelines require the Bank to maintain a minimum Capital to Risk-Weighted Assets Ratio (CRAR) of 10.30% with minimum CET1 CRAR of 6.80% and minimum Tier-1 CRAR of 8.30%. The minimum total CRAR, Tier-1 CRAR and CET1 CRAR requirement include capital conservation buffer of 1.25% and additional capital requirement of 0.05% on account of the Bank being designated as Domestic Systemically Important Bank.

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

` in million, except percentages

Particulars	At March 31, 2017	At March 31, 2016
CET1 CRAR (%)	13.74%	13.00%
Tier-1 CRAR (%)	14.36%	13.09%
Tier-2 CRAR (%)	3.03%	3.55%
Total CRAR (%)	17.39%	16.64%
Amount of equity capital raised	..	..
Amount of Additional Tier-1 capital raised; of which		
Perpetual Non-Cumulative Preference Shares	..	..
Perpetual Debt Instruments	34,250.0	..
Amount of Tier-2 capital raised; of which		
Debt capital instrument	..	..
Preference Share Capital Instruments [Perpetual Cumulative Preference Shares (PCPS)/Redeemable 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 a phased manner from January 1, 2015 as given below.

Starting from January 1	2015	2016	2017	2018	2019
Minimum LCR	60.0%	70.0%	80.0%	90.0%	100.0%

The Bank has been computing its LCR on a daily basis since January 2017 in line with the extant RBI guidelines. The following tables set forth, the quarterly average of unweighted and weighted values of the LCR of the Bank. The simple average has been computed based on daily values for the three months ended March 31, 2017 and on month-end values for the three months ended December 31, 2016, September 30, 2016, June 30, 2016 and March 31, 2016.

₹ in million

Sr. No.	Particulars	Three months ended March 31, 2017		Three months ended March 31, 2016	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High quality liquid assets					
1.	Total high quality liquid assets	N.A.	971,361.1	N.A.	657,810.1
Cash outflows					
2.	Retail deposits and deposits from small business customers, of which:	2,863,944.4	259,883.3	2,440,406.7	221,848.3
(i)	Stable deposits	530,223.1	26,511.2	443,846.9	22,192.3
(ii)	Less stable deposits	2,333,721.3	233,372.1	1,996,559.8	199,656.0
3.	Unsecured wholesale funding, of which:	1,191,100.3	674,631.1	1,100,323.2	631,804.6
(i)	Operational deposits (all counterparties)	274,266.8	68,566.7	185,211.0	46,302.7
(ii)	Non-operational deposits (all counterparties)	835,289.0	524,519.9	838,903.5	509,293.2
(iii)	Unsecured debt	81,544.5	81,544.5	76,208.7	76,208.7
4.	Secured wholesale funding	N.A.	20.2	N.A.	..
5.	Additional requirements, of which:	550,684.2	148,926.3	434,570.4	58,390.8
(i)	Outflows related to derivative exposures and other collateral requirements	84,355.5	84,355.5	9,038.0	9,038.0
(ii)	Outflows related to loss of funding on debt products	354.7	354.7	373.7	373.7
(iii)	Credit and liquidity facilities	465,974.0	64,216.1	425,158.7	48,979.1
6.	Other contractual funding obligations	106,326.0	106,326.0	70,145.8	70,145.8
7.	Other contingent funding obligations	1,824,755.6	68,745.4	1,918,495.8	79,602.7
8.	Total cash outflows	N.A.	1,258,532.3	N.A.	1,061,792.2
9.	Secured lending (e.g. reverse repos)	158,596.8	..	..	..
10.	Inflows from fully performing exposures	296,648.1	227,647.6	381,330.5	319,975.3
11.	Other cash inflows	58,661.5	36,351.6	43,097.3	23,851.8
12.	Total cash inflows	513,906.4	263,999.2	424,427.8	343,827.1
13.	Total HQLA	N.A.	971,361.1	N.A.	657,810.1
14.	Total net cash outflows (8)-(12)	N.A.	994,533.1	N.A.	717,965.1

		Three months ended March 31, 2017		Three months ended March 31, 2016	
Sr. No.	Particulars	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
15.	Liquidity coverage ratio (%)	N.A.	97.67%	N.A.	91.62%

₹ in million

		Three months ended December 31, 2016		Three months ended September 30, 2016		Three months ended June 30, 2016	
Sr. No.	Particulars	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High quality liquid assets							
1.	Total high quality liquid assets	N.A.	1,009,517.2	N.A.	860,057.2	N.A.	765,646.7
Cash outflows							
2.	Retail deposits and deposits from small business customers, of which:	2,871,164.6	259,903.9	2,657,172.8	242,276.4	2,574,509.5	234,696.0
(i)	Stable deposits	544,251.2	27,212.6	468,816.3	23,440.8	455,099.0	22,755.0
(ii)	Less stable deposits	2,326,913.4	232,691.3	2,188,356.5	218,835.6	2,119,410.5	211,941.0
3.	Unsecured wholesale funding, of which:	1,157,077.2	669,660.2	1,076,171.7	610,896.4	1,091,923.2	618,887.2
(i)	Operational deposits (all counterparties)	253,406.4	63,351.6	210,262.4	52,565.4	213,593.3	53,398.3
(ii)	Non-operational deposits (all counterparties)	800,790.0	503,427.8	834,899.6	527,321.1	826,021.5	513,180.5
(iii)	Unsecured debt	102,880.8	102,880.8	31,009.7	31,009.7	52,308.4	52,308.4
4.	Secured wholesale funding	N.A.	..	N.A.	..	N.A.	..
5.	Additional requirements, of which:	541,432.5	159,841.1	526,971.1	151,832.3	470,639.4	91,579.2
(i)	Outflows related to derivative exposures and other collateral	101,281.6	101,281.6	97,553.7	97,553.7	37,905.4	37,905.4

		Three months ended December 31, 2016		Three months ended September 30, 2016		Three months ended June 30, 2016	
Sr. No.	Particulars	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
	requirements						
(ii)	Outflows related to loss of funding on debt products	301.9	301.9	338.8	338.8	338.9	338.9
(iii)	Credit and liquidity facilities	439,849.0	58,257.6	429,078.6	53,939.8	432,395.1	53,334.9
6.	Other contractual funding obligations	100,419.1	100,419.1	87,713.5	87,713.5	68,354.4	68,354.4
7.	Other contingent funding obligations	1,856,561.1	69,509.2	1,910,391.5	71,318.9	1,907,937.7	70,982.7
8.	Total cash outflows	N.A.	1,259,333.5	N.A.	1,164,037.5	N.A.	1,084,499.5
9.	Secured lending (e.g. reverse repos)	70,930.3	..	..	..	33,518.2	..
10.	Inflows from fully performing exposures	324,405.1	252,006.7	312,867.5	246,875.2	324,921.3	266,789.0
11.	Other cash inflows	46,093.2	26,319.9	43,102.8	23,637.4	38,276.3	21,097.6
12.	Total cash inflows	441,428.6	278,326.6	355,970.3	270,512.6	396,715.8	287,886.6
13.	Total HQLA	N.A.	1,009,517.2	N.A.	860,057.2	N.A.	765,646.7
14.	Total net cash outflows (8)-(12)	N.A.	981,006.9	N.A.	893,524.9	N.A.	796,612.9
15.	Liquidity coverage ratio (%)	N.A.	102.91%	N.A.	96.25%	N.A.	96.11%

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 the overseas branches is maintained taking into consideration both host country and the RBI regulations.

The Bank during the three months ended March 31, 2017 maintained average HQLA (after haircut) of ` 971,361.1 million (March 31, 2016: ` 657,810.1 million) against the average liquidity requirement of ` 795,626.5 million (March 31, 2016: ` 502,575.6 million) at minimum LCR requirement of 80.0% (March 31, 2016: 70.0%). HQLA primarily includes government securities in excess of minimum statutory liquidity ratio (SLR) and to the extent allowed under marginal standing facility (MSF) and facility to avail liquidity for LCR (FALLCR) of ` 806,903.7 million (March 31, 2016: ` 498,952.5 million). RBI has permitted banks to reckon government securities held by them up to 9.0% (March 31, 2016: 8.0%) of their net demand and time liability (NDTL) under FALLCR as level 1 HQLA for the purpose of computing LCR from July, 2016. Additionally, cash balance in excess of cash reserve requirement with RBI and balances with central banks of countries where the Bank's branches are located amounted to ` 100,448.7 million (March 31, 2016: ` 104,655.2 million). Further, average level 2 assets primarily consisting of AA- and above rated corporate bonds and commercial papers amounted to ₹ 36,348.1 million (March 31, 2016: ` 33,334.1 million).

At March 31, 2017, top liability products/instruments and their percentage contribution to the total liabilities of the Bank were term deposits 31.51% (March 31, 2016: 31.68%), savings account deposits 22.27% (March 31, 2016: 18.63%), bond borrowings 12.33% (March 31, 2016: 12.81%) and current account deposits 9.72% (March 31, 2016: 8.17%). Top 20 depositors constituted 7.04% (March 31, 2016: 7.35%) of total deposits of the Bank at March 31, 2017. Further, the total borrowings mobilised from significant counterparties (from whom the funds borrowed were more than 1.00% of the Bank's total liabilities) were 10.26% (March 31, 2016: 11.81%) of the total liabilities of the Bank at March 31, 2017.

The weighted cash outflows are primarily driven by unsecured wholesale funding which includes operational deposits, non-operational deposits and unsecured debt. During the three months ended March 31, 2017, unsecured wholesale funding contributed 53.60% (March 31, 2016: 59.50%) of the total weighted cash outflows. The non-operational deposits include term deposits with premature withdrawal facility. Retail deposits including deposits from small business customers and other contingent funding obligations contributed 20.65% (March 31, 2016: 20.89%) and 5.46% (March 31, 2016: 7.50%) of the total weighted cash outflows respectively. The other contingent funding obligations primarily include bank guarantees (BGs) and letters of credit (LCs) issued on behalf of the Bank's clients.

In view of the margin rules for non-centrally cleared derivative transactions issued by the Basel Committee on Banking Supervision and RBI, currently in a draft stage, certain derivative transactions would be subject to margin reset and consequent collateral exchange would be as governed by Credit Support Annex (CSA). The margin rules are applicable for both the domestic and overseas operations of the Bank. The Bank has entered into CSAs which would require maintenance of collateral due to valuation changes on transactions under CSA framework. The Bank considers the increased liquidity requirement on account of valuation changes in the transactions settled through Qualified Central Counterparties (QCCP) in India including the Clearing Corporation of India (CCIL) and other exchange houses for transactions covered under CSAs. The potential outflows on account of such transactions have been considered based on the look-back approach prescribed in the RBI guidelines.

The average LCR of the Bank for the three months ended March 31, 2017 was 97.67% (March 31, 2016: 91.62%). During the three months ended March 31, 2017, other than Indian Rupee, USD was the only significant foreign currency which constituted more than 5.00% of the balance sheet size of the Bank. The average LCR of the Bank for USD currency, computed based on month end LCR values, was 44.51% for the three months ended March 31, 2017 (March 31, 2016: 87.90%).

5. Information about business and geographical segments

Business Segments

Pursuant to the guidelines issued by RBI on AS 17 - Segment Reporting - Enhancement of Disclosures dated April 18, 2007, effective from year ended March 31, 2008, the following business segments have been reported.

- **Retail Banking** includes exposures which satisfy the four criteria of orientation, product, granularity and low value of individual exposures for retail exposures laid down in BCBS document ''International Convergence of Capital Measurement and Capital Standards: A Revised Framework''. This segment also includes income from credit cards, debit cards, third party product distribution and the associated costs.
- **Wholesale Banking** includes all advances to trusts, partnership firms, companies and statutory bodies, which are not included under Retail Banking.
- **Treasury** includes the entire investment and derivative portfolio of the Bank.
- **Other Banking** includes leasing operations and other items not attributable to any particular business segment.

Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

All liabilities are transfer priced to a central treasury unit, which pools all funds and lends to the business units at appropriate rates based on the relevant maturity of assets being funded after adjusting for regulatory reserve requirements.

The transfer pricing mechanism of the Bank is periodically reviewed. The segment results are determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

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

₹ in million

	For the year ended March 31, 2017					
Sr. No.	Particulars	Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1.	Revenue	453,911.8	306,405.7	545,629.9	18,640.9	1,324,588.3
2.	Less: Inter-segment revenue					587,980.7
3.	Total revenue (1)-(2)					736,607.6
4.	Segment results	53,853.0	(74,341.1)	126,707.0	6,567.3	112,786.2
5.	Unallocated expenses					..
6.	Operating profit (4)-(5)					112,786.2
7.	Income tax expenses (including deferred tax credit)					14,775.2
8.	Net profit (6)-(7)					98,011.0
9.	Segment assets	2,136,950.4	2,612,652.8	2,748,218.4	109,999.3	7,607,820.9
10.	Unallocated assets[1]					110,093.6

	For the year ended March 31, 2017					
Sr. No.	Particulars	Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
11.	Total assets (9)+(10)					7,717,914.5
12.	Segment liabilities	3,678,085.9	1,495,191.4	2,510,968.2[2]	33,669.0	7,717,914.5
13.	Unallocated liabilities					..
14.	Total liabilities (12)+(13)					7,717,914.5
15.	Capital expenditure	6,547.3	616.2	19.4	20.0	7,202.9
16.	Depreciation	6,396.2	1,108.6	15.6	56.1	7,576.5

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax assets (net).
2. Includes share capital and reserves and surplus

` in million

	For the year ended March 31, 2016					
Sr. No.	Particulars	Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1.	Revenue	391,878.0	328,923.5	487,496.2	18,178.6	1,226,476.3
2.	Less: Inter-segment revenue					545,851.4
3.	Total revenue (1)–(2)					680,624.9
4.	Segment results	38,977.4	(12,454.3)	90,974.1	4,460.0	121,957.2
5.	Unallocated expenses					..
6.	Operating profit (4)-(5)					121,957.2
7.	Income tax expenses (net of deferred tax credit)					24,694.3
8.	Net profit (6)-(7)					97,262.9
9.	Segment assets	1,724,805.5	2,663,659.1	2,580,529.7	160,056.7	7,129,050.5
10.	Unallocated assets[1]					77,900.5
11.	Total assets (9)+(10)					7,206,951.0

For the year ended March 31, 2016						
Sr. No.	Particulars	Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
12.	Segment liabilities	3,133,932.7	1,197,853.2	2,764,161.4[2]	111,003.7	7,206,951.0
13.	Unallocated liabilities					..
14.	Total liabilities (12)+(13)					7,206,951.0
15.	Capital expenditure	6,474.5	937.0	11.2	34.5	7,457.2
16.	Depreciation	5,718.9	1,016.3	14.9	235.0	6,985.1

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

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

` in million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Domestic operations	682,895.7	620,424.0
Foreign operations	53,711.9	60,200.9
Total	736,607.6	680,624.9

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

` in million

Particulars	At March 31, 2017	At March 31, 2016
Domestic operations	6,661,570.6	5,940,663.4
Foreign operations	946,250.3	1,188,387.1
Total	7,607,820.9	7,129,050.5

Segment assets do not include tax paid in advance/tax deducted at source (net) and deferred tax assets (net).

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, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Domestic operations	7,150.3	7,331.5	7,507.4	6,916.9
Foreign operations	52.6	125.7	69.1	68.2
Total	7,202.9	7,457.2	7,576.5	6,985.1

6. Maturity pattern

The following table sets forth, the maturity pattern of assets and liabilities of the Bank at March 31, 2017.

` in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1,2]	Total foreign currency assets[3]	Total foreign currency liabilities[3]
Day 1	8,757.4	175,720.4	72,285.3	..	14,070.1	1,379.8
2 to 7 days	41,128.1	87,210.4	375,542.3	13,124.4	172,411.2	25,643.2
8 to 14 days	33,216.1	50,137.2	106,138.4	9,924.6	17,866.8	17,007.1
15 to 30 days[4]	86,614.9	78,397.8	77,275.1	80,377.4	37,280.8	90,888.0
31 days to 2 months[4]	129,995.7	53,584.0	120,950.4	19,904.6	46,376.4	27,826.0
2 to 3 months[4]	185,675.5	39,010.8	187,419.8	50,256.1	48,937.3	45,818.3
3 to 6 months	322,603.3	92,171.7	359,444.8	67,702.8	76,970.3	58,216.4
6 months to 1 year	517,143.6	105,792.2	326,211.4	231,641.7	110,974.7	218,095.5
1 to 3 years	1,284,125.8	208,006.9	497,017.3	468,435.2	234,380.5	393,384.5
3 to 5 years	924,537.2	285,991.2	1,393,293.3	215,539.9	171,209.0	126,716.6
Above 5 years	1,108,523.3	439,042.9	1,384,812.7	318,654.9	212,846.9	102,490.1
Total	4,642,320.8	1,615,065.5	4,900,390.6	1,475,561.5	1,143,324.0	1,107,465.5

1. Includes foreign currency balances.
2. Includes borrowings in the nature of subordinated debts and preference shares.
3. Excludes off-balance sheet assets and liabilities.
4. The disclosure format has been revised based on RBI guideline dated March 23, 2016.

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

` in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings [1,2]	Total foreign currency assets[3]	Total foreign currency liabilities[3]
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
Total	4,352,639.4	1,604,117.9	4,214,257.1	1,748,073.8	1,454,179.4	1,536,227.3

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.

The estimates and assumptions used by the Bank for classification of assets and liabilities under the different maturity buckets is based on the returns submitted to RBI for the relevant periods.

7. Preference shares

Certain government securities amounting to ` 3,219.7 million at March 31, 2017 (March 31, 2016: ` 3,189.8 million) have been earmarked against redemption of preference shares issued by the Bank, which fall due for redemption on April 20, 2018, as per the original terms of the issue.

8. Employee Stock Option Scheme (ESOS)

In terms of the ESOS, as amended, the maximum number of options granted to any eligible employee in a financial year shall not exceed 0.05% of the issued equity shares of the Bank at the time of grant of the options and aggregate of all such options granted to the eligible employees shall not exceed 10% of the aggregate number of the issued equity shares of the Bank on the date(s) of the grant of options in line with SEBI Regulations. Under the stock option scheme, eligible employees are entitled to apply for equity shares. In April 2016, exercise period was modified from 10 years from the date of grant or five years from the date of vesting, whichever is later, to 10 years from the date of vesting of options. The exercise price of the Bank's options, except mentioned below, is the last closing price on the stock exchange, which recorded highest trading volume preceding the date of grant of options. Hence, there was no compensation cost based on intrinsic value of options.

Options granted after March, 2014 vest in a graded manner over a three-year period with 30%, 30% and 40% of the grant vesting in each year, commencing from the end of 12 months from the date of grant other than certain options granted in April 2014 which will vest to the extent of 50% on April 30, 2017 and the balance on April 30, 2018 and granted in September 2015 which will vest to the extent of 50% on April 30, 2018 and 50% on April 30, 2019. However, for the options granted in September 2015, if the participant's employment terminates due to retirement (including pursuant to any early/voluntary retirement scheme), the whole of the unvested options would lapse.

Options granted prior to March, 2014, vest in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting in each year, commencing from the end of 12 months from the date of grant. Options granted in April, 2009 vest in a graded manner over a five-year period with 20%, 20%, 30% and 30% of grant vesting each year, commencing from the end of 24 months from the date of grant. Options granted in September, 2011 vest in a graded manner over a five-years period with 15%, 20%, 20% and 45% of grant vesting each year, commencing from the end of 24 months from the date of the grant.

In February 2011, the Bank granted 15,175,000 options to eligible employees and whole-time Directors of the Bank and certain of its subsidiaries at an exercise price of ` 193.40. This exercise price was the average closing price on the stock exchange during the six months ended October 28, 2010. Of these options granted, 50% vested on April 30, 2014 and the balance 50% vested on April 30, 2015. Based on intrinsic value of options, no compensation cost was recognised during the year ended March 31, 2017 (March 31, 2016: ₹ 0.8 million).

If the Bank had used the fair value of options based on binomial tree model, compensation cost in the year ended March 31, 2017 would have been higher by ` 5,107.5 million (March 31, 2016: ` 3,726.5 million) including additional cost of ` 1,393.1 million (March 31, 2016: Nil) due to change in exercise period and proforma profit after tax would have been ` 92,903.4 million (March 31, 2016: ` 93,536.4 million). Additional cost of ` 1,393.1 million at the date of modification reflects the difference between fair value of option calculated as per revised exercise period and fair value of option calculated as per original exercise period. On a proforma basis, the Bank's basic and diluted earnings per share would have been ` 15.97 and ` 15.90 respectively. The key assumptions used to estimate the fair value of options granted during the year ended March 31, 2017 are given below.

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

The weighted average fair value of options granted during the year ended March 31, 2017 is ` 84.39 (March 31, 2016: ` 100.50).

Risk free interest rates over the expected term of the option are based on the government securities yield in effect at the time of the grant. The expected term of an option is estimated based on the vesting term as well as expected exercise behavior of the employees who receive the option. Expected term of option is estimated based on the historical stock option exercise pattern of the Bank. Expected volatility during the estimated expected term of the option is based on historical volatility determined based on observed market prices of the Bank's publicly traded equity shares. Expected dividends during the estimated expected term of the option are based on recent dividend activity.

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

₹ except number of options

Particulars	Stock options outstanding	
	Year ended March 31, 2017	Year ended March 31, 2016

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	191,624,565	236.36	148,433,700	205.02
Add: Granted during the year	33,378,300	244.30	64,904,500	289.28
Less: Lapsed during the year, net of re-issuance	9,189,995	266.53	4,189,850	260.67
Less: Exercised during the year	9,707,705	182.60	17,523,785	161.16
Outstanding at the end of the year	206,105,165	238.83	191,624,565	236.36
Options exercisable	109,556,465	214.56	89,788,515	198.08

The following table sets forth, the summary of stock options outstanding at March 31, 2017.

Range of exercise price (₹ per share)	Number of shares arising out of options	Weighted average exercise price (₹ per share)	Weighted average remaining contractual life (Number of years)
60-99	2,140,950	86.99	5.93
100-199	53,491,375	180.97	5.64
200-299	120,115,440	249.76	9.93
300-399	30,357,400	308.26	10.15

The following table sets forth, the summary of stock options outstanding at March 31, 2016.

Range of exercise price (₹ per share)	Number of shares arising out of options	Weighted average exercise price (` per share)	Weighted average remaining contractual life (Number of years)
60-99	2,556,700	86.96	3.03
100-199	60,755,715	180.24	3.65
200-299	96,037,150	251.67	7.85
300-399	32,275,000	308.26	9.08

The options were exercised regularly throughout the period and weighted average share price as per National Stock Exchange price volume data during the year ended March 31, 2017 was ` 257.82 (March 31, 2016: ` 273.37).

9. Subordinated debt

During the year ended March 31, 2017, the Bank has raised subordinated debt bonds qualifying for Additional Tier-1 capital. The following table sets forth, the details of these bonds.

₹ in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount

Subordinate Additional Tier-1	March 17, 2017	9.20% (annually)	Perpetual[1]	34,250.0

1. Call option exercisable on March 17, 2022 and on every interest payment date thereafter (exercisable with RBI approval).

During the year ended March 31, 2017, the Bank has not raised subordinated debt qualifying for Tier-2 capital (March 31, 2016: Nil).

10. Repurchase transactions

The following tables set forth for the periods indicated, the details of securities sold and purchased under repo and reverse repo transactions respectively including transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF).

` in million

Sr. No.	Particulars	Minimum outstanding balance during the	Maximum outstanding balance during the	Daily average outstanding balance during the	Outstanding balance at March 31, 2017
		Year ended March 31, 2017			
Securities sold under Repo, LAF and MSF					
i)	Government Securities	9.5	176,914.4	37,829.8	9.5
ii)	Corporate Debt Securities	..	335.4	7.3	..
Securities purchased under Reverse Repo and LAF					
i)	Government Securities	..	341,500.0	63,402.7	288,000.0
ii)	Corporate Debt Securities	..	..	..	..

1. Amounts reported are based on face value of securities under Repo and Reverse repo.
2. Amounts reported are based on lending/borrowing amount under LAF and MSF.

` in million

Sr. No.	Particulars	Minimum outstanding balance during the	Maximum outstanding balance during the	Daily average outstanding balance during the	Outstanding balance at March 31, 2016
		Year ended March 31, 2016			
Securities sold under Repo, LAF and MSF					
i)	Government Securities	10.2	133,067.0	51,943.4	40,129.4
ii)	Corporate Debt Securities	..	2,000.0	13.7	..
Securities purchased under Reverse Repo and LAF					
i)	Government Securities	..	61,600.0	8,761.4	32,500.0
ii)	Corporate Debt Securities	..	750.0	186.5	..

1. Amounts reported are based on face value of securities under Repo and Reverse repo.
2. Amounts reported are based on lending/borrowing amount under LAF and MSF.

11. Investments

The following table sets forth, for the periods indicated, the details of investments and the movement of provision held towards depreciation on investments of the Bank.

` in million

Sr. No.	Particulars	At March 31, 2017	At March 31, 2016
1.	Value of Investments		
i)	Gross value of investments		
	a) In India	1,576,298.5	1,554,622.3
	b) Outside India	74,196.7	82,517.5
ii)	Provision for depreciation		
	c) In India	(34,598.9)	(32,015.5)
	d) Outside India	(830.9)	(1,006.3)
iii)	Net value of investments		
	e) In India	1,541,699.6	1,522,606.8
	f) Outside India	73,365.8	81,511.2
2.	Movement of provisions held towards depreciation on investments		
i)	Opening balance	33,021.8	25,931.8
ii)	Add: Provisions made during the year	9,357.6	10,852.9
iii)	Less: Write-off/(write-back) of excess provisions during the year	(6,949.6)	(3,762.9)
iv)	Closing balance	35,429.8	33,021.8

During the year ended March 31, 2017, the Bank sold approximately 12.63% of its shareholding in ICICI Prudential Life Insurance Company Limited in the initial public offer (IPO) for a total consideration of ₹ 60,567.9 million. The unconsolidated financial results include a gain (before tax and after IPO related expenses) of ₹ 56,820.3 million on this sale.

During the year ended March 31, 2016, the Bank sold 6% of its shareholding in ICICI Prudential Life Insurance Company Limited and 9% of its shareholding in ICICI Lombard General Insurance Company Limited for a total consideration of ₹ 19,500.0 million and 15,502.5 million respectively. The unconsolidated financial results include a gain (before tax) of ₹ 18,598.3 million and ₹ 15,085.4 million respectively on this sale.

The following table sets forth, for the periods indicated, break-up of other investments in Schedule 8.

` in million

Investments	At March 31, 2017	At March 31, 2016
I. In India		
Pass through certificates	134,724.3	94,041.5
Commercial paper	71,295.2	49,212.6
Certificate of deposits	4,710.7	86,094.0
Security receipts	32,862.2	6,242.0
Venture funds	3,015.5	3,436.6
Others	433.8	253.8
Total	247,041.7	239,280.5
II. Outside India		
Certificate of deposits	3,306.0	1,325.0
Shares	210.0	146.6
Bonds	7,010.7	11,501.1
Venture funds	970.0	759.7
Total	11,496.7	13,732.4
Grand total	258,538.4	253,012.9

12. Investment in securities, other than government and other approved securities (Non-SLR investments)

i) Issuer composition of investments in securities, other than government and other approved securities

The following table sets forth, the issuer composition of investments of the Bank in securities, other than government and other approved securities at March 31, 2017.

` in million

Sr. No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities[2,3]	Extent of 'unlisted' securities[2,3]
			(a)	(b)	(c)	(d)
1.	PSUs	11,386.0	8,235.5	..	..	2,765.1
2.	FIs	94,063.6	60,168.5	..	..	..
3.	Banks	25,561.2	17,650.0	..	..	..
4.	Private corporates	101,389.2	95,563.1	3,422.1	3,610.8	5,817.6
5.	Subsidiaries/ Joint ventures	103,222.4	..	..	..	..
6.	Others[3,4]	189,179.3	176,877.5	48,804.9	..	..
7.	Provision held towards depreciation	(34,871.6)	N.A.	N.A.	N.A.	N.A.
	Total	489,930.1	358,494.6	52,227.0	3,610.8	8,582.7

1. Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.
2. Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates, security receipts, commercial papers, certificates of deposit, non-convertible debentures (NCDs) with original or initial maturity up to one year issued by corporate (including NBFC), unlisted convertible debentures and securities acquired by way of conversion of debt.
3. Excludes investments in non-Indian government securities by overseas branches amounting to ` 21,051.8 million.
4. Excludes investments in non-SLR government of India securities amounting to ` 18,686.3 million.

The following table sets forth, the issuer composition of investments of the Bank in securities, other than government and other approved securities at March 31, 2016.

` in million

Sr. No.	Issuer	Amount	Extent of private placement[2]	Extent of 'below investment grade' securities	Extent of 'unrated' securities[2,3]	Extent of 'unlisted' securities[3]
			(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	..	..	..

Sr. No.	Issuer	Amount	Extent of private placement[2]	Extent of 'below investment grade' securities	Extent of 'unrated' securities[2, 3]	Extent of 'unlisted' securities[3]
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[4,5]	122,449.4	121,693.2	19,610.9	..	..
7.	Provision held towards depreciation	(31,843.6)	N.A.	N.A.	N.A.	N.A.
	Total	475,910.0	346,885.9	24,128.8	4,171.6	10,861.6

1. Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.
2. Excludes investments, amounting to ` 2,652.4 million in preference shares of subsidiary ICICI Bank Canada.
3. Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates, security receipts, commercial papers, certificates of deposit, non-convertible debentures (NCDs) with original or initial maturity up to one year issued by corporate (including NBFCs), unlisted convertible debentures and securities acquired by way of conversion of debt.
4. Excludes investments in non-Indian government securities by overseas branches amounting to ` 21,715.2 million.
5. Excludes investments in non-SLR government of India securities amounting to ` 2,435.7 million.

ii) Non-performing investments in securities, other than government and other approved securities

The following table sets forth, for the periods indicated, the movement in gross non-performing investments in securities, other than government and other approved securities.

` in million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Opening balance	16,800.5	11,444.2
Additions during the year	3,375.6	8,075.2
Reduction during the year	(5,917.3)	(2,718.9)
Closing balance	14,258.8	16,800.5
Total provision held	10,738.6	10,404.2

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

During the year ended March 31, 2017, the value of sales and transfers of securities to/from HTM category (excluding one-time transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year, sale to RBI under pre-announced Open Market Operation auctions and repurchase of Government securities by Government of India) had exceeded 5% of the book value of the investments held in HTM category at the beginning of the year. The market value of investments held in the HTM category was ` 961,540.1 million at March 31, 2017 (March 31, 2016: ` 999,326.8 million) which includes investments in subsidiaries/joint ventures carried at cost.

14. CBLO transactions

Collateralised Borrowing and Lending Obligation (CBLO) is a discounted money market instrument, established by CCIL and approved by RBI, which involves secured borrowings and lending transactions. At March 31, 2017, the Bank had no outstanding borrowings (March 31, 2016: Nil) and no outstanding lending (March 31, 2016: Nil) in the form of CBLO. The amortised book value of securities given as collateral by the Bank to CCIL for availing the CBLO facility was ₹ 53,134.3 million at March 31, 2017 (March 31, 2016: ₹ 68,296.0 million).

15. Derivatives

The Bank is a major participant in the financial derivatives market. The Bank deals in derivatives for balance sheet management, proprietary trading and market making purposes whereby the Bank offers derivative products to its customers, enabling them to hedge their risks.

Dealing in derivatives is carried out by identified groups in the treasury of the Bank based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Treasury Control and Service Group (TCSG) conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting and ensures compliance with various internal and regulatory guidelines.

The market making and the proprietary trading activities in derivatives are governed by the Investment policy and Derivative policy of the Bank, which lays down the position limits, stop loss limits as well as other risk limits. The Risk Management Group (RMG) lays down the methodology for computation and monitoring of risk. The Risk Committee of the Board (RCB) reviews the Bank's risk management policy in relation to various risks including credit and recovery policy, investment policy, derivative policy, Asset Liability Management (ALM) policy and operational risk management policy. The RCB comprises independent directors and the Managing Director & CEO.

The Bank measures and monitors risk of its derivatives portfolio using such risk metrics as Value at Risk (VAR), stop loss limits and relevant greeks for options. Risk reporting on derivatives forms an integral part of the management information system.

The use of derivatives for hedging purposes is governed by the hedge policy approved by ALCO. Subject to prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate, floating rate or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter.

Hedge derivative transactions are accounted for pursuant to the principles of hedge accounting based on guidelines issued by RBI. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the profit and loss account. The premium on option contracts is accounted for as per Foreign Exchange Dealers Association of India (FEDAI) guidelines.

Over the counter (OTC) derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with the respective counter parties. The exposure on account of derivative transactions is computed as per RBI guidelines.

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

` in million

Sr.	Particulars	At March 31, 2017	At March 31, 2016

No.		Currency derivative[1]	Interest rate derivative[2]	Currency derivative[1]	Interest rate derivative[2]
1.	Derivatives (Notional principal amount)				
	a) For hedging	6,863.8	433,745.0	13,895.2	565,237.3
	b) For trading	963,762.9	3,137,646.6	946,749.3	2,348,522.6
2.	Marked to market positions[3]				
	a) Asset (+)	26,572.6	12,052.2	35,782.6	16,697.9
	b) Liability (-)	(18,953.5)	(13,850.9)	(33,844.0)	(17,159.2)
3.	Credit exposure[4]	76,532.0	51,762.0	86,084.6	62,874.1
4.	Likely impact of one percentage change in interest rate (100*PV01)[5]				
	a) On hedging derivatives[6]	31.4	12,293.4	96.9	16,621.7
	b) On trading derivatives	1,092.1	719.7	1,380.5	1,076.2
5.	Maximum and minimum of 100*PV01 observed during the period				
	a) On hedging[6]				
	Maximum	97.2	16,705.8	228.0	16,960.1
	Minimum	30.6	11,876.5	93.7	12,732.7
	b) On trading				
	Maximum	1,488.4	1,680.7	1,730.8	1,708.6
	Minimum	1,044.5	648.3	962.4	88.4

1. Exchange traded and OTC options, cross currency interest rate swaps and currency futures are included in currency derivatives.
2. OTC Interest rate options, Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
3. For trading portfolio including accrued interest.
4. Includes accrued interest and has been computed based on Current Exposure method.
5. Amounts given are absolute values on a net basis, excluding options.
6. The swap contracts entered into for hedging purpose would have an opposite and off-setting impact with the underlying on-balance sheet items.

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

` in million

Sr. No.	Particulars	At March 31, 2017		At March 31, 2016	
		Trading	Non-trading	Trading	Non-trading
1.	Forex contracts (Notional principal amount)	4,028,098.3	244,240.1	3,048,537.0	519,192.1
2.	Marked to market positions				
	a) Asset (+)	29,561.4	550.8	16,659.3	3,563.5
	b) Liability (-)	(26,600.7)	(3,350.7)	(14,362.8)	(5,775.9)
3.	Credit exposure[1]	133,187.7	5,539.7	102,000.4	11,278.1
4.	Likely impact of one percentage change in interest rate (100*PV01)[2]	37.0	8.8	28.2	88.2

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, 2017 was ₹ 2,926.7 million (March 31, 2016: ₹ 1,272.1 million).

The Bank has no exposure in credit derivative instruments (funded and non-funded) including credit default swaps (CDS) and principal protected structures at March 31, 2017 (March 31, 2016: Nil).

The Bank offers deposits to customers of its overseas branches with structured returns linked to interest, forex, credit or equity benchmarks. The Bank covers these exposures in the inter-bank market. At March 31, 2017, the net open notional position on this portfolio was Nil (March 31, 2016: Nil) with no mark-to-market gain/loss (March 31, 2016: net gain of ₹ 0.1 million).

The profit and loss impact on the above portfolio on account of mark-to-market and realised profit and loss during the year ended March 31, 2017 was a net loss of ₹ 0.1 million (March 31, 2016: net loss of ₹ 16.5 million). The non-Indian Rupee denominated derivatives are marked to market by the Bank based on counter-party valuation quotes or internal models using inputs from market sources such as Bloomberg/Reuters, counter-parties and Fixed Income Money Market and Derivative Association (FIMMDA). The Indian Rupee denominated credit derivatives are marked to market by the Bank based on CDS curve published by FIMMDA.

16. Exchange traded interest rate derivatives and currency derivatives

Exchange traded interest rate derivatives

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

` in million

Sr. No.	Particulars	At March 31, 2017	At March 31, 2016
1.	Notional principal amount of exchange traded interest rate derivatives undertaken during the year - 10 year Government Security Notional Bond	11,324.8	61,510.0
2.	Notional principal amount of exchange traded interest rate derivatives outstanding - 10 year Government Security Notional Bond	343.8	2,352.4
3.	Notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective'	N.A.	N.A.
4.	Mark-to-market value of exchange traded interest rate derivatives outstanding and not 'highly effective'	N.A.	N.A.

Exchange traded currency derivatives

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

` in million

Sr. No.	Particulars	At March 31, 2017	At March 31, 2016

Sr. No.	Particulars	At March 31, 2017	At March 31, 2016
1.	Notional principal amount of exchange traded currency derivatives undertaken during the year	1,891,822.9	1,798,640.4
2.	Notional principal amount of exchange traded currency derivatives options outstanding	45,370.2	41,554.3
3.	Notional principal amount of exchange traded currency derivatives outstanding and not 'highly effective'	N.A.	N.A.
4.	Mark-to-market value of exchange traded currency derivatives outstanding and not 'highly effective'	N.A.	N.A.

17. Forward rate agreement (FRA)/Interest rate swaps (IRS)/Cross currency swaps (CCS)

The Bank enters into FRA, IRS and CCS contracts for balance sheet management and market making purposes whereby the Bank offers derivative products to its customers to enable them to hedge their interest rate risk and currency risk within the prevalent regulatory guidelines.

A FRA is a financial contract between two parties to exchange interest payments for 'notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is London Inter-Bank Offered Rate (LIBOR) of various currencies.

An IRS is a financial contract between two parties exchanging or swapping a stream of interest payments for a 'notional principal' amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like Mumbai Inter-Bank Offered Rate (MIBOR), Indian Government Securities Benchmark Rate (INBMK), Mumbai Inter-Bank Forward Offer Rate (MIFOR) and LIBOR of various currencies.

A CCS is a financial contract between two parties exchanging interest payments and principal, wherein interest payments and principal in one currency would be exchanged for an equally valued interest payments and principal in another currency.

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

The following table sets forth, for the periods indicated, the details of the FRA/IRS.

` in million

Sr. No.	Particulars	At March 31, 2017	At March 31, 2016
i)	The notional principal of FRA/IRS	3,524,706.5	2,885,362.8
ii)	Losses which would be incurred if all counter parties failed to fulfil their obligations under the agreement[1]	16,258.1	21,423.6
iii)	Collateral required by the Bank upon entering into FRA/IRS	..	..
iv)	Concentration of credit risk[2]	1,149.8	1,875.8
v)	The fair value of FRA/IRS[3]	1,527.0	17,371.6

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.

The following table sets forth, for the periods indicated, the details of the CCS.

` in million

Sr. No.	Particulars	At March 31, 2017	At March 31, 2016
i)	The notional principal of CCS[1]	410,829.6	460,007.0
ii)	Losses which would be incurred if all counter parties failed to fulfil their obligations under the agreement[2]	21,925.7	32,330.6
iii)	Collateral required by the Bank upon entering into CCS	..	..
iv)	Concentration of credit risk[3]	4,875.4	6,435.7
v)	Fair value of CCS[4]	9,040.2	4,028.1

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

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

Hedging

₹ in million

Benchmark	Type	At March 31, 2017		At March 31, 2016	
		Notional principal	No. of deals	Notional principal	No. of deals
AUD LIBOR	Fixed receivable v/s floating payable	7,436.6	3	7,647.0	3
CHF LIBOR	Fixed receivable v/s floating payable	6,482.7	2	6,919.6	2
JPY LIBOR	Fixed receivable v/s floating payable	8,698.8	2	2,949.0	1
SGD SOR	Fixed receivable v/s floating payable	12,299.3	6	13,055.2	6
USD LIBOR	Fixed receivable v/s floating payable	398,827.5	72	534,666.5	111
Total		433,745.0	85	565,237.3	123

Trading

` in million

Benchmark	Type	At March 31, 2017	At March 31, 2016

		Notional principal	No. of deals	Notional principal	No. of deals
CAD CDOR	Floating receivable v/s fixed payable	..	..	102.8	1
CHF LIBOR	Fixed receivable v/s floating payable	..	..	3,113.8	1
EURIBOR	Fixed receivable v/s floating payable	32,922.4	19	37,407.0	19
EURIBOR	Floating receivable v/s fixed payable	33,566.3	13	37,155.3	14
EURIBOR	Floating receivable v/s floating payable	1,594.8	3	1,738.3	3
GBP LIBOR	Fixed receivable v/s floating payable	2,946.0	8	3,725.0	9
GBP LIBOR	Floating receivable v/s fixed payable	3,507.8	7	5,371.4	7
INBMK	Fixed receivable v/s floating payable	14,250.0	26	14,500.0	27
INBMK	Floating receivable v/s fixed payable	31,594.2	49	32,649.8	53
JPY LIBOR	Fixed receivable v/s floating payable	3,066.5	14	5,935.6	13
JPY LIBOR	Floating receivable v/s fixed payable	1,104.4	4	3,655.0	5
JPY LIBOR	Floating receivable v/s floating payable	581.3	1	1,771.0	2
MIBOR	Fixed receivable v/s floating payable	666,907.7	1,130	301,141.8	590
MIBOR	Floating receivable v/s fixed payable	641,374.2	1,130	297,605.1	594
MIFOR	Fixed receivable v/s floating payable	251,265.0	495	249,585.0	498
MIFOR	Floating receivable v/s fixed payable	264,975.0	544	235,635.0	512
SGD SOR	Fixed receivable v/s floating payable	..	..	2,950.8	2
USD LIBOR	Fixed receivable v/s floating payable	568,287.2	689	542,236.5	699
USD LIBOR	Floating receivable v/s fixed payable	517,591.0	485	473,302.2	430
USD LIBOR	Floating receivable v/s floating payable	45,935.4	51	55,704.0	58
USD LIBOR v/s EURIBOR	Floating receivable v/s floating payable	1,492.1	2	2,499.8	2
Others	Fixed receivable v/s fixed payable	8,000.2	93	12,340.3	199
Total		3,090,961.5	4,763	2,320,125.5	3,738

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

Hedging

₹ in million

Benchmark[1]	Type	At March 31, 2017		At March 31, 2016	
		Notional principal	No. of deals	Notional principal	No. of deals
USD LIBOR	Fixed receivable v/s floating payable	6,863.8	3	13,895.2	6
Total		6,863.8	3	13,895.2	6

1. Benchmark indicates floating leg of the fixed v/s floating CCS.

Trading

` in million

Benchmark[1]	Type	At March 31, 2017		At March 31, 2016	
		Notional principal	No. of deals	Notional principal	No. of deals
AUD BBSW V/s USD LIBOR	Floating receivable v/s floating payable	8,423.4	3	8,666.6	4
CHF LIBOR V/s USD LIBOR	Floating receivable v/s floating payable	6,762.3	2	2,753.7	9
CHF LIBOR V/s USD LIBOR	Floating payable v/s floating receivable	129.7	1	132.5	1
EURIBOR	Fixed receivable v/s floating payable	2,156.7	19	3,184.6	23
EURIBOR	Floating receivable v/s fixed payable	389.1	1	397.5	1
EURIBOR V/s GBP LIBOR	floating payable v/s Floating receivable	2,424.8	2	2,857.1	1
EURIBOR V/s GBP LIBOR	Floating receivable v/s Floating payable	..	..	885.8	1
EURIBOR V/s USD LIBOR	Floating receivable v/s floating payable	7,160.0	10	11,180.0	14
EURIBOR V/s USD LIBOR	Floating payable v/s floating receivable	5,502.5	11	6,440.1	10
GBP LIBOR V/s USD LIBOR	Floating receivable v/s floating payable	410.0	2	..	..
GBP LIBOR V/s USD LIBOR	Floating payable v/s floating receivable	2,965.6	3	2,857.1	1
HIBOR v/s USD LIBOR	Floating receivable v/s floating payable	12,951.4	2	..	..
JPY LIBOR	Floating receivable v/s fixed payable	2,543.1	3	4,791.7	5
JPY LIBOR	Fixed receivable v/s floating payable	5,727.3	18	8,447.5	23
JPY LIBOR V/s USD LIBOR	Floating receivable v/s floating payable	17,041.5	16	15,016.4	17
JPY LIBOR V/s USD LIBOR	Floating payable v/s floating receivable	5,533.3	4	8,313.9	6
Others	Fixed receivable v/s fixed payable	123,653.8	276	129,661.3	271
SGD SOR V/s USD LIBOR	Floating receivable v/s floating payable	12,210.6	4	20,566.7	7
SGD SOR V/s USD LIBOR	Floating payable v/s floating receivable	..	..	4,919.1	1
USD LIBOR	Fixed receivable v/s floating payable	82,709.2	307	97,428.4	246
USD LIBOR	Floating receivable v/s fixed payable	105,271.5	119	117,611.8	120
Total		403,965.8	803	446,111.8	761

1. Benchmark indicates floating leg of the fixed v/s floating CCS.

18. Non-Performing Assets

The following table sets forth, for the periods indicated, the details of movement of gross non-performing assets (NPAs), net NPAs and provisions.

` in million

Sr. No.	Particulars	At March 31, 2017	At March 31, 2016
1.	Net NPAs (funded) to net advances (%)	5.43%	2.98%
2.	Movement of NPAs (Gross)		
	a) Opening balance[1]	262,212.5	150,946.9
	b) Additions: Fresh NPAs during the year	335,466.1	167,108.5
	Sub-total (1)	597,678.6	318,055.4
	c) Reductions during the year		
	• Upgradations	(9,703.4)	(11,239.8)
	• Recoveries (excluding recoveries made from upgraded accounts)	(44,462.2)	(15,049.7)
	• Technical/prudential write-offs	(72,857.8)	(20,275.8)
	• Write-offs other than technical/prudential write-offs	(49,061.3)	(9,277.6)
	Sub-total (2)	(176,084.7)	(55,842.9)
	d) Closing balance[1] (1)-(2)	421,593.9	262,212.5
3.	Movement of Net NPAs		
	a) Opening balance[1]	129,630.8	62,555.3
	b) Additions during the year	215,559.2	106,209.9
	c) Reductions during the year	(93,021.9)	(39,134.4)
	d) Closing balance[1]	252,168.1	129,630.8
4.	Movement of provision for NPAs (excluding provision on standard assets)		
	a) Opening balance[1]	132,581.7	88,391.6
	b) Addition during the year[2]	161,604.4	80,732.0
	Sub-total (1)	294,186.1	169,123.6
	c) Write-off/(write-back) of excess provisions		
	• Write-back of excess provision on account of upgradations	(2,912.8)	(2,908.9)
	• Write-back of excess provision on account of reduction in NPAs	(7,904.6)	(5,677.4)
	• Provision utilised for write-offs	(113,942.9)	(27,955.6)
	Sub-total (2)	(124,760.3)	(36,541.9)
	d) Closing balance[1] (1)-(2)	169,425.8	132,581.7

1. Net of write-off.
2. For the year ended March 31, 2017 includes floating provision of ₹ 1.9 million (March 31, 2016: ₹ 1.9 million).

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

₹ in million

Particulars	At March 31, 2017	At March 31, 2016
Opening balance	70,573.8	52,476.0
Add: Technical/prudential write-offs during the year	72,857.8	20,275.8
Sub-total (1)	143,431.6	72,751.8
Less: Recoveries made from previously technical/prudential	(2,209.5)	(1,603.0)

Particulars	At March 31, 2017	At March 31, 2016
written-off accounts during the year		
Less: Sacrifice made from previously technical/prudential written-off accounts during the year	(19,564.0)	(575.0)
Sub-total (2)	(21,773.5)	(2,178.0)
Closing balance (1)-(2)	121,658.1	70,573.8

In accordance with RBI guidelines, the loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. During the year ended March 31, 2017, the Bank classified certain loans as NPAs at overseas branches amounting to ₹ 6,587.8 million as per the requirement of these guidelines and made a provision of ₹ 3,993.7 million on these loans.

Divergence in asset classification and provisioning for NPAs

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

The following table sets forth, for the period indicated, details of divergence in the asset classification and provisioning as per RBI's supervisory process for the year ended March 31, 2016.

₹ in million

Sr. No.	Particulars	At March 31, 2016
1.	Gross NPAs as reported by the Bank	262,212.5
2.	Gross NPAs as assessed by RBI[1]	313,258.6
3.	Divergence in gross NPAs (2)-(1)	51,046.1
4.	Net NPAs as reported by the Bank	129,630.8
5.	Net NPAs as assessed by RBI	169,968.9
6.	Divergence in net NPAs (5)-(4)	40,338.1
7.	Provisions for NPAs as reported by the Bank	132,581.7
8.	Provisions for NPAs as assessed by RBI[1]	143,289.7
9.	Divergence in provisioning (8)-(7)	10,708.0
10.	Reported net profit after tax for the year ended March 31, 2016	97,262.9
11.	Adjusted (notional) net profit after tax for the year ended March 31, 2016 after taking into account the divergence in provisioning[1]	90,260.7

1. Excludes investment in shares of ₹ 1,071.9 million with an additional provision requirement of ₹ 168.0 million and an impact of ₹ 109.9 million on net profit after tax for the year ended March 31, 2016.

The impact of changes in classification and provisioning arising out of the RBI's supervisory process for the year ended March 31, 2016 has been fully given effect to in the audited financial statements for the year ended March 31, 2017.

19. Floating provision

During the year ended March 31, 2017, the Bank made floating provision of ` 15,150.0 million which was subsequently utilised during the same year by allocating it to specific non-performing assets.

The following table sets forth, for the periods indicated, the movement in floating provision held by the Bank.

` in million

Particulars	At March 31, 2017	At March 31, 2016
Opening balance[1]	1.9	1.9
Add: Provision made during the year	15,150.0	..
Less: Provision utilised during the year	(15,150.0)	..
Closing balance[1]	1.9	1.9

1. Includes amount taken over from erstwhile Bank of Rajasthan upon amalgamation.

20. General provision on standard assets

The general provision on standard assets (including incremental provision on unhedged foreign currency exposure (UFCE)) held by the Bank at March 31, 2017 was ` 23,126.2 million (March 31, 2016: ` 26,583.4 million). The general provision on standard assets amounting to ` 3,392.3 million was reversed during the year ended March 31, 2017 (March 31, 2016: provision made ` 2,970.1 million) as per applicable RBI guidelines.

RBI, through its circular dated January 15, 2014 had advised banks to create incremental provision on standard loans and advances to entities with UFCE. The Bank assesses the UFCEs of the borrowers through its credit appraisal and internal ratings process. The Bank also undertakes reviews of such exposures through thematic reviews by Risk Committee based on market developments evaluating the impact of exchange rate fluctuations on the Bank's portfolio, portfolio specific reviews by the Risk Management Group (RMG) and scenario-based stress testing approach as detailed in the Internal Capital Adequacy Assessment Process (ICAAP). In addition, a periodic review of the forex exposures of the borrowers having significant external commercial borrowings is conducted by RMG.

The Bank has not made any incremental provision against borrowers with UFCE during the year ended March 31, 2017 (March 31, 2016: ` 100.0 million). The Bank held incremental capital of ` 4,120.0 million at March 31, 2017 on advances to borrowers with UFCE (March 31, 2016: ` 5,580.0 million).

21. Provision Coverage Ratio

The provision coverage ratio of the Bank at March 31, 2017 computed as per the extant RBI guidelines was 40.2% (March 31, 2016: 50.6%).

22. Priority Sector Lending Certificate (PSLC)

The Bank purchased PSLCs (general category) amounting to ₹ 35,000.0 million during the year ended March 31, 2017 (March 31, 2016: Nil). The Bank did not sell any PSLC during the year ended March 31, 2017.

23. Securitisation

A. The Bank sells loans through securitisation and direct assignment. The following tables set forth, for the periods indicated, the information on securitisation and direct assignment activity of the Bank as an originator till May 7, 2012.

` in million, except number of loans securitised

Particulars	Year ended March 31, 2017	Year ended March 31, 2016

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Total number of loan assets securitised	..	..
Total book value of loan assets securitised	..	..
Sale consideration received for the securitised assets	..	..
Net gain/(loss) on account of securitisation[1]	11.6	(39.5)

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

` in million

Particulars	At March 31, 2017	At March 31, 2016
Outstanding credit enhancement (funded)	3,992.0	3,992.2
Outstanding liquidity facility	0.3	0.0[1]
Net outstanding servicing asset/(liability)	(19.9)	(25.5)
Outstanding subordinate contributions	1,481.3	1,493.6

1. Insignificant amount.

The outstanding credit enhancement in the form of guarantees amounted to Nil at March 31, 2017 (March 31, 2016: Nil) and outstanding liquidity facility in the form of guarantees amounted to ` 265.5 million at March 31, 2017 (March 31, 2016: ` 265.6 million).

The outstanding credit enhancement in the form of guarantees for third party originated securitisation transactions amounted to ` 3,456.9 million at March 31, 2017 (March 31, 2016: ` 4,089.3 million) and outstanding liquidity facility for third party originated securitisation transactions amounted to Nil at March 31, 2017 (March 31, 2016: Nil).

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

` in million

Particulars	At March 31, 2017	At March 31, 2016
Opening balance	745.3	617.5
Additions during the year	63.6	141.5
Deductions during the year	(6.2)	(13.7)
Closing balance	802.7	745.3

B. The information on securitisation and direct assignment activity of the Bank as an originator as per RBI guidelines ‘Revisions to the Guidelines on Securitisation Transactions’ dated May 7, 2012 is given below.

a. The Bank, as an originator, has not sold any loan through securitisation during the year ended March 31, 2017 (March 31, 2016: Nil).
b. The following table sets forth, for the periods indicated, the information on the loans sold through direct assignment.

` in million

Sr. no.	Particulars	At March 31, 2017	At March 31, 2016
1.	Number 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	33.8	47.8
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	0.1	151.0
	b) On-balance sheet exposures		
	i) Exposure to own securitisation		
	• First loss	..	..
	• Others	..	..
	ii) Exposure to third party securitisation		
	• First loss	..	..
	• Others	52.5	152.6

The overseas branches of the Bank, as originators, sold eight loans through direct assignment amounting to ` 11,143.5 million during the year ended March 31, 2017 (March 31, 2016: four loans amounting to ₹ 6,536.9 million).

24. Financial assets transferred during the year to securitisation company (SC)/reconstruction company (RC)

The Bank has transferred certain assets to Asset Reconstruction Companies (ARCs) in terms of the guidelines issued by RBI circular no. DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014. For the purpose of the valuation of the underlying security receipts issued by the underlying trusts managed by ARCs, the SRs are valued at their respective net asset values as advised by the ARCs.

The following table sets forth, for the periods indicated, the details of the assets transferred.

` in million, except number of accounts

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Number of accounts	35	7

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Aggregate value (net of provisions) of accounts sold to SC/RC	37,095.2	6,721.0
Aggregate consideration	32,268.1	7,305.8
Additional consideration realised in respect of accounts transferred in earlier years	..	..
Aggregate gain/(loss) over net book value[1,2]	(4,827.1)	584.8

1. During the year ended March 31, 2017, the Bank recognised loss of ₹ 7,043.5 million on sale of NPAs to ARCs.
2. During the year ended March 31, 2017, the Bank made a gain of ₹ 2,216.4 million on sale of NPAs to ARCs, out of which ₹ 1,883.8 million is set aside towards the security receipts received on such sale.
3. During the year ended March 31, 2017, excludes security receipts received amounting to ₹ 359.2 million towards interest overdue not recognised as income.

The following tables set forth, for the periods indicated, the details of investments in security receipts (SRs).

` in million

Particulars	At March 31, 2017	At March 31, 2016
Net book value of investments in SRs which are -		
-Backed by NPAs sold by the Bank as underlying[1]	24,194.4	4,066.1
-Backed by NPAs sold by other banks/financial institutions (FIs)/non-banking financial companies (NBFCs) as underlying	172.0	241.6
Total	24,366.4	4,307.7

1. During the year ended March 31, 2017, investment in a security receipt was fully redeemed by the ARC and there was no gain/loss to the Bank (March 31, 2016: net loss of ₹ 470.2 million).

` in million

		At March 31, 2017			
Sr. no.	Particulars	SRs issued within past five years	SRs issued more than five years ago but within past eight years	SRs issued more than eight years ago	Total
(i)	Book value of SRs backed by NPAs sold by the Bank as underlying	26,893.1	..	12,467.9	39,361.0
	Provision held against above	2,698.7	..	12,467.9	15,166.6
(ii)	Book value of SRs backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying	99.7	72.3	417.0	589.0
	Provision held against above	..	..	417.0	417.0
Gross Book value		26,992.8	72.3	12,884.9	39,950.0
Total Provision held against above		2,698.7	..	12,884.9	15,583.6
Net Book value		24,294.1	72.3	..	24,366.4

` in million

		At March 31, 2016			
Sr. no.	Particulars	SRs issued within past five years	SRs issued more than five years ago but within past eight years	SRs issued more than eight years ago	Total
(i)	Book value of SRs backed by NPAs sold by the Bank as underlying	4,881.3	..	12,638.9	17,520.2
	Provision held against above	815.1	..	12,638.9	13,454.0
(ii)	Book value of SRs backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying	131.1	110.4	417.0	658.5
	Provision held against above	..	..	417.0	417.0
Gross Book value		5,012.4	110.4	13,055.9	18,178.7
Total Provision held against above		815.1	..	13,055.9	13,871.0
Net Book value		4,197.3	110.4	..	4,307.7

25. Details of non-performing assets purchased/sold, excluding those sold to SC/RC

The Bank has not purchased any non-performing assets in terms of the guidelines issued by RBI circular no. DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014 during the year ended March 31, 2017 (March 31, 2016: Nil). The Bank has sold certain non-performing assets in terms of the above RBI guidelines.

The following table sets forth, for the periods indicated, details of non-performing assets sold, excluding those sold to SC/RC.

` in million, except number of accounts

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Number of accounts	2	3
Aggregate value (net of provisions) of accounts sold, excluding those sold to SC/RC	1,526.5	12.8
Aggregate consideration	2,207.4	174.4
Aggregate gain/(loss) over net book value	680.9	161.6

Additionally, during the year ended March 31, 2017, the Bank sold a non-performing loan to a corporate for a consideration of ₹ 39.3 million on which the Bank recognised a gain of ₹ 39.3 million (March 31, 2016: one loan for sale consideration of ₹ 290.0 million and gain of ₹ 290.0 million).

26. Information in respect of restructured assets

The following tables set forth, for the year ended March 31, 2017, details of loan assets subjected to restructuring.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured accounts at April 1, 2016					
	No. of borrowers	32	..	26	7	65
	Amount outstanding	56,661.3	..	61,917.0	2,035.8	120,614.1
	Provision thereon	4,678.0	..	35,524.8	2,035.8	42,238.6
2.	Fresh restructuring during the year ended March 31, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the year ended March 31, 2017					
	No. of borrowers	1	..	(1)	..	..
	Amount outstanding	179.0	..	(193.5)	..	(14.5)
	Provision thereon	91.4	..	(193.5)	..	(102.1)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(1,630.2)	..	(22,243.6)	(105.7)	(23,979.5)
	Provision thereon	(239.8)	..	(10,970.0)	(105.7)	(11,315.5)
5.	Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at March 31, 2017 and hence need not be shown as restructured standard advances at April 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	(14)	..	11	3	..
	Amount outstanding	(27,632.0)	..	25,384.7	836.5	(1,410.8)

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total
	Details	(a)	(b)	(c)	(d)	(e)
	Provision thereon	(2,593.0)	..	14,772.6	836.5	13,016.1
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	..	..	(16)	(4)	(20)
	Amount outstanding	..	..	(24,971.6)	(1,748.2)	(26,719.8)
	Provision thereon	..	..	(17,562.8)	(1,748.2)	(19,311.0)
8.	Restructured accounts at March 31, 2017					
	No. of borrowers	19	..	20	6	45
	Amount outstanding	27,578.1	..	39,893.0	1,018.4	68,489.5
	Provision thereon	1,936.6	..	21,571.1	1,018.4	24,526.1

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

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification	Standard	Sub-Standard	Doubtful	Loss	Total
	Details	(a)	(b)	(c)	(d)	(e)
1.	Restructured accounts at April 1, 2016					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	1.6	..	..	..	1.6
	Provision thereon	..	..	..	..	..
2.	Fresh restructuring during the year ended March 31, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the year ended March 31, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(0.6)	..	..	..	(0.6)
	Provision thereon	..	..	..	..	..

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
5.	Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at March 31, 2017 and hence need not be shown as restructured standard advances at April 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
8.	Restructured accounts at March 31, 2017					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	1.0	..	..	..	1.0
	Provision thereon	..	..	..	..	..

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

` in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured accounts at April 1, 2016					
	No. of borrowers	391	739	49	120	1,299
	Amount outstanding	36,467.5	611.4	33,331.9	6,644.0	77,054.8
	Provision thereon	2,724.7	102.3	14,942.1	6,644.0	24,413.1
2.	Fresh restructuring during the year ended March 31, 2017					
	No. of borrowers	181	1	2	..	184
	Amount outstanding	1,913.2	784.6	22,465.1	..	25,162.9
	Provision thereon	5.5	117.7	6,467.3	..	6,590.5
3.	Upgradations to restructured standard category during the year ended March 31, 2017					
	No. of borrowers	12	(3)	(1)	(8)	..
	Amount outstanding	6.6	(0.3)	(0.3)	(6.4)	(0.4)
	Provision thereon	0.7	..	(0.1)	(6.4)	(5.8)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2017[1]					

` in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(1,256.1)	..	(4,015.9)	(33.0)	(5,305.0)
	Provision thereon	158.7	..	(683.3)	(33.0)	(557.6)
5.	Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at March 31, 2017 and hence need not be shown as restructured standard advances at April 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	(242)	(453)	726	3	34
	Amount outstanding	(17,569.5)	1,058.4	13,801.0	1.6	(2,708.5)
	Provision thereon	(1,754.6)	149.6	7,274.0	1.6	5,670.6
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	(58)	(63)	(11)	(17)	(149)
	Amount outstanding	(1,658.3)	(6.3)	(10,579.2)	(6,075.9)	(18,319.7)
	Provision thereon	(238.8)	(1.2)	(6,521.3)	(6,075.9)	(12,837.2)
8.	Restructured Accounts at March 31, 2017					
	No. of borrowers	284	221	765	98	1,368
	Amount outstanding	17,903.4	2,447.8	55,002.6	530.3	75,884.1
	Provision thereon	896.2	368.3	21,478.7	530.3	23,273.5

1. Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application pending allotment) as part of restructuring scheme, etc.
2. ‘Others’ mechanism also include cases restructured under Joint Lender Forum (JLF) mechanism.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured accounts at April 1, 2016					
	No. of borrowers	424	739	75	127	1,365
	Amount outstanding	93,130.4	611.4	95,248.9	8,679.8	197,670.5
	Provision thereon	7,402.7	102.3	50,466.9	8,679.8	66,651.7
2.	Fresh restructuring during the year ended March 31, 2017					

` in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
	No. of borrowers	181	1	2	..	184
	Amount outstanding	1,913.2	784.6	22,465.1	..	25,162.9
	Provision thereon	5.5	117.7	6,467.3	..	6,590.5
3.	Upgradations to restructured standard category during the year ended March 31, 2017					
	No. of borrowers	13	(3)	(2)	(8)	..
	Amount outstanding	185.6	(0.3)	(193.8)	(6.4)	(14.9)
	Provision thereon	92.1	..	(193.6)	(6.4)	(107.9)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2017[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(2,886.9)	..	(26,259.5)	(138.7)	(29,285.1)
	Provision thereon	(81.1)	..	(11,653.3)	(138.7)	(11,873.1)
5.	Restructured standard advances at April 1, 2016, which cease to attract higher provisioning and/or additional risk weight at March 31, 2017 and hence need not be shown as restructured standard advances at April 1, 2017					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	(256)	(453)	737	6	34
	Amount outstanding	(45,201.5)	1,058.4	39,185.7	838.1	(4,119.3)
	Provision thereon	(4,347.6)	149.6	22,046.6	838.1	18,686.7
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2017					
	No. of borrowers	(58)	(63)	(27)	(21)	(169)
	Amount outstanding	(1,658.3)	(6.3)	(35,550.8)	(7,824.1)	(45,039.5)
	Provision thereon	(238.8)	(1.2)	(24,084.1)	(7,824.1)	(32,148.2)
8.	Restructured accounts at March 31, 2017					
	No. of borrowers	304	221	785	104	1,414
	Amount outstanding	45,482.5	2,447.8	94,895.6	1,548.7	144,374.6
	Provision thereon[2]	2,832.8	368.3	43,049.8	1,548.7	47,799.6

1. Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.
2. The Bank additionally holds provision amounting to ` 6,224.1 million on these accounts.

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

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2015					
	No. of borrowers	51	..	21	2	74
	Amount outstanding	80,736.5	..	37,838.5	435.6	119,010.6
	Provision thereon	7,645.0	..	16,770.0	435.6	24,850.6
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[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	3,336.0	..	4,703.7	..	8,039.7
	Provision thereon	(174.1)	..	8,173.8	..	7,999.7
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)
	Amount outstanding	(43.2)	..	(6,587.0)	(416.4)	(7,046.6)
	Provision thereon	(1.1)	..	(4,321.0)	(416.4)	(4,738.5)
8.	Restructured accounts at March 31, 2016					
	No. of borrowers	32	..	26	7	65
	Amount outstanding	56,661.3	..	61,917.0	2,035.8	120,614.1
	Provision thereon	4,678.0	..	35,524.8	2,035.8	42,238.6

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

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured accounts at April 1, 2015					
	No. of borrowers	1	..	..	1	2
	Amount outstanding	0.0[1]	..	..	34.0	34.0
	Provision thereon	..	..	..	34.0	34.0
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[2]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	1.6	..	..	..	1.6
	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	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2016					
	No. of borrowers	..	..	..	(1)	(1)
	Amount outstanding	..	..	..	(34.0)	(34.0)
	Provision thereon	..	..	..	(34.0)	(34.0)
8.	Restructured accounts at March 31, 2016					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	1.6	..	..	..	1.6
	Provision thereon	..	..	..	..	..

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

` in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured accounts at April 1, 2015					
	No. of borrowers	1,204	20	34	138	1,396
	Amount outstanding	38,723.9	3,652.5	13,490.0	2,298.9	58,165.3
	Provision thereon	1,642.1	925.5	7,794.2	2,298.9	12,660.7
2.	Fresh restructuring during the year ended March 31, 2016					
	No. of borrowers	9	..	..	..	9
	Amount outstanding	23,070.5	..	..	..	23,070.5
	Provision thereon	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)	..
	Amount outstanding	18.4	(1.6)	(6.9)	(11.1)	(1.2)
	Provision thereon	0.3	(0.3)	(6.1)	(11.1)	(17.2)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2016[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	3,064.5	0.1	(40.6)	(33.3)	2,990.7
	Provision thereon	510.5	..	1,677.7	(33.3)	2,154.9
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)
	Amount outstanding	(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	..
	Amount outstanding	(25,634.2)	(3,039.4)	21,406.7	6,004.3	(1,262.6)
	Provision thereon	(614.6)	(823.0)	6,990.4	6,004.3	11,557.1
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2016					
	No. of borrowers	(75)	(1)	(7)	(22)	(105)
	Amount outstanding	(2,697.5)	(0.2)	(1,517.3)	(1,614.8)	(5,829.8)
	Provision thereon	(14.9)	..	(1,514.1)	(1,614.8)	(3,143.8)
8.	Restructured Accounts at March 31, 2016					
	No. of borrowers	391	739	49	120	1,299
	Amount outstanding	36,467.5	611.4	33,331.9	6,644.0	77,054.8
	Provision thereon	2,724.7	102.3	14,942.1	6,644.0	24,413.1

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

` in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured accounts at April 1, 2015					
	No. of borrowers	1,256	20	55	141	1,472
	Amount outstanding	119,460.4	3,652.5	51,328.5	2,768.5	177,209.9
	Provision thereon	9,287.1	925.5	24,564.2	2,768.5	37,545.3
2.	Fresh restructuring during the year ended March 31, 2016					
	No. of borrowers	9	..	..	..	9
	Amount outstanding	23,070.5	..	..	..	23,070.5
	Provision thereon	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)	..
	Amount outstanding	18.4	(1.6)	(6.9)	(11.1)	(1.2)
	Provision thereon	0.3	(0.3)	(6.1)	(11.1)	(17.2)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2016[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	6,402.1	0.1	4,663.1	(33.3)	11,030.2
	Provision thereon	336.4	..	9,851.5	(33.3)	10,154.6
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)
	Amount outstanding	(78.1)	..	..	..	(78.1)
	Provision thereon	..	..	..	..	..
6.	Downgradations of restructured accounts during the year ended March 31, 2016					
	No. of borrowers	(782)	725	38	14	..
	Amount outstanding	(53,002.2)	(3,039.4)	47,368.5	8,020.8	(652.3)
	Provision thereon	(3,406.4)	(823.0)	21,883.4	8,020.8	25,674.8
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2016					
	No. of borrowers	(76)	(1)	(14)	(24)	(115)
	Amount outstanding	(2,740.7)	(0.2)	(8,104.3)	(2,065.2)	(12,910.4)
	Provision thereon	(16.0)	..	(5,826.1)	(2,065.2)	(7,907.3)
8.	Restructured accounts at March 31, 2016					
	No. of borrowers	424	739	75	127	1,365
	Amount outstanding	93,130.4	611.4	95,248.9	8,679.8	197,670.5
	Provision thereon	7,402.7	102.3	50,466.9	8,679.8	66,651.7

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

The following table sets forth, for the periods indicated, details of cases under Strategic Debt Restructuring (SDR) scheme (accounts which are currently under the stand-still period).

₹ in million, except number of borrowers

Particulars[1,2]	At March 31,	At March 31,
Number of borrowers where SDR has been invoked[4]	15	10
Gross amount outstanding[3,4]		
- Standard	64,475.4	31,439.7
- NPA[1]	..	..
Gross amount outstanding for borrowers where conversion of debt to equity is pending[3,4]		
- Standard	12,076.0	10,060.7
- NPA	..	..
Gross amount outstanding for borrowers where conversion of debt to equity has taken place[3,4]		
- Standard	52,399.4	21,379.0
- NPA	..	..

1. The Bank has not taken stand-still benefit for NPA cases and hence these cases are excluded.
2. Cases where SDR has been revoked or not implemented within the permitted RBI timelines have been excluded in subsequent periods.
3. Represents gross loans and credit substitutes.
4. Includes eight cases amounting to ₹ 23,182.5 million classified as standard restructured at March 31, 2017 (March 31, 2016: seven cases amounting to ₹ 24,154.7 million classified as standard restructured).

During the year ended March 31, 2017, the Bank has not recognised an amount of ₹ 6,059.4 million towards interest on cases covered under the SDR scheme (March 31, 2016: ₹ 1,093.5 million).

The following table sets forth, for the periods indicated, details for cases of change in ownership outside SDR scheme (accounts which are currently under the stand-still period).

₹ in million, except number of borrowers

Particulars	At March 31,	At March 31,
Number of borrowers where the Bank has decided to effect change in ownership	1	..
Gross amount outstanding		
- Standard	51,052.3	..
- NPA	..	..
Gross amount outstanding for borrowers where conversion of debt to equity/invocation of pledge of equity shares is pending		
- Standard	51,052.3	..
- NPA	..	..
Gross amount outstanding for borrowers where conversion of debt to equity/invocation of pledge of equity shares has taken place		
- Standard	..	..
- NPA	..	..

Particulars	At March 31, 2017	At March 31, 2016
Gross amount outstanding for borrowers where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity		
- Standard	..	..
- NPA	..	..

1. Represents gross loans and credit substitutes.

During the year ended March 31, 2017, the Bank has not recognised an amount of ₹ 1,000.1 million towards interest for cases outside SDR scheme (March 31, 2016: Nil).

The following table sets forth, for the periods indicated, details for cases of change in ownership for projects under implementation (accounts which are currently under the stand-still period).

₹ in million, except number of borrowers

Particulars	At March 31, 2017	At March 31, 2016
Number of project loan borrowers where the Bank has decided to effect change in ownership	..	..
Gross amount outstanding		
- Standard	..	..
- Standard restructured	..	..
- NPA	..	..

The following table sets forth, for the periods indicated, details of cases where scheme for Sustainable Structuring of Stressed Assets (S4A) is implemented.

₹ in million, except number of borrowers

Particulars	At March 31,	At March 31,
Number of borrowers where S4A has been applied	2	..
Total Gross amount outstanding[1]		
- Standard	2,925.7	..
- NPA	..	..
Gross amount outstanding in Part A		
- Standard	1,556.6	..
- NPA	..	..
Gross amount outstanding in Part B		
- Standard	1,369.1	..
- NPA	..	..
Provision held		
- Standard	576.4	..
- NPA	..	..

1. Represents loans, credit substitutes and shares.

During the year ended March 31, 2017, the Bank has not recognised an amount of ₹ 228.4 million towards interest on cases where S4A was invoked (March 31, 2016: Nil).

The following table sets forth, for the periods indicated, details of cases under flexible structuring of existing loans.

₹ in million, except number of borrowers

Particulars	Year ended March 31,	Year ended March 31,
Number of borrowers taken up for flexible structuring	2	7[1]
Amount of loans taken up for flexible structuring - Standard - NPA	 6,588.7 ..	 42,289.5[1] ..
Exposure weighted average duration of loans taken up for flexible structuring - Before applying flexible structuring - After applying flexible structuring	 2.56 6.77	 4.10 12.48

1. Includes three cases amounting to ₹ 22,130.0 million classified as NPAs, one case amounting to ₹ 6,810.0 million where SDR has been invoked and one case amounting to ₹ 3,790.0 million where S4A has been invoked during the year ended March 31, 2017.

27. Concentration of Deposits, Advances, Exposures and NPAs

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

Concentration of deposits	At March 31, 2017	At March 31, 2016
Total deposits of 20 largest depositors	344,948.7	309,666.1
Deposits of 20 largest depositors as a percentage of total deposits of the Bank	7.03%	7.35%

` in million

Concentration of advances[1]	At March 31, 2017	At March 31, 2016
Total advances to 20 largest borrowers (including banks)	1,176,210.0	1,316,111.4
Advances to 20 largest borrowers as a percentage of total advances of the Bank	13.16%	14.61%

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

` in million

Concentration of exposures[1]	At March 31, 2017	At March 31, 2016
Total exposure to 20 largest borrowers/customers (including banks)	1,209,099.8	1,348,617.3
Exposures to 20 largest borrowers/customers as a percentage of total exposure of the Bank	12.90%	14.30%

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

` in million

Concentration of NPAs	At March 31, 2017	At March 31 2016
Total exposure[1] to top four NPA accounts	149,247.4	108,418.9

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

(II) Sector-wise Advances

₹ in million, except percentages

Sr. no.	Particulars	At March 31, 2017		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
A.	Priority sector			
1.	Agriculture and allied activities	341,765.2	10,634.9	3.11%
2.	Advances to industries sector eligible as priority sector lending	179,014.5	5,417.8	3.03%
3.	Services	157,736.7	2,460.1	1.56%
	of which:			
	Transport operators	94,243.6	1,109.2	1.18%
	Wholesale trade	21,329.9	424.1	1.99%
4.	Personal loans	401,622.2	4,805.5	1.20%
	of which:			
	Housing	259,814.7	2,241.1	0.86%
	Vehicle loans	130,646.7	2,233.1	1.71%
	Sub-total (A)	1,080,138.6	23,318.3	2.16%
B.	Non-priority sector			
1.	Agriculture and allied activities	..	..	..
2.	Advances to industries sector	1,621,712.6	321,120.6	19.80%
	of which:			
	Infrastructure	532,398.0	86,004.1	16.15%
	Basic metal and metal products	323,388.0	80,392.5	24.86%
3.	Services	908,101.3	66,357.4	7.31%
	of which:			
	Commercial real estate	262,610.0	7,694.1	2.93%
	Wholesale trade	126,313.8	6,978.8	5.53%
	Non-Banking Financial Companies	112,359.7	0.2	0.00%
4.	Personal loans[1]	1,214,651.5	10,797.5	0.89%
	of which:			
	Housing	898,475.2	5,014.8	0.56%
	Sub-total (B)	3,744,465.4	398,275.5	10.64%
	Total (A)+(B)	4,824,604.0	421,593.8	8.74%

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.	Particulars	At March 31, 2016		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector

Sr. no.	Particulars	At March 31, 2016		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
A.	Priority sector			
1.	Agriculture and allied activities	292,270.1	9,202.6	3.15%
2.	Advances to industries sector eligible as priority sector lending	149,124.4	4,900.5	3.29%
3.	Services	136,508.0	2,662.8	1.95%
	of which:			
	Transport operators	76,455.8	1,196.3	1.56%
	Wholesale trade	17,211.9	447.6	2.60%
4.	Personal loans	359,514.1	4,271.8	1.19%
	of which:			
	Housing	241,865.6	2,311.0	0.96%
	Vehicle loans	106,321.8	1,739.4	1.64%
	Sub-total (A)	937,416.6	21,037.7	2.24%
B.	Non-priority sector			
1.	Agriculture and allied activities	..	..	..
2.	Advances to industries sector	1,639,731.6	168,177.6	10.26%
	of which:			
	Infrastructure	541,521.9	41,917.4	7.74%
	Basic metal and metal products	354,484.0	66,141.6	18.66%
3.	Services	872,035.5	62,393.3	7.15%
	of which:			
	Commercial real estate	268,848.6	5,568.0	2.07%
	Wholesale trade	137,418.0	6,018.5	4.38%
4.	Personal loans[1]	1,052,641.9	10,603.8	1.01%
	of which:			
	Housing	745,402.6	4,157.4	0.56%
	Sub-total (B)	3,564,409.0	241,174.7	6.77%
	Total (A)+(B)	4,501,825.6	262,212.4	5.82%

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

` in million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Total assets[1]	946,250.3	1,188,387.1
Total NPAs (net)	79,506.2	38,937.5
Total revenue[1]	53,711.9	60,200.9

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[1,2]
A.	Domestic[3]
	1. ICICI Strategic Investments Fund
	2. India Advantage Fund-III
	3. 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 Bank and accordingly, ICICI Equity Fund has not been consolidated.

(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.

₹ in million

Sr. No.	Particulars	At March 31, 2017	At March 31, 2016
1.	Total amount of intra-group exposures	91,990.1	104,789.7
2.	Total amount of top 20 intra-group exposures	91,990.1	104,789.7
3.	Percentage of intra-group exposure to total exposures of the Bank on borrowers/customers	0.98%	1.11%
4.	Details of breach of limits on intra-group exposures and regulatory action thereon, if any	Nil	Nil

29. Exposure to sensitive sectors

The Bank has exposure to sectors, which are sensitive to asset price fluctuations. The sensitive sectors include capital markets and real estate.

The following table sets forth, for the periods indicated, the position of exposure to capital market sector.

` in million

Sr. No.	Particulars	At March 31, 2017	At March 31, 2016
1.	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds, the corpus of which is not exclusively invested in corporate debt	26,647.1	18,262.1
2.	Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	1,574.9	1,746.0
3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	53,953.3	85,157.5
4.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/ convertible debentures/units of equity oriented mutual funds does not fully cover the advances	..	..
5.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers	58,604.7	47,282.3
6.	Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	..	..
7.	Bridge loans to companies against expected equity flows/issues	324.3	..
8.	Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	..	..
9.	Financing to stockbrokers for margin trading	..	..
10.	All exposures to venture capital funds (both registered and unregistered)	5,263.1	10,350.1
11.	Others	2,307.3	8,256.5
	Total exposure to capital market[1]	148,674.7	171,054.5

1. At March 31, 2017, excludes investments in equity shares under SDR scheme amounting to ₹ 15,530.9 million (March 31, 2016: ₹ 4,683.4 million).

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

` in million

Sr. No.	Particulars	At March 31, 2017	At March 31, 2016
I	Direct exposure	1,764,643.6	1,538,771.3
	i) Residential mortgages	1,361,624.8	1,155,305.7

Sr. No.	Particulars	At March 31, 2017	At March 31, 2016
	of which: individual housing loans eligible for priority sector advances	185,680.7	182,852.8
	ii) Commercial real estate[1]	365,609.4	351,808.5
	iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposure	37,409.4	31,657.1
	a. Residential	33,382.6	27,850.9
	b. Commercial real estate	4,026.8	3,806.2
II	Indirect exposure	135,414.3	121,131.7
	i) Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	135,414.3	121,137.7
	ii) Others	..	..
	Total exposure to real estate sector	1,900,057.9	1,659,903.0

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.

30. Factoring business

At March 31, 2017, the outstanding receivables acquired by the Bank under factoring business were ₹ 2,061.0 million (March 31, 2016: ₹ 4,290.6 million).

31. Risk category-wise country exposure

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. The funded country exposure (net) of the Bank as a percentage of total funded assets for United States of America was 2.27% (March 31, 2016: 2.51%), Singapore was 1.20% (March 31, 2016: 1.50%) and United Kingdom was 0.77% (March 31, 2016: 1.50%). As the net funded exposure to United States of America and Singapore exceeds 1.0% of total funded assets, the Bank held a provision of ₹ 375.0 million on country exposure at March 31, 2017 (March 31, 2016: ₹ 530.0 million) based on RBI guidelines.

The following table sets forth, for the periods indicated, the details of exposure (net) and provision held by the bank.

` in million

Risk category	Exposure (net) at March 31, 2017	Provision held at March 31, 2017	Exposure (net) at March 31, 2016	Provision held at March 31, 2016
Insignificant	741,032.4	375.0	902,987.8	530.0
Low	203,202.9	..	204,850.4	..
Moderately Low	10,958.7	..	20,254.5	..
Moderate	15,919.2	..	15,425.1	..
Moderately High	..	..	..	..
High	..	..	..	..
Very High	..	..	..	..
Total	971,113.2	375.0	1,143,517.8	530.0

32. Details of Single Borrower Limit and Borrower Group Limit exceeded by the Bank

During the year ended March 31, 2017, the Bank has complied with the RBI guidelines on single borrower and borrower group limit.

During the year ended March 31, 2016, the Bank complied with the RBI guidelines on single borrower and borrower group limit. As per the exposure limits permitted under the extant RBI regulation, the Bank with the approval of the Board of Directors can enhance exposure to a single borrower or borrower group by a further 5.0% of capital funds. In accordance with the guidelines issued by RBI, with the prior approval of the Board of Directors, the Bank had taken additional exposure to Reliance Industries Limited. At March 31, 2016, the exposure to Reliance Industries Limited as a percentage of capital funds was 14.6% and was within the prudential exposure limit of 20.0% of the Bank's capital funds.

33. Unsecured advances against intangible assets

The Bank has not made advances against intangible collaterals of the borrowers, which are classified as 'Unsecured' in the financial statements at March 31, 2017 (March 31, 2016: Nil) and the estimated value of the intangible collaterals was Nil at March 31, 2017 (March 31, 2016: Nil).

34. Revaluation of fixed assets

The Bank follows the revaluation model for its premises (land and buildings) as per AS 10 – 'Property, Plant and Equipment'. The Bank had initially revalued its premises at March 31, 2016. In accordance with the Bank's policy, annual revaluation was carried out through external valuers, using methodologies such as direct comparison method and income generation method and the incremental amount has been taken to revaluation reserve. The revalued amount at March 31, 2017 was ` 57,161.9 million (March 31, 2016: ` 55,405.2 million) as compared to the historical cost less accumulated depreciation of ` 26,740.5 million (March 31, 2016: ` 27,230.5 million).

The revaluation reserve is not available for distribution of dividend.

35. Fixed Assets

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets.

` in million

Particulars	At March 31, 2017	At March 31, 2016
At cost at March 31 of preceding year	13,136.6	11,260.7
Additions during the year	1,950.3	1,877.7
Deductions during the year	(20.3)	(1.8)
Depreciation to date	(11,807.7)	(10,074.9)
Net block	3,258.9	3,061.7

36. Description of contingent liabilities

The following table describes the nature of contingent liabilities of the Bank.

Sr. no.	Contingent liability	Brief Description

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.
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 RBI under the Depositor Education and Awareness Fund (DEAF), exposure under partial credit enhancement, commitment towards contribution to venture fund and the amount that the Bank is obligated to pay under capital contracts. Capital contracts are job orders of a capital nature which have been committed.

37. Insurance business

The following table sets forth, for the periods indicated, the break-up of income derived from insurance business.

` in million

Sr. No.	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
1.	Income from selling life insurance policies	9,644.2	7,667.7
2.	Income from selling non-life insurance policies	888.9	735.1
3.	Income from selling mutual fund/collective investment scheme products	2,681.3	1,794.5

38. Employee benefits

Pension

The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for pension benefits.

` in million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Opening obligations	14,191.6	12,999.9
Service cost	253.7	251.0
Interest cost	1,116.5	1,034.7
Actuarial (gain)/loss	2,436.0	1,594.7
Liabilities extinguished on settlement	(1,182.5)	(1,554.0)
Benefits paid	(128.4)	(134.7)
Obligations at the end of year	16,686.9	14,191.6
Opening plan assets, at fair value	13,191.6	10,103.4
Expected return on plan assets	1,143.2	902.9
Actuarial gain/(loss)	589.5	(4.1)
Assets distributed on settlement	(1,313.9)	(1,726.7)
Contributions	3,406.1	4,050.8
Benefits paid	(128.4)	(134.7)
Closing plan assets, at fair value	16,888.1	13,191.6
Fair value of plan assets at the end of the year	16,888.1	13,191.6
Present value of the defined benefit obligations at the end of the year	16,686.9	14,191.6
Amount not recognised as an asset (limit in Para 59(b) of AS 15 on 'employee benefits')	68.4	..
Asset/(liability)	132.8	(1,000.0)
Cost[1]		
Service cost	253.7	251.0
Interest cost	1,116.5	1,034.7
Expected return on plan assets	(1,143.2)	(902.9)
Actuarial (gain)/loss	1,846.5	1,598.8
Curtailments & settlements (gain)/loss	131.4	172.7
Effect of the limit in para 59(b) of AS 15 on 'employee benefits'	68.4	

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
		..
Net cost	2,273.3	2,154.3
Actual return on plan assets	1,732.7	898.8
Expected employer's contribution next year	3,000.0	3,000.0
Investment details of plan assets		
Insurer managed funds	0.80%	1.04%
Government of India securities	47.80%	48.64%
Corporate bonds	39.38%	43.23%
Equity securities in listed companies	6.02%	2.48%
Others	6.00%	4.61%
Assumptions		
Discount rate	6.75%	7.95%
Salary escalation rate:		
On Basic pay	1.50%	1.50%
On Dearness relief	7.00%	7.00%
Estimated rate of return on plan assets	8.00%	8.00%

1. Included in line item 'Payments to and provision for employees' of Schedule-16 Operating expenses.

Estimated rate of return on plan assets is based on the expected average long-term rate of return on investments of the Fund during the estimated term of the obligations

Experience adjustment

` in million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
Plan assets	16,888.1	13,191.6	10,103.4	9,018.8	9,526.8
Defined benefit obligations	16,686.9	14,191.6	12,999.9	10,209.9	10,392.5
Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee benefits')	68.4	..	..	..	..
Surplus/(deficit)	132.8	(1,000.0)	(2,896.5)	(1,191.1)	(865.7)
Experience adjustment on plan assets	589.5	(4.1)	104.7	(29.1)	102.3
Experience adjustment on plan liabilities	(80.0)	1,503.4	1,271.2	2,549.6	1,525.2

Gratuity

The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for gratuity benefits.

` in million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Opening obligations	7,386.8	6,754.6
Add: Adjustment for exchange fluctuation on opening obligations	(2.7)	4.4
Adjusted opening obligations	7,384.1	6,759.0
Service cost	716.6	626.7
Interest cost	587.8	538.7
Actuarial (gain)/loss	723.8	128.0
Past service cost	....	..
Liability transferred from/to other companies	68.1	(5.9)
Benefits paid	(778.6)	(659.8)
Obligations at the end of the year	8,701.8	7,386.8
Opening plan assets, at fair value	6,933.0	6,570.7
Expected return on plan assets	527.7	502.6
Actuarial gain/(loss)	454.5	(345.7)
Contributions	1,354.3	871.7
Asset transferred from/to other companies	68.1	(5.9)
Benefits paid	(778.6)	(659.8)
Closing plan assets, at fair value	8,559.0	6,933.0
Fair value of plan assets at the end of the year	8,559.0	6,993.0
Present value of the defined benefit obligations at the end of the year	8,701.8	7,386.7
Amount not recognised as an asset (limit in Para 59(b) of AS 15 on 'employee benefits')	..	..
Asset/(liability)	(142.8)	(453.7)
Cost[1]		
Service cost	716.6	626.7
Interest cost	587.8	538.7
Expected return on plan assets	(527.7)	(502.6)
Actuarial (gain)/loss	269.3	473.7
Past service cost	..	..
Exchange fluctuation loss/(gain)	(2.7)	4.3
Effect of the limit in para 59(b) of AS 15 on 'employee benefits'	..	..
Net cost	1,043.3	1,140.8
Actual return on plan assets	982.2	156.9
Expected employer's contribution next year	1,500.0	500.0
Investment details of plan assets		
Insurer managed funds	..	7.38%
Government of India securities	19.70%	31.08%
Corporate bonds	51.94%	24.19%

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Special deposit schemes	3.41%	4.20%
Equity	14.92%	13.53%
Others	10.03%	19.62%
Assumptions		
Discount rate	6.75%	7.85%
Salary escalation rate	7.00%	7.00%
Estimated rate of return on plan assets	8.00%	8.00%

1. Included in line item 'Payments to and provision for employees' of Schedule-16 Operating expenses.

Estimated rate of return on plan assets is based on the expected average long-term rate of return on investments of the Fund during the estimated term of the obligations.

Experience adjustment

` in million

Particulars	Year ended March 31, 2017	Year ended March 31,2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
Plan assets	8,559.0	6,933.0	6,570.7	5,729.9	5,530.5
Defined benefit obligations	8,701.8	7,386.7	6,754.6	5,818.5	5,643.1
Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee benefits')	..	..	..	..	..
Surplus/(deficit)	(142.8)	(453.7)	(183.9)	(88.6)	(112.6)
Experience adjustment on plan assets	454.5	(345.7)	589.1	(29.5)	34.4
Experience adjustment on plan liabilities	125.2	120.1	41.9	217.6	153.6

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, 2017 (March 31, 2016: Nil).

The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for provident fund.

` in million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Opening obligations	19,920.6	17,746.8

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Service cost	1,097.0	925.4
Interest cost	1,549.2	1,382.0
Actuarial (gain)/loss	252.8	199.0
Employees contribution	2,116.6	1,905.1
Liability transferred from/to other companies	225.7	120.1
Benefits paid	(2,565.1)	(2,357.8)
Obligations at end of the year	22,596.8	19,920.6
Opening plan assets	19,920.6	17,746.8
Expected return on plan assets	1,828.8	1,572.3
Actuarial gain/(loss)	(26.8)	8.7
Employer contributions	1,097.0	925.4
Employees contributions	2,116.6	1,905.1
Asset transferred from/to other companies	225.7	120.1
Benefits paid	(2,565.1)	(2,357.8)
Closing plan assets	22,596.8	19,920.6
Plan assets at the end of the year	22,596.8	19,920.6
Present value of the defined benefit obligations at the end of the year	22,596.8	19,920.6
Asset/(liability)	..	..
Cost[1]		
Service cost	1,097.0	925.4
Interest cost	1,549.2	1,382.0
Expected return on plan assets	(1,828.8)	(1,572.3)
Actuarial (gain)/loss	279.6	190.3
Net cost	1,097.0	925.4
Actual return on plan assets	1,802.0	1,581.0
Expected employer's contribution next year	1,173.8	990.1
Investment details of plan assets		
Government of India securities	43.38%	41.55%
Corporate bonds	50.20%	53.73%
Special deposit scheme	2.40%	2.72%
Others	4.02%	2.00%
Assumption		
Discount rate	6.75%	7.85%
Expected rate of return on assets	8.55%	9.03%
Discount rate for the remaining term to maturity of investments	7.09%	7.68%
Average historic yield on the investment	8.89%	8.68%
Guaranteed rate of return	8.65%	8.75%

1. Included in line item 'Payments to and provision for employees' of Schedule-16 Operating expenses.

Experience adjustment

` in million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Plan assets	22,596.8	19,920.6	17,746.8	15,689.8
Defined benefit obligations	22,596.8	19,920.6	17,746.8	15,693.3
Amount not recognised as an asset (limit in para 59(b) of AS 15 on 'employee benefits')	..	..	..	..
Surplus/(deficit)	..	..	..	(3.5)
Experience adjustment on plan assets	(26.8)	8.7	346.4	(150.5)
Experience adjustment on plan liabilities	252.8	199.0	322.3	(49.1)

The Bank has contributed ` 1,823.6 million to provident fund for the year ended March 31, 2017 (March 31, 2016: ` 1,612.8 million), which includes compulsory contribution made towards employee pension scheme under Employees Provident Fund and Miscellaneous Provisions Act, 1952.

Superannuation Fund

The Bank has contributed ` 197.4 million for the year ended March 31, 2017 (March 31, 2016: ` 122.7 million) to Superannuation Fund for employees who had opted for the scheme.

National Pension Scheme (NPS)

The Bank has contributed ₹ 64.4 million for the year ended March 31, 2017 (March 31, 2016: ₹ 51.3 million) to NPS for employees who had opted for the scheme.

Compensated absence

The following table sets forth, for the periods indicated, movement in provision for compensated absence.

₹ in million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Cost[1]	728.9	545.1
Assumptions		
Discount rate	6.75%	7.85%
Salary escalation rate	7.00%	7.00%

1. Included in line item 'Payments to and provision for employees' of Schedule-16 Operating expenses.

39. AS 11 – Change in accounting of exchange gains/losses on repatriation of retained earnings from foreign branches

Effective from April 1, 2016, pursuant to RBI circular no. DBR.BP.BC.No.61/21.04.018/2016-17 dated April 18, 2017, the Bank does not recognise the proportionate amount of exchange differences in foreign currency translation reserve (FCTR) as income or expense, which relates to repatriation of accumulated profits from overseas operations. Accordingly for the year ended March 31, 2017, the Bank has not recognised an amount of ₹ 2,884.1 million as income, which relates to the repatriation of retained earnings from foreign branches during the current year.

40. Movement in provision for credit cards/debit cards/savings accounts and direct marketing agents reward points

The following table sets forth, for the periods indicated, movement in provision for credit cards/debit cards/savings accounts reward points.

` in million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Opening provision for reward points	1,417.5	1,083.2
Provision for reward points made during the year	1,725.4	1,535.1
Utilisation/write-back of provision for reward points	(1,515.6)	(1,200.8)
Closing provision for reward points[1]	1,627.3	1,417.5

1. The closing provision is based on the actuarial valuation of accumulated credit cards/debit cards/savings accounts reward points. This amount will be utilised towards redemption of the credit cards/debit cards/savings accounts reward points.

The following table sets forth, for the periods indicated, movement in provision for reward points to direct marketing agents.

` in million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Opening provision for reward points	168.1	126.5
Provision for reward points made during the year	145.4	133.7
Utilisation/write-back of provision for reward points	(112.0)	(92.1)
Closing provision for reward points	201.5	168.1

41. Provisions and contingencies

The following table sets forth, for the periods indicated, the break-up of provisions and contingencies included in profit and loss account.

` in million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Provisions for depreciation of investments	6,088.2	1,706.9
Provision towards non-performing and other assets[1,3]	146,859.5	72,156.7
Provision towards income tax		
- Current	21,801.2	57,886.1
- Deferred	(7,026.0)	(33,191.8)
Collective contingency and related reserve[2]	..	36,000.0

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Other provisions and contingencies[4]	(866.3)	6,814.6
Total provisions and contingencies	166,856.6	141,372.5

1. Includes provision towards NPA amounting to ` 164,334.2 million (March 31, 2016: ` 64,019.9 million).
2. During the year ended March 31, 2016, the weak global economic environment, the sharp downturn in the commodity cycle and the gradual nature of the domestic economic recovery adversely impacted the borrowers in certain sectors like iron and steel, mining, power, rigs and cement. In view of the above, the Bank had on a prudent basis made a collective contingency and related reserve during the year ended March 31, 2016, amounting to ₹ 36,000 million towards exposures to these sectors. This was over and above provisions made for non-performing and restructured loans as per RBI guidelines.
3. The Bank has fully utilised an amount of ₹ 36,000.0 million from collective contingency and related reserve during the year ended March 31, 2017.
4. Includes reversal of general provision towards standard assets amounting to ` 3,392.4 million (March 31, 2016: provision made ` 2,970.1 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 AS 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Bank recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

The following table sets forth, for the periods indicated, the movement in provision for legal and fraud cases, operational risk and other contingencies.

` in million

Particulars	At March 31, 2017	At March 31, 2016
Opening provision	6,146.6	3,978.0
Movement during the year (net)	1,714.7	2,168.6
Closing provision	7,861.3	6,146.6

1. Excludes provision towards sundry expenses.

42. Provision for income tax

The provision for income tax (including deferred tax) for the year ended March 31, 2017 amounted to ` 14,775.1 million (March 31, 2016: ` 24,694.3 million).

The Bank has a comprehensive system of maintenance of information and documents required by transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. The Bank is of the opinion that all transactions with international related parties and specified transactions with domestic related parties are primarily at arm's length so that the above legislation does not have material impact on the financial statements.

43. Deferred tax

At March 31, 2017, the Bank has recorded net deferred tax assets of ` 54,722.3 million (March 31, 2016: ` 47,700.3 million), which have been included in other assets.

The following table sets forth, for the periods indicated, the break-up of deferred tax assets and liabilities into major items.

` in million

Particulars	At March 31, 2017	At March 31, 2016
Deferred tax assets		
Provision for bad and doubtful debts	78,109.5	68,974.1
Capital loss	..	..
Foreign currency translation reserve[1]	5,721.3	5,877.5
Others	4,565.4	4,458.7
Total deferred tax assets	88,396.2	79,310.3
Deferred tax liabilities		
Special Reserve deduction	26,870.6	25,775.6
Mark-to-market gains[1]	..	610.1
Depreciation on fixed assets	5,243.7	5,224.3
Interest on refund of taxes[1]	1,559.6	..
Others	..	..
Total deferred tax liabilities	33,673.9	31,610.0
Total net deferred tax assets/(liabilities)	54,722.3	47,700.3

1. These items are considered in accordance with the requirements of Income Computation and Disclosure Standards (ICDS).
2. Tax rate of 34.608% is adopted based on Finance Act, 2017.

During the year ended March 31, 2017, pursuant to the press release dated July 6, 2016 issued by the Ministry of Finance, the Bank has reversed the tax provision and corresponding deferred tax amounting to ₹ 4,624.1 million created for the year ended March 31, 2016 on account of ICDS. As the ICDS is applicable from the year ending March 31, 2017, the tax provision and deferred tax for the year ended March 31, 2017 have been computed after considering its impact.

44. Details of provisioning pertaining to fraud accounts

The following table sets forth, for the periods indicated, the details of provisioning pertaining to fraud accounts.

₹ in million, except number of frauds

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Number of frauds reported	3,359	5,670
Amount involved in frauds	4,210.7	3,622.8
Provision made[1]	584.9	1,212.4
Unamortised provision debited from ‘other reserves’	..	..

1. Excludes amount written off and interest reversal.

45. Proposed dividend and issue of bonus shares

Proposed dividend - equity and preference shares

The Board of Directors at its meeting held on May 3, 2017 has recommended a dividend of ₹ 2.50 per equity share pre-bonus issue for the year ended March 31, 2017 (March 31, 2016: ₹ 5.00 per equity share). The declaration and payment of dividend is subject to requisite approvals.

The Board of Directors has also recommended a dividend of ₹ 100.00 per preference share for the year ended March 31, 2017 (March 31, 2016: ₹ 100.00 per preference share). The declaration and payment of dividend is subject to requisite approvals.

According to the revised AS 4 - 'Contingencies and events occurring after the balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not accounted for proposed dividend (including tax) as a liability for the year ended March 31, 2017. However, the Bank has reckoned proposed dividend in determining capital funds in computing capital adequacy ratio at March 31, 2017.

Proposal to issue bonus shares

The Board of Directors at its meeting held on May 3, 2017 approved issue of bonus shares, in the proportion of 1:10, i.e. 1 (One) bonus equity share of ₹ 2 each for every 10 (Ten) fully paid-up equity shares held (including shares underlying ADS) as on the record date, subject to approval by the Members of the Company. Subsequent to the bonus issue, the ratio of ADSs to equity shares will remain unaffected and each ADS after the bonus issue will continue to represent two equity share of par value of ₹ 2 per share.

46. Dividend distribution tax

Dividend received from Indian subsidiaries, on which dividend distribution tax has been paid by them and dividend received from overseas subsidiaries, on which tax has been paid under section 115BBD of the Income Tax Act, 1961, have been reduced from dividend to be distributed by the Bank for the purpose of computation of dividend distribution tax as per section 115-O of the Income Tax Act, 1961.

47. Related Party Transactions

The Bank has transactions with its related parties comprising subsidiaries, associates/joint ventures/other related entities, key management personnel and relatives of key management personnel.

I. Related parties

Subsidiaries

ICICI Bank Canada, ICICI Bank UK PLC, ICICI Home Finance Company Limited, ICICI International Limited, ICICI Investment Management Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Prudential Asset Management Company Limited, ICICI Prudential Life Insurance Company Limited, ICICI Prudential Pension Funds Management Company Limited, ICICI Prudential Trust Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Securities Limited, ICICI Securities Primary Dealership Limited, ICICI Trusteeship Services Limited and ICICI Venture Funds Management Company Limited.

Associates/joint ventures/other related entities

ICICI Merchant Services Private Limited, ICICI Strategic Investments Fund[1], India Advantage Fund-III, India Advantage Fund-IV, India Infradebt Limited, I-Process Services (India) Private Limited, NIIT

Institute of Finance, Banking and Insurance Training Limited, Comm Trade Services Limited and ICICI Foundation for Inclusive Growth.

1. Entity consolidated as per Accounting Standard (AS) 21 on 'Consolidated Financial Statements'.

ICICI Equity Fund, I-Ven Biotech Limited, Akzo Nobel India Limited and FINO PayTech Limited ceased to be related parties effective from December 31, 2015, March 31, 2016, April 30, 2016 and January 5, 2017 respectively.

Key management personnel

Ms. Chanda Kochhar, Mr. N. S. Kannan, Ms. Vishakha Mulye[1], Mr. Vijay Chandok[2], Mr. Anup Bagchi[3], Mr. K. Ramkumar[4] and Mr. Rajiv Sabharwal[5].

1. Identified as related party effective from January 19, 2016.
2. Identified as related party effective from July 28, 2016.
3. Identified as related party effective from February 1, 2017.
4. Mr. K. Ramkumar ceased to be the whole-time director of the Bank effective from April 30, 2016.
5. Mr. Rajiv Sabharwal ceased to be the whole-time director of the Bank effective from January 31, 2017.

Relatives of key management personnel

Mr. Deepak Kochhar, Mr. Arjun Kochhar, Ms. Aarti Kaji, Mr. Mahesh Advani, Ms. Rangarajan Kumudalakshmi, Ms. Aditi Kannan, Ms. Sudha Narayanan, Mr. Raghunathan Narayanan, Mr. Rangarajan Narayanan, Mr. Vivek Mulye[1], Ms. Vriddhi Mulye[1], Mr. Gauresh Palekar[1], Ms. Shalaka Gadekar[1], Ms. Manisha Palekar[1], Ms. Poonam Chandok[2], Ms. Saluni Chandok[2], Ms. Simran Chandok[2], Mr. C. V. Kumar[2], Ms. Shad Kumar[2], Ms. Sanjana Gulati[2], Ms. Mitul Bagchi[3], Mr. Aditya Bagchi[3], Mr. Shishir Bagchi[3] , Ms. Jaya Ramkumar[4], Mr. R. Shyam[4], Ms. R. Suchithra[4], Mr. K. Jayakumar[4], Mr. R. Krishnaswamy[4], Ms. J. Krishnaswamy[4], Ms. Pushpa Muralidharan[4], Ms. Malathi Vinod[4], Ms. Sangeeta Sabharwal[5], Mr. Kartik Sabharwal[5] and Mr. Arnav Sabharwal[5].

1. Identified as related party effective from January 19, 2016.
2. Identified as related party effective from July 28, 2016.
3. Identified as related party effective from February 1, 2017.
4. Mr. K. Ramkumar ceased to be the whole-time director of the Bank effective from April 30, 2016.
5. Mr. Rajiv Sabharwal ceased to be the whole-time director of the Bank effective from January 31, 2017.

II. Transactions with related parties

The following table sets forth, for the periods indicated, the significant transactions between the Bank and its related parties.

₹ in million

Items	Year ended March 31, 2017	Year ended March 31, 2016
Interest income		
Subsidiaries	691.9	1,037.5
Associates/joint venture/others	43.5	48.2
Key management personnel	10.7	1.6
Relatives of key management personnel	0.2	0.8
Total	746.3	1,088.1
Fee, commission and other income		
Subsidiaries	11,198.9	9,009.8
Associates/joint venture/others	17.6	9.9
Key management personnel	0.2	0.0[1]

₹ in million

Items	Year ended March 31, 2017	Year ended March 31, 2016
Relatives of key management personnel	0.0[1]	0.0[1]
Total	11,216.7	9,019.7
Commission income on guarantees issued		
Subsidiaries	25.5	38.1
Associates/joint venture/others	0.0[1]	0.0[1]
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	25.5	38.1
Income on custodial services		
Subsidiaries	10.4	11.3
Associates/joint venture/others	1.5	1.6
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	11.9	12.9
Gain/(loss) on forex and derivative transactions (net)[2]		
Subsidiaries	478.6	(848.3)
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	478.6	(848.3)
Dividend income		
Subsidiaries	14,190.3	15,352.1
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	14,190.3	15,352.1
Insurance claims received		
Subsidiaries	116.4	167.1
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	116.4	167.1
Recovery of lease of premises, common corporate and facilities expenses		
Subsidiaries	1,474.9	1,321.2
Associates/joint venture/others	64.5	63.9
Key management personnel	..	..
Relatives of key management personnel	..	..

₹ in million

Items	Year ended March 31, 2017	Year ended March 31, 2016
Total	1,539.4	1,385.1
Lease of premises, common corporate and facilities expenses paid		
Subsidiaries	85.5	92.6
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	85.5	92.6
Recovery for secondment of employees		
Subsidiaries	29.3	57.0
Associates/joint venture/others	8.0	7.7
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	37.3	64.7
Reimbursement of expenses from related parties		
Subsidiaries	1.6	4.2
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	1.6	4.2
Interest expenses		
Subsidiaries	339.3	402.9
Associates/joint venture/others	15.6	102.6
Key management personnel	6.7	3.8
Relatives of key management personnel	2.9	3.0
Total	364.5	512.3
Remuneration to whole-time directors[3]		
Subsidiaries	..	..
Associates/joint venture/others	..	..
Key management personnel	223.5	219.0
Relatives of key management personnel	..	..
Total	223.5	219.0
Reimbursement of expenses to related parties		
Subsidiaries	543.5	108.1
Associates/joint venture/others	0.2	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	543.7	108.1

₹ in million

Items	Year ended March 31, 2017	Year ended March 31, 2016
Insurance premium paid		
Subsidiaries	1,830.5	1,406.8
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	1,830.5	1,406.8
Brokerage, fee and other expenses		
Subsidiaries	951.7	786.0
Associates/joint venture/others	5,919.6	5,248.6
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	6,871.3	6,034.6
Donation given		
Subsidiaries	..	..
Associates/joint venture/others	475.0	450.0
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	475.0	450.0
Dividend paid		
Subsidiaries	..	..
Associates/joint venture/others	..	..
Key management personnel	17.7	13.8
Relatives of key management personnel	0.0[1]	0.0[1]
Total	17.7	13.8
Purchase of investments		
Subsidiaries	7,074.0	9,506.5
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	7,074.0	9,506.5
Investment in certificate of deposits (CDs)/bonds issued by the Bank		
Subsidiaries	5,018.9	..
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	5,018.9	..

₹ in million

Items	Year ended March 31, 2017	Year ended March 31, 2016
Investments in the securities issued by related parties		
Subsidiaries	..	..
Associates/joint venture/others	5,779.5	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	5,779.5	..
Sale of investments		
Subsidiaries	15,486.1	5,146.7
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	15,486.1	5,146.7
Redemption/buyback of securities		
Subsidiaries	5,862.2	7,023.2
Associates/joint venture/others	566.1	587.8
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	6,428.3	7,611.0
Purchase of loans		
Subsidiaries	..	5,650.3
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	..	5,650.3
Funded risk participation		
Subsidiaries	..	6,876.2
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	..	6,876.2
Unfunded risk participation		
Subsidiaries	2,075.2	588.0
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	2,075.2	588.0
Sale of loans		

₹ in million

Items	Year ended March 31, 2017	Year ended March 31, 2016
Subsidiaries	..	2,091.2
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	..	2,091.2
Purchase of fixed assets		
Subsidiaries	10.8	2.0
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	10.8	2.0
Sale of fixed assets		
Subsidiaries	1.2	0.1
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	1.2	0.1

1. Insignificant amount.
2. The Bank undertakes derivative transactions with its subsidiaries, associates, joint ventures and other related entities. The Bank manages its foreign exchange and interest rate risks arising from these transactions by covering them in the market. While the Bank within its overall position limits covers these transactions in the market, the above amounts represent only the transactions with its subsidiaries, associates, joint ventures and other related entities and not the offsetting/covering transactions.
3. Excludes the perquisite value on account of employee stock options exercised.

III. Material transactions with related parties

The following table sets forth, for the periods indicated, the material transactions between the Bank and its related pagrties. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

₹ in million

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest income			
1	ICICI Home Finance Company Limited	558.7	721.9
2	ICICI Securities Primary Dealership Limited	89.3	61.1
3	ICICI Venture Funds Management Company Limited	35.5	161.0
Fee, commission and other income			
1	ICICI Prudential Life Insurance Company Limited	9,675.3	7,712.4
Commission income on guarantees issued			
1	ICICI Bank UK PLC	24.1	36.2

₹ in million

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
Income on custodial services			
1	ICICI Prudential Asset Management Company Limited	8.1	8.8
2	ICICI Securities Primary Dealership Limited	2.3	2.5
Gain/(loss) on forex and derivative transactions (net)[1]			
1	ICICI Bank UK PLC	825.0	(1,097.4)
2	ICICI Securities Primary Dealership Limited	(258.0)	6.8
3	ICICI Home Finance Company Limited	(113.1)	(41.5)
4	ICICI Bank Canada	(1.8)	245.5
Dividend income			
1	ICICI Prudential Life Insurance Company Limited	5,449.1	8,744.0
2	ICICI Securities Primary Dealership Limited	2,782.9	1,219.5
3	ICICI Securities Limited	2,050.3	1,610.7
4	ICICI Prudential Asset Management Company Limited	1,629.5	540.2
Insurance claims received			
1	ICICI Prudential Life Insurance Company Limited	85.1	94.1
2	ICICI Lombard General Insurance Company Limited	31.3	73.0
Recovery of lease of premises, common corporate and facilities expenses			
1	ICICI Home Finance Company Limited	346.7	332.3
2	ICICI Bank UK PLC	275.2	180.2
3	ICICI Securities Limited	269.8	247.6
4	ICICI Lombard General Insurance Company Limited	201.3	201.2
5	ICICI Prudential Life Insurance Company Limited	183.7	187.9
Lease of premises, common corporate and facilities expenses paid			
1	ICICI Venture Funds Management Company Limited	66.5	68.4
2	ICICI Home Finance Company Limited	10.5	8.5
3	ICICI Securities Limited	5.8	13.3
Recovery for secondment of employees			
1	ICICI Investment Management Company Limited	17.6	44.0
2	ICICI Securities Limited	9.8	10.1
3	I-Process Services (India) Private Limited	8.0	7.5
Reimbursement of expenses from related parties			

₹ in million

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
1	ICICI Home Finance Company Limited	1.4	2.7
2	ICICI Bank Canada	0.1	0.7
3	ICICI Lombard General Insurance Company Limited	..	0.8
Interest expenses			
1	ICICI Securities Limited	218.4	351.7
2	ICICI Prudential Life Insurance Company Limited	93.5	23.2
3	India Infradebt Limited	11.1	88.0
Remuneration to whole-time directors[3]			
1	Ms. Chanda Kochhar	58.7	68.8
2	Mr. N. S. Kannan	40.7	47.2
3	Ms. Vishakha Mulye[3]	36.7	10.1
4	Mr. Vijay Chandok[4]	26.1	N.A.
5	Mr. Anup Bagchi[5]	8.5	N.A.
6	Mr. K. Ramkumar[6]	11.1	48.1
7	Mr. Rajiv Sabharwal[7]	41.7	44.8
Reimbursement of expenses to related parties			
1	ICICI Prudential Life Insurance Company Limited	509.9	..
2	ICICI Bank UK PLC	30.9	102.6
Insurance premium paid			
1	ICICI Lombard General Insurance Company Limited	1,271.0	1,180.3
2	ICICI Prudential Life Insurance Company Limited	559.5	226.5
Brokerage, fee and other expenses			
1	I-Process Services (India) Private Limited	3,572.8	2,830.9
2	ICICI Merchant Services Private Limited	2,318.4	2,341.3
3	ICICI Home Finance Company Limited	403.6	652.5
Donation given			
1	ICICI Foundation for Inclusive Growth	475.0	450.0
Dividend paid			
1	Ms. Chanda Kochhar	11.7	11.1
2	Mr. N. S. Kannan	2.1	2.1
3	Ms. Vishakha Mulye[3]	2.6	..
4	Mr. Vijay Chandok[4]	..	N.A.
5	Mr. Anup Bagchi[5]	..	N.A.
6	Mr. Rajiv Sabharwal[7]	1.4	0.6
Purchase of investments			

₹ in million

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
1	ICICI Prudential Life Insurance Company Limited	4,685.2	2,332.2
2	ICICI Securities Primary Dealership Limited	2,124.0	2,936.7
3	ICICI Bank UK PLC	..	4,237.6
Investment in certificate of deposits (CDs)/bonds issued by the Bank			
1	ICICI Prudential Life Insurance Company Limited	3,250.0	..
2	ICICI Bank UK PLC	1,018.9	..
3	ICICI Securities Primary Dealership Limited	750.0	..
Investments in the securities issued by related parties			
1	India Infradebt Limited	5,779.5	..
Sale of investments			
1	ICICI Prudential Life Insurance Company Limited	10,700.3	845.8
2	ICICI Securities Primary Dealership Limited	2,512.4	..
3	ICICI Lombard General Insurance Company Limited	2,273.4	2,942.9
4	ICICI Securities Limited	..	1,358.0
Redemption/buyback of securities			
1	ICICI Bank Canada	5,862.2	7,023.2
Purchase of loans			
1	ICICI Bank UK PLC	..	5,650.3
Funded risk participation			
1	ICICI Bank UK PLC	..	6,876.2
Unfunded risk participation			
1	ICICI Bank UK PLC	2,075.2	..
2	ICICI Bank Canada	..	588.0
Sale of loans			
1	ICICI Bank UK PLC	..	2,091.2
Purchase of fixed assets			
1	ICICI Securities Limited	4.3	1.8
2	ICICI Securities Primary Dealership Limited	4.0	..
3	ICICI Prudential Life Insurance Company Limited	1.9	..
4	ICICI Prudential Asset Management Company Limited	0.5	..
Sale of fixed assets			

₹ in million

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
1	ICICI Securities Limited	1.2	..
2	ICICI Prudential Asset Management Company Limited	..	0.1

1. The Bank undertakes derivative transactions with its subsidiaries, associates, joint ventures and other related entities. The Bank manages its foreign exchange and interest rate risks arising from these transactions by covering them in the market. While the Bank within its overall position limits covers these transactions in the market, the above amounts represent only the transactions with its subsidiaries, associates, joint ventures and other related entities and not the offsetting/covering transactions.
2. Excludes the perquisite value on account of employee stock options exercised.
3. Identified as related party effective from January 19, 2016.
4. Identified as related party effective from July 28, 2016.
5. Identified as related party effective from February 1, 2017.
6. Mr. K. Ramkumar ceased to be the whole-time director of the Bank effective from April 30, 2016.
7. Mr. Rajiv Sabharwal ceased to be the whole-time director of the Bank effective from January 31, 2017.

IV. Related party outstanding balances

The following table sets forth, for the periods indicated, the balance payable to/receivable from related parties.

₹ in million

Items	At March 31, 2017	At March 31, 2016
Deposits with the Bank		
Subsidiaries	5,069.8	6,621.8
Associates/joint venture/others	3,749.2	1,004.4
Key management personnel	145.2	35.8
Relatives of key management personnel	56.2	63.6
Total	9,020.4	7,725.6
Investments of related parties in the Bank		
Subsidiaries	3,522.8	250.0
Associates/joint venture/others	..	..
Key management personnel	6.6	7.2
Relatives of key management personnel	0.0[1]	0.0[1]
Total	3,529.4	257.2
Call/term money borrowed		
Subsidiaries	..	..
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	..	..
Reverse repurchase		
Subsidiaries	..	..
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..

₹ in million

Items	At March 31, 2017	At March 31, 2016
Total	..	..
Payables[2]		
Subsidiaries	9.0	297.5
Associates/joint venture/others	729.4	676.7
Key management personnel	0.0[1]	..
Relatives of key management personnel	0.0[1]	..
Total	738.4	974.2
Deposits of the Bank		
Subsidiaries	540.0	250.5
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	540.0	250.5
Call/term money lent		
Subsidiaries	..	1,650.0
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	..	1,650.0
Investments of the Bank		
Subsidiaries	103,222.4	110,282.0
Associates/joint venture/others	4,326.8	2,914.3
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	107,549.2	113,196.3
Advances		
Subsidiaries	4,784.8	6,749.4
Associates/joint venture/others	..	0.4
Key management personnel	204.0	54.7
Relatives of key management personnel	0.9	7.9
Total	4,989.7	6,812.4
Receivables[2]		
Subsidiaries	1,292.9	715.2
Associates/joint venture/others	5.9	1.2
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	1,298.8	716.4

₹ in million

Items	At March 31, 2017	At March 31, 2016
Guarantees/letters of credit/indemnity given by the Bank		
Subsidiaries	11,674.6	15,113.5
Associates/joint venture/others	7.7	0.5
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	11,682.3	15,114.0
Guarantees/letters of credit/indemnity issued by related parties		
Subsidiaries	3,862.0	1,852.6
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	3,862.0	1,852.6
Swaps/forward contracts (notional amount)		
Subsidiaries	288,432.8	152,219.8
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	288,432.8	152,219.8
Unfunded risk participation		
Subsidiaries	2,070.0	..
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	2,070.0	..

1. Insignificant amount.
2. Excludes mark-to-market on outstanding derivative transactions.
3. At March 31, 2017, 31,201,400 (March 31, 2016: 29,811,500) employee stock options for key management personnel were outstanding.
4. During the year ended March 31, 2017, 1,014,300 (March 31, 2016: 723,500) employee stock options with total exercise price of ₹ 170.9 million (March 31, 2016: ₹ 75.3 million) were exercised by key management personnel.

V. Related party maximum balances

The following table sets forth, for the periods indicated, the maximum balance payable to/receivable from related parties.

₹ in million

Items	Year ended March 31, 2017	Year ended March 31, 2016
Deposits with the Bank		
Subsidiaries	40,191.5	10,297.2
Associates/joint venture/others	5,258.0	3,656.0
Key management personnel	293.7	192.8

₹ in million

Items	Year ended March 31, 2017	Year ended March 31, 2016
Relatives of key management personnel	62.3	93.7
Total	45,805.5	14,239.7
Investments of related parties in the Bank[1]		
Subsidiaries	5,068.9	1,615.0
Associates/joint venture/others	..	..
Key management personnel	7.1	7.2
Relatives of key management personnel	0.0[2]	0.0[2]
Total	5,076.0	1,622.2
Call/term money borrowed		
Subsidiaries	..	..
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	..	..
Reverse repurchase		
Subsidiaries	..	..
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	..	..
Payables[1,3]		
Subsidiaries	232.7	4,458.5
Associates/joint venture/others	729.4	793.2
Key management personnel	0.1	..
Relatives of key management personnel	0.0[2]	..
Total	962.2	5,251.7
Deposits of the Bank		
Subsidiaries	1,778.7	1,503.6
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	1,778.7	1,503.6
Call/term money lent		
Subsidiaries	10,000.0	8,000.0
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	10,000.0	8,000.0

₹ in million

Items	Year ended March 31, 2017	Year ended March 31, 2016
Investments of the Bank		
Subsidiaries	110,374.0	118,324.3
Associates/joint venture/others	4,326.9	3,656.9
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	114,700.9	121,981.2
Advances		
Subsidiaries	14,157.5	13,375.4
Associates/joint venture/others	0.2	0.9
Key management personnel	206.7	55.3
Relatives of key management personnel	8.6	15.0
Total	14,373.0	13,446.6
Receivables[3]		
Subsidiaries	1,681.5	1,397.5
Associates/joint venture/others	69.7	337.5
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	1,751.2	1,735.0
Guarantees/letters of credit/indemnity given by the Bank		
Subsidiaries	15,167.0	15,558.1
Associates/joint venture/others	7.7	0.7
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	15,174.7	15,558.8
Guarantees/letters of credit/indemnity issued by related parties[1]		
Subsidiaries	3,862.0	3,481.6
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	3,862.0	3,481.6
Swaps/forward contracts (notional amount)		
Subsidiaries	303,545.4	263,138.1
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	303,545.4	263,138.1

₹ in million

Items	Year ended March 31, 2017	Year ended March 31, 2016
Unfunded risk participation		
Subsidiaries	2,075.2	587.3
Associates/joint venture/others	..	..
Key management personnel	..	..
Relatives of key management personnel	..	..
Total	2,075.2	587.3

1. Maximum balance is determined based on comparison of the total outstanding balances at each quarter end during the financial year.
2. Insignificant amount.
3. Excludes mark-to-market on outstanding derivative transactions.

Letters of comfort

The Bank has issued letters of comfort on behalf of its banking subsidiary ICICI Bank UK PLC to Financial Services Authority, UK (now split into two separate regulatory authorities, the Prudential Regulation Authority and the Financial Conduct Authority) to confirm that the Bank intends to financially support ICICI Bank UK PLC in ensuring that it meets all of its financial obligations as they fall due.

The Bank has issued an undertaking on behalf of ICICI Securities Inc. for Singapore dollar 10.0 million (currently equivalent to ` 464.1 million) to the Monetary Authority of Singapore (MAS) and has executed indemnity agreement on behalf of ICICI Bank Canada to its independent directors for a sum not exceeding Canadian dollar 2.5 million each (currently equivalent to ` 121.5 million), aggregating to Canadian dollar 17.5 million (currently equivalent to ` 850.4 million). The aggregate amount of ` 1,314.5 million at March 31, 2017 (March 31, 2016: ` 1,389.2 million) is included in the contingent liabilities.
The letters of comfort in the nature of letters of awareness that were outstanding at March 31, 2017 issued by the Bank on behalf of its subsidiaries in respect of their borrowings made or proposed to be made, aggregated to ₹ 12,363.0 million (March 31, 2016: ₹ 12,486.1 million). During the year ended March 31, 2017, borrowings pertaining to letters of comfort aggregating ₹ 123.1 million were repaid.

In addition to the above, the Bank has also issued letters of comfort in the nature of letters of awareness on behalf of its subsidiaries for other incidental business purposes. These letters of awareness are in the nature of factual statements or confirmation of facts and do not create any financial impact on the Bank.

48. Details of amount transferred to The Depositor Education and Awareness Fund (the Fund) of RBI

The following table sets forth, for the periods indicated, the movement in amount transferred to the Fund.

₹ in million

Particulars	At March 31, 2017	At March 31, 2016
Opening balance	3,584.1	2,575.8
Amounts transferred during the year	1,346.0	1,054.7
Amounts reimbursed by the Fund towards claims during the year	(88.9)	(46.4)
Closing balance	4,841.2	3,584.1

49. Small and micro enterprises

The following table sets forth, for the periods indicated, details relating to enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

₹ in million

Sr. No.	Particulars	At March 31, 2017		At March 31, 2016	
		Principal	Interest	Principal	Interest
1.	The Principal amount and the interest due thereon remaining unpaid to any supplier	..	..	..	..
2.	The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date	..	..	0.4	0.01
3.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006	..	..		
4.	The amount of interest accrued and remaining unpaid	..	..	..	..
5.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23	..	..	..	..

50. Penalties/fines imposed by RBI and other banking regulatory bodies

The penalty imposed by RBI and other banking regulatory bodies during the year ended March 31, 2017 was Nil (March 31, 2016: Nil).

51. Disclosure on Remuneration

Compensation Policy and practices

(A) Qualitative Disclosures

a) Information relating to the bodies that oversee remuneration.

- Name, composition and mandate of the main body overseeing remuneration

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

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

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

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

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

- Type of employees covered and number of such employees

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

b) Information relating to the design and structure of remuneration processes.

- Key features and objectives of remuneration policy

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

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

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

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

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

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

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

c) Description of the ways in which current and future risks are taken into account in the remuneration processes.

- Overview of the key risks that the Bank takes into account when implementing remuneration measures

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

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

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

- Discussion of the ways in which these measures affect remuneration

Every year, the financial plan/targets are formulated in conjunction with a risk framework with limit structures for various areas of risk/lines of business, within which the Bank operates to achieve the financial plan. To ensure effective alignment of compensation with prudent risk taking, the BGRNC takes into account adherence to the risk framework in conjunction with which the financial plan/targets have been formulated. KPIs of WTDs 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.

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

d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration

- Overview of main performance metrics for Bank, top level business lines and individuals

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

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

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

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

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

e) Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance

- Discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance

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

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

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

f) Description of the different forms of variable remuneration that the Bank utilises and the rationale for using these different forms

- Overview of the forms of variable remuneration offered. A discussion of the use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance

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

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

(B) Quantitative disclosures

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

` in million, except numbers

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Number of meetings held by the BGRNC	10	8
Remuneration paid to its members during the financial year (sitting fees)	0.5	0.5
Number of employees who received a variable remuneration award	6	..
Number and total amount of sign-on awards made	..	..
Number and total amount of guaranteed bonuses awarded	..	..
Details of severance pay, in addition to accrued benefits	..	..
Breakdown of amount of remuneration awards for the financial year		
Fixed[1]	231.5	201.7
Variable[2]	75.6	..
- Deferred	..	..
- Non-deferred	75.6	..
Share-linked instruments[2]	4,115,000	4,610,000[3]
Total amount of deferred remuneration paid out during the year	16.0	26.9
Total amount of outstanding deferred remuneration		
Cash	6.1	23.4
Shares (nos.)	..	..
Shares-linked instruments[4]	13,406,500	16,725,000
Other forms	..	..
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments	6.1	23.4
Total amount of reductions during the year due to ex-post explicit adjustments	..	..
Total amount of reductions during the year due to ex-post implicit adjustments	..	..

1. Fixed pay includes basic salary, supplementary allowances, superannuation, contribution to provident fund and gratuity fund by the Bank. The amount contains part year payouts for a retired, a resigned WTD and a newly appointed WTD for the year ended March 31, 2017.
2. Variable pay and share-linked instruments for the year ended March 31, 2017 are subject to approval from RBI.
3. Excludes special grant of stock options approved by RBI in November 2015 aggregating to 5.8 million 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 and the shareholders at their meeting held on July 11, 2016 approved the payment of profit related commission of ₹ 1.0 million per annum to be paid to each non-executive Director of the Bank (excluding government nominee and part-time Chairman) subject to the availability of net profits at the end of each financial year.

The Bank accordingly recognised an amount of ₹ 6.0 million as profit related commission payable to the non-executive Directors during the year ended March 31, 2017, subject to statutory approvals. For the year ended March 31, 2016, the Bank had recognised an amount of ₹ 6.0 million as profit related commission payable to the non-executive Directors, which was paid in July 2016 after obtaining the shareholders' approval in the Annual General Meeting of the Bank.

52. Corporate Social Responsibility

The gross amount required to be spent by the Bank on Corporate Social Responsibility (CSR) related activities during the year ended March 31, 2017 was ` 1,997.3 million (March 31, 2016: ` 2,121.1 million).

The following table sets forth, for the periods indicated, the amount spent by the Bank on CSR related activities.

` in million

Sr. No	Particulars	Year ended March 31, 2017			Year ended March 31, 2016		
		In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
1.	Construction/ acquisition of any asset	..	..	..	..	..	..
2.	On purposes other than (1) above	1,016.2	843.4	1,859.6	1,070.4	644.9	1,715.3

The following table sets forth, for the periods indicated, the details of related party transactions pertaining to CSR related activities.

` in million

Sr. No.	Related Party	Year ended March 31, 2017	Year ended March 31, 2016
1.	ICICI Foundation	475.0	450.0
2.	FINO PayTech Limited	50.0	35.6
	Total	525.0	485.6

The following table sets forth, for the periods indicated, the details of movement of amounts yet to be paid for CSR related activities.

` in million

Particulars	At March 31, 2017	At March 31, 2016
Opening balance	815.7	451.3
Provided during the year	1,859.6	1,715.3
Paid during the year	(1,311.6)	1,350.9
Closing balance	1,363.7	815.7

53. Disclosure of customers complaints

The following table sets forth, for the periods indicated, the movement of the outstanding number of complaints.

Complaints relating to the Bank's customers on the Bank's ATMs	Year ended March 31, 2017	Year ended March 31, 2016
No. of complaints pending at the beginning of the year	107	177
No. of complaints received during the year	4,687	5,307
No. of complaints redressed during the year	4,765	5,377
No. of complaints pending at the end of the year	29	107

1. The above does not include complaints redressed within one working day.

Complaints relating to the Bank's customers on other banks' ATMs	Year ended March 31, 2017	Year ended March 31, 2016
No. of complaints pending at the beginning of the year	1,602	1,003
No. of complaints received during the year	106,709	72,772
No. of complaints redressed during the year	106,548	72,173
No. of complaints pending at the end of the year	1,763	1,602

1. The above does not include complaints redressed within one working day.

Complaints relating to other than ATM transactions	Year ended March 31, 2017	Year ended March 31, 2016
No. of complaints pending at the beginning of the year	1,691	1,707
No. of complaints received during the year	106,077	113,374
No. of complaints redressed during the year	105,288	113,390
No. of complaints pending at the end of the year	2,480	1,691

1. The above does not include complaints redressed within one working day.

Total complaints	Year ended March 31, 2017	Year ended March 31, 2016
No. of complaints pending at the beginning of the year	3,400	2,887
No. of complaints received during the year	217,473	191,453
No. of complaints redressed during the year	216,601	190,940
No. of complaints pending at the end of the year	4,272	3,400

1. The above does not include complaints redressed within one working day.

The following table sets forth, for the periods indicated, the details of awards during the year.

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
No. of unimplemented awards at the beginning of the year	..	..

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
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	..	..

54. Drawdown from reserves

The Bank has not drawn any amount from reserves during the year ended March 31, 2017 (March 31, 2016: Nil).

55. Investor Education and Protection Fund

The unclaimed dividend amount due to be transferred to the Investor Education and Protection Fund during the year ended March 31, 2017 has been transferred without any delay.

56. Specified bank notes

The disclosure requirement on specified bank notes is not applicable to banks as clarified by RBI through its letter dated April 13, 2017.

57. Comparative figures

Figures of the previous year have been re-grouped to conform to the current year presentation.

Signatures to Schedules 1 to 18

As per our report of even date. For and on behalf of the Board of Directors

M. K. Sharma
Chairman

Homi Khusrokhan
Director

Chanda Kochhar
Managing Director & CEO

N. S. Kannan
Executive Director

Vishakha Mulye
Executive

Vijay Chandok
Executive Director

Anup Bagchi
Executive

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration no.: 101248W/W-100022

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

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

Venkataramanan Vishwanath
Partner
Membership no.: 113156

Place: Mumbai
Date: May 3, 2017

Independent Auditor's 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.

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 Rs. 1,669,359 million as at 31 March 2016, total revenues of Rs. 74,005 million for the year ended 31 March 2016 and net cash inflows amounting to Rs. 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.

Independent Auditor's Report *(Continued)*

ICICI Bank Limited

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 Auditor’s Report (Continued)

ICICI Bank Limited

(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

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.

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

ICICI BANK LIMITED
Unconsolidated Balance Sheet at March 31, 2016

₹ in '000

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

ICICI Bank

ICICI BANK LIMITED
Unconsolidated Profit and Loss Account
for the year ended March 31, 2016

₹ in '000

	Schedule	Year ended 31.03.2016	Year ended 31.03.2015
I. INCOME			
Interest earned	13	527,394,348	490,911,399
Other income	14	153,230,516	121,761,305
TOTAL INCOME		680,624,864	612,672,704
II. EXPENDITURE			
Interest expended	15	315,153,949	300,515,294
Operating expenses	16	126,835,582	114,958,307
Provisions and contingencies (refer note 18.39)		141,372,460	85,445,554
TOTAL EXPENDITURE		583,361,991	500,919,155
III. PROFIT/(LOSS)			
Net profit for the year		97,262,873	111,753,549
Profit brought forward		172,614,164	133,185,885
TOTAL PROFIT/(LOSS)		269,877,037	244,939,434
IV. APPROPRIATIONS/TRANSFERS			
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 Revenue and other reserves		5,000,000	..
Transfer to Special Reserve		13,500,000	11,000,000
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		2,793,737	2,711,469
Balance carried over to balance sheet		171,321,884	172,614,164
TOTAL		269,877,037	244,939,434
Significant accounting policies and notes to accounts	17 & 18		
Earnings per share (refer note 18.1)			
Basic (`)		16.75	19.32
Diluted (`)		16.65	19.13
Face value per share (`)		2.00	2.00

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report of even date.

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration no.: 101248W/W-100022

M. K. Sharma
Chairman

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

ICICI Bank

ICICI BANK LIMITED

Unconsolidated Cash Flow Statement for the year ended March 31, 2016

₹ in '000

		Year ended 31.03.2016	Year ended 31.03.2015
Cash flow from operating activities			
Profit before taxes		121,957,196	158,199,234
Adjustments for:			
Depreciation and amortisation		7,541,591	7,344,649
Net (appreciation)/depreciation on investments[1]		(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
Adjustments for:			
(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)
Net cash flow from/(used in) operating activities (i)+(ii)+(iii)	(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)
Net cash used in investing activities	(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)
Net cash generated from/(used in) financing activities	(C)	(5,850,668)	150,056,717
Effect of exchange fluctuation on translation reserve	(D)	(3,292,908)	(2,065,996)

Unconsolidated Cash Flow Statement for the year ended March 31, 2016

₹ in '000

		Year ended 31.03.2016	Year ended 31.03.2015
Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C) + (D)		175,641,266	7,750,196
Cash and cash equivalents at beginning of the year		423,046,153	415,295,957
Cash and cash equivalents at end of the year		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

Chanda Kochhar
Managing Director & CEO

Venkataramanan Vishwanath
Partner
Membership no.: 113156

N. S. Kannan
Executive Director

K. Ramkumar
Executive Director

Rajiv Sabharwal

Vishakha Mulye

Place: Mumbai
Date: April 29, 2016

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

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

Schedules forming part of the balance sheet

₹ in '000

	At 31.03.2016	At 31.03.2015
SCHEDULE 1 - CAPITAL		
Authorised capital		
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)[1]	1,500,000	1,500,000
350 preference shares of ` 10 million each (March 31, 2015: 350 preference shares of ` 10 million each)[2]	3,500,000	3,500,000
Equity share capital 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
	11,629,537	11,594,489
Add: 266,089 equity shares of ` 10 each forfeited (March 31, 2015: 266,089 equity shares)	2,119	2,119
TOTAL CAPITAL	11,631,656	11,596,608

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”.

Schedules forming part of the balance sheet

₹ in '000

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

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.
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.

ICICI Bank

Schedules forming part of the balance sheet

₹ in '000

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

₹ in '000

	At 31.03.2016	At 31.03.2015
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
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
TOTAL BORROWINGS IN INDIA	624,050,086	688,518,603
II. Borrowings outside India		
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[1]	583,146,235	553,979,650
TOTAL BORROWINGS OUTSIDE INDIA	1,124,023,693	1,035,654,895
TOTAL BORROWINGS	1,748,073,779	1,724,173,498

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.

Schedules forming part of the balance sheet

₹ in '000

	At 31.03.2016	At 31.03.2015
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
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[1,2]	188,155,736	158,771,076
TOTAL OTHER LIABILITIES AND PROVISIONS	347,264,350	317,198,572

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).

₹ in '000

	At 31.03.2016	At 31.03.2015
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
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
TOTAL CASH AND BALANCES WITH RESERVE BANK OF INDIA	271,060,888	256,529,069

₹ in '000

	At 31.03.2016	At 31.03.2015
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
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	..
TOTAL	70,867,270	2,901,503
II. Outside India		
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
TOTAL	256,759,261	163,615,581
TOTAL BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	327,626,531	166,517,084

Schedules forming part of the balance sheet

₹ in '000

	At 31.03.2016	At 31.03.2015
SCHEDULE 8 - INVESTMENTS		
I. Investments in India [net of provisions]		
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[1]	64,218,449	65,482,766
vi) Others (commercial paper, mutual fund units, pass through certificates, security receipts and certificate of deposits)[2]	239,280,471	242,180,386
TOTAL INVESTMENTS IN INDIA	1,522,606,846	1,502,791,847
II. Investments outside India [net of provisions]		
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
TOTAL INVESTMENTS OUTSIDE INDIA	81,511,120	78,500,349
TOTAL INVESTMENTS	1,604,117,966	1,581,292,196
A. Investments in India		
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. Investments outside India		
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
TOTAL INVESTMENTS	1,604,117,966	1,581,292,196

1. 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.
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 under Schedule 11 - Other Assets.

Schedules forming part of the balance sheet

₹ in '000

	At 31.03.2016	At 31.03.2015
SCHEDULE 9 - ADVANCES [net of provisions]		
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
TOTAL ADVANCES	4,352,639,419	3,875,220,728
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
TOTAL ADVANCES	4,352,639,419	3,875,220,728
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
TOTAL ADVANCES IN INDIA	3,414,520,000	2,934,020,185
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
TOTAL ADVANCES OUTSIDE INDIA	938,119,419	941,200,543
TOTAL ADVANCES	4,352,639,419	3,875,220,728

₹ in '000

	At 31.03.2016	At 31.03.2015
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
At cost at March 31 of preceding year	40,522,620	39,639,238
Additions during the year[1]	29,414,022	1,095,947
Deductions during the year	(600,593)	(212,565)
Depreciation to date[2]	(10,859,345)	(9,896,951)
Net block[3]	58,476,704	30,625,669
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[4]	(35,255,187)	(31,918,804)
Net block	14,877,861	14,303,222
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[5]	(14,884,909)	(14,973,248)
Net block	2,414,635	2,326,296
TOTAL FIXED ASSETS	75,769,200	47,255,187

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.
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).

Schedules forming part of the balance sheet

₹ in '000

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

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 '000

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

1. Represents notional amount.

Schedules forming part of the profit and loss account

₹ in '000

	Year ended 31.03.2016	Year ended 31.03.2015
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	389,431,536	356,310,839
II. Income on investments[1]	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[1,2,3]	30,126,947	26,721,873
TOTAL INTEREST EARNED	527,394,348	490,911,399

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 '000

	Year ended 31.03.2016	Year ended 31.03.2015
SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	74,616,599	69,798,945
II. Profit/(loss) on sale of investments (net)[1]	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)[2]	280,717	69,186
V. Profit/(loss) on exchange/derivative transactions (net)[3]	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
TOTAL OTHER INCOME	153,230,516	121,761,305

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 '000

	Year ended 31.03.2016	Year ended 31.03.2015
SCHEDULE 15 - INTEREST EXPENDED		
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
TOTAL INTEREST EXPENDED	315,153,949	300,515,294

₹ in '000

	Year ended 31.03.2016	Year ended 31.03.2015
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	50,023,472	47,498,752
II. Rent, taxes and lighting[1]	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
TOTAL OPERATING EXPENSES	126,835,582	114,958,307

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

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.

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.

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.

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 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	60 years or lease period whichever

Asset	Useful life
premises	is lower
ATMs[1]	8 years
Plant and machinery[1] (including office equipment)	10 years
Computers	3 years
Furniture and fixtures[1]	6 years, 8 months
Motor vehicles[1]	5 years
Others (including software and system development expenses)[1]	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.

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.

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.

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.

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
Basic		
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
Diluted		
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[1]	8.06%	8.19%
(ii)	Non-interest income to working funds[1]	2.34%	2.03%
(iii)	Operating profit to working funds[1,2]	3.65%	3.29%
(iv)	Return on assets[3]	1.49%	1.86%
(v)	Net profit per employee[4] (` in million)	1.4	1.6
(vi)	Business (average deposits plus average advances) per employee[4,5] (` 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.

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.

Starting from January 1	2015	2016	2017	2018	2019
Minimum LCR	60.0%	70.0%	80.0%	90.0%	100.0%

The Bank has been computing its LCR on a monthly basis since January 2015 as per the extant RBI guidelines. The following tables set forth the average of unweighted and weighted value of the LCR of the Bank, based on month end values, for the three months ended March 31, 2016, December 31, 2015, September 30, 2015, June 30, 2015 and March 31, 2015.

₹ in million

		Three months ended March 31, 2016		Three months ended March 31, 2015	
Particulars		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High quality liquid assets					
1	Total high quality liquid assets	N.A.	657,810.1	N.A.	569,153.4
Cash outflows					
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
(i)	Stable deposits	443,846.9	22,192.3	405,084.6	20,254.2
(ii)	Less stable deposits	1,996,559.8	199,656.0	1,721,504.0	172,150.4
3	Unsecured wholesale funding, of which:	1,100,323.2	631,804.6	840,202.0	392,978.7
(i)	Operational deposits (all counterparties)	185,211.0	46,302.7	320,279.2	80,069.8
(ii)	Non-operational deposits (all counterparties)	838,903.5	509,293.2	477,248.4	270,234.5
(iii)	Unsecured debt	76,208.7	76,208.7	42,674.5	42,674.5
4	Secured wholesale funding	N.A.	..	N.A.	..
5	Additional requirements, of which:	434,570.4	58,390.8	391,367.9	61,066.2
(i)	Outflows related to derivative exposures and other collateral requirements	9,038.0	9,038.0	11,577.8	11,577.8
(ii)	Outflows related to loss of funding on debt products	373.7	373.7	476.8	476.8
(iii)	Credit and liquidity facilities	425,158.7	48,979.1	379,313.3	49,011.6
6	Other contractual funding obligations	70,145.8	70,145.8	39,648.7	39,648.7
7	Other contingent funding obligations	1,918,495.8	79,602.7	1,936,332.7	96,816.6
8	Total cash outflows	N.A	1,061,792.2	N.A.	782,914.9
9	Secured lending (e.g. reverse repos)	..	..	..	..
10	Inflows from fully performing exposures	381,330.5	319,975.3	252,788.5	197,031.7
11	Other cash inflows	43,097.3	23,851.8	43,314.3	24,867.1

		Three months ended March 31, 2016		Three months ended March 31, 2015	
Particulars		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
12	Total cash inflows	424,427.8	343,827.1	296,102.8	221,898.8
13	Total HQLA	N.A.	657,810.1	N.A.	569,153.4
14	Total net cash outflows	N.A.	717,965.1	N.A.	569,153.4
15	Liquidity coverage ratio (%)	N.A.	91.62%	N.A.	101.45%

₹ in million

		Three months ended December 31, 2015		Three months ended September 30, 2015		Three months ended June 30, 2015	
Particulars		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High quality liquid assets							
1	Total high quality liquid assets	N.A.	600,439.4	N.A.	605,808.5	N.A.	534,184.8
Cash outflows							
2	Retail deposits and deposits from small business customers, of which:	2,315,663.0	209,697.8	2,253,131.1	203,937.6	2,166,232.6	195,869.9
(i)	Stable deposits	437,369.7	21,868.5	427,509.4	21,375.5	415,068.1	20,753.4
(ii)	Less stable deposits	1,878,293.3	187,829.3	1,825,621.7	182,562.1	1,751,164.5	175,116.4
3	Unsecured wholesale funding, of which:	1,004,305.9	499,300.5	973,669.5	475,086.8	843,829.9	416,069.0
(i)	Operational deposits (all counterparties)	174,737.2	43,684.3	165,647.1	41,411.8	144,097.4	36,024.3
(ii)	Non-operational deposits (all counterparties)	746,400.2	372,447.7	740,751.0	366,403.6	661,388.5	341,700.8
(iii)	Unsecured debt	83,168.5	83,168.5	67,271.4	67,271.4	38,343.9	38,343.9

		Three months ended December 31, 2015		Three months ended September 30, 2015		Three months ended June 30, 2015	
Particulars		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
4	Secured wholesale funding	N.A.	..	N.A.	..	N.A.	..
5	Additional requirements, of which:	422,372.4	61,996.2	417,985.6	62,207.6	407,404.9	61,117.7
(i)	Outflows related to derivative exposures and other collateral requirements	8,462.4	8,462,4	8,886.5	8,886.5	8,782.9	8,782.9
(ii)	Outflows related to loss of funding on debt products	365.1	365.1	426.1	426.1	414.8	414.8
(iii)	Credit and liquidity facilities	413,544.9	53,138.7	408,673.0	52,895.0	398,207.2	51,920.1
6	Other contractual funding obligations	65,305.8	65,305.8	65,243.5	65,243.5	49,265.9	49,265.9
7	Other contingent funding obligations	1,982,024.6	99,101.2	2,028,664.1	101,433.2	1,940,289.6	97,014.5
8	Total cash outflows	N.A.	935,401.5	N.A.	907,908.7	N.A.	819,337.0
9	Secured lending (e.g. reverse repos)	..	..	..	..	..	..
10	Inflows from fully performing exposures	254,135.7	205,096.8	242,066.1	187,179.4	245,792.4	193,081.9
11	Other cash inflows	38,951.4	21,510.6	39,839.3	22,469.5	38,273.5	21,435.5
12	Total cash inflows	293,087.1	226,607.4	281,905.4	209,648.9	284,065.8	214,517.4
13	Total HQLA	N.A	600,439.4	N.A.	605,808.5	N.A.	534,184.8
14	Total net cash outflows	N.A	708,764.1	N.A.	698,259.8	N.A.	604,819.6
15	Liquidity coverage ratio (%)	N.A	84.72%	N.A.	86.76%	N.A.	88.32%

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.

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.

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

` in million

For the year ended March 31, 2016						
Particulars		Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1	Revenue	391,878.0	328,923.5	487,496.2	18,178.6	1,226,476.3
2	Less: Inter-segment revenue					545,851.4
3	Total revenue (1)-(2)					680,624.9
4	Segment results	38,977.4	(12,454.3)	90,974.1	4,460.0	121,957.2
5	Unallocated expenses					..
6	Operating profit (4)-(5)					121,957.2
7	Income tax expenses (net of deferred tax credit)					24,694.3
8	Net profit (6)-(7)					97,262.9
9	Segment assets	1,724,805.5	2,663,659.1	2,580,529.7	160,056.2	7,129,050.5
10	Unallocated assets[1]					77,900.5
11	Total assets (9)+(10)					7,206,951.0
12	Segment liabilities	3,133,932.7	1,197,853.2	2,764,161.4[2]	111,003.7	7,206,951.0
13	Unallocated liabilities					..
14	Total liabilities (12)+(13)					7,206,951.0
15	Capital expenditure	6,474.5	937.0	11.2	34.5	7,457.2
16	Depreciation	5,718.9	1,016.3	14.9	235.0	6,985.1

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

For the year ended March 31, 2015						
Particulars		Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
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
4	Segment results	27,242.8	62,240.7	64,499.5	4,216.2	158,199.2
5	Unallocated expenses					..
6	Operating profit (4)-(5)					158,199.2
7	Income tax expenses (including deferred tax credit)					46,445.7
8	Net profit (6)-(7)					111,753.5
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[1]					46,778.4
11	Total assets (9)+(10)					6,461,292.9
12	Segment liabilities	2,661,620.1	1,038,243.2	2,656,157.0[2]	105,272.6	6,461,292.9
13	Unallocated liabilities					..
14	Total liabilities (12)+(13)					6,461,292.9
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.

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

` in million

Revenue	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
Total	680,624.9	612,672.7

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

` in million

Assets	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
Total	7,129,050.5	6,414,514.5

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
Total	7,457.2	7,269.5	6,985.1	6,589.5

6. Maturity pattern

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

` in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1,2]	Total foreign currency assets[3]	Total foreign currency liabilities[3]
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

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1,2]	Total foreign currency assets[3]	Total foreign currency liabilities[3]
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
Total	4,352,639.4	1,604,117.9	4,214,257.1	1,748,073.8	1,454,179.4	1,536,227.3

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.

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

` in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings [1,2]	Total foreign currency assets[3]	Total foreign currency liabilities[3]
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
Total	3,875,220.7	1,581,292.1	3,615,627.3	1,724,173.5	1,321,909.3	1,408,876.4

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).

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.

` except number of options

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

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).

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	Maximum outstanding balance during the	Daily average outstanding balance during the	Outstanding balance at March 31, 2016
		Year ended March 31, 2016			
Securities sold under Repo, LAF and MSF					
i)	Government Securities	10.2	133,067.0	51,943.4	40,129.4

		Minimum outstanding balance during the	Maximum outstanding balance during the	Daily average outstanding balance during the	Outstanding balance at March 31, 2016
		Year ended March 31, 2016			
ii)	Corporate Debt Securities	..	2,000.0	13.7	..
Securities purchased under Reverse Repo and LAF					
i)	Government Securities	..	61,600.0	8,761.4	32,500.0
ii)	Corporate Debt Securities	..	750.0	186.5	..

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

` in million

		Minimum outstanding balance during the	Maximum outstanding balance during the	Daily average outstanding balance during the	Outstanding balance at March 31, 2015
		Year ended March 31, 2015			
Securities sold under Repo and LAF					
i)	Government Securities	54.0	153,941.9	66,700.1	128,782.2
ii)	Corporate Debt Securities	..	..	..	..
Securities purchased under Reverse Repo and LAF					
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.

` in million

Particulars		At March 31, 2016	At March 31, 2015
1.	Value of Investments[1]		
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
2.	Movement of provisions held towards depreciation on investments		
i)	Opening balance[2]	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.

` in million

Sr. No.	Issuer	Amount	Extent of private placement[2]	Extent of 'below investment grade' securities	Extent of 'unrated' securities[2,3]	Extent of 'unlisted' securities[3]
			(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[4,5]	122,449.4	121,693.2	19,610.9	..	..
7	Provision held towards depreciation	(31,843.6)	N.A	N.A	N.A	N.A
	Total	475,910.0	346,885.9	24,128.8	4,171.6	10,861.6

1. Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.
2. Excludes investments, amounting to ` 2,652.4 million in preference shares of subsidiary ICICI Bank Canada.
3. Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates, security receipts, commercial papers, certificates of deposit, non-convertible debentures (NCDs) with original or initial maturity up to one year issued by corporate (including NBFCs), unlisted convertible debentures and securities acquired by way of conversion of debt.
4. Excludes investments in non-Indian government securities by overseas branches amounting to ` 21,715.2 million
5. Excludes investments in non-SLR Indian government securities amounting to ` 2,435.7 million.

The following table sets forth, the issuer composition of investments of the Bank in securities, other than government and other approved securities at March 31, 2015.

` in million

Sr. No.	Issuer	Amount	Extent of private placement[2]	Extent of 'below investment grade' securities	Extent of 'unrated' securities[3,4]	Extent of 'unlisted' securities[4]
			(a)	(b)	(c)	(d)

Sr. No.	Issuer	Amount	Extent of private placement[2]	Extent of 'below investment grade' securities	Extent of 'unrated' securities [3,4]	Extent of 'unlisted' securities[4]
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[5,6,7]	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
	Total	507,359.5	373,167.7	24,725.1	4,054.6	9,894.7

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

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
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
Total provision held	10,404.2	8,262.2

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.

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.

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

` in million

Sr. No.	Particulars	At March 31, 2016		At March 31, 2015	
		Currency derivative[1]	Interest rate derivative[2]	Currency derivative[1]	Interest rate derivative[2]
1	Derivatives (Notional principal amount)				
	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
2	Marked to market positions[3]				
	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)
3	Credit exposure[4]	86,084.6	62,874.1	99,796.9	65,281.4
4	Likely impact of one percentage change in interest rate (100*PV01)[5]				
	a) On hedging derivatives[6]	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
5	Maximum and minimum of 100*PV01 observed during the period				
	a) On hedging[6]				
	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.

₹ in million

Sr. No.	Particulars	At March 31, 2016		At March 31, 2015	
		Trading	Non-trading	Trading	Non-trading
1	Forex contracts (Notional principal amount)	3,048,537.0	519,192.1	2,380,384.1	518,340.9

Sr. No.	Particulars	At March 31, 2016		At March 31, 2015	
		Trading	Non-trading	Trading	Non-trading
2	Marked to market positions				
	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)
3	Credit exposure[1]	102,000.4	11,278.1	84,003.9	13,116.0
4	Likely impact of one percentage change in interest rate (100*PV01)[2]	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).

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.

` in million

Particulars		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

Particulars		At March 31, 2016	At March 31, 2015
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.

` in million

Particulars		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.

Exchange traded currency futures

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

` in million

Particulars		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.

` in million

Particulars		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[1]	21,423.6	22,018.1
iii)	Collateral required by the Bank upon entering into FRA/IRS	..	..

Particulars		At March 31, 2016	At March 31, 2015
iv)	Concentration of credit risk[2]	1,875.8	1,610.7
v)	The fair value of FRA/IRS[3]	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.

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

Hedging

₹ in million

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
Total		565,237.3	123	463,792.9	103

Trading

` in million

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

Benchmark	Type	At March 31, 2016		At March 31, 2015	
		Notional principal	No. of deals	Notional principal	No. of deals
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
Total		2,320,125.5	3,738	2,472,435.8	3,814

18.Non-Performing Assets

The following table sets forth, for the periods indicated, the details of movement of gross non-performing assets (NPAs), net NPAs and provisions.

` in million

Particulars		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[1]	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)

Particulars		At March 31, 2016	At March 31, 2015
	Sub-total (2)	(55,842.9)	(33,785.6)
	d) Closing balance[1] (1-2)	262,212.5	150,946.9
iii)	Movement of Net NPAs		
	a) Opening balance[1]	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[1]	129,630.8	62,555.3
iv)	Movement of provision for NPAs (excluding provision on standard assets)		
	a) Opening balance[1]	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[1] (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.

₹ in million

Particulars	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

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.

` 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[1]	(39.5)	148.0

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

` 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).

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.

` in million

Particulars	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.

a. The Bank, as an originator, had not sold any loan through securitisation during the year ended March 31, 2016 (March 31, 2015: Nil).

b. The following table sets forth, for the periods indicated, the information on the loans sold through direct assignment.

` in million

Sr. no.	Particulars	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 securtisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securtisation		
	• First loss	..	..
	• Others	..	..
	ii) Exposure to third party securtisation		
	• First loss	..	..
	• Others	151.0	74.4

Sr. no.	Particulars	At March 31, 2016	At March 31, 2015
	b) On-balance sheet exposures		
	i) Exposure to own securtisation		
	• First loss	..	..
	• Others	..	..
	ii) Exposure to third party securtisation		
	• First loss	..	..
	• Others	152.6	230.6

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.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014. For the purpose of the valuation of the underlying security receipts issued by the underlying trusts managed by ARCs, the 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.

` in million, except number of accounts

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Number of accounts[1]	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.

` in million

Particulars	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[1]	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
Total	4,307.7	6,751.0

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.BP.BC.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.

` in million, except number of accounts

Particulars	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.

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.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2015					
	No. of borrowers	51	..	21	2	74
	Amount outstanding	80,736.5	..	37,838.5	435.6	119,010.6
	Provision thereon	7,645.0	..	16,770.0	435.6	24,850.6
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[1]					

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	3,336.0	..	4,703.7	..	8,039.7
	Provision thereon	(174.1)	..	8,173.8	..	7,999.7
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)
	Amount outstanding	(43.2)	..	(6,587.0)	(416.4)	(7,046.6)
	Provision thereon	(1.1)	..	(4,321.0)	(416.4)	(4,738.5)
8.	Restructured accounts at March 31, 2016					
	No. of borrowers	32	..	26	7	65
	Amount outstanding	56,661.3	..	61,917.0	2,035.8	120,614.1
	Provision thereon	4,678.0	..	35,524.8	2,035.8	42,238.6

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 devolvement, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured accounts at April 1, 2015					
	No. of borrowers	1	..	..	1	2
	Amount outstanding	0.0[1]	..	..	34.0	34.0

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Provision thereon	..	..	..	34.0	34.0
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[2]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	1.6	..	..	..	1.6
	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	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2016					
	No. of borrowers	..	..	..	(1)	(1)
	Amount outstanding	..	..	..	(34.0)	(34.0)
	Provision thereon	..	..	..	(34.0)	(34.0)
8.	Restructured accounts at March 31, 2016					
	No. of borrowers	1	..	..	..	1
	Amount outstanding	1.6	..	..	..	1.6
	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.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured accounts at April 1, 2015					
	No. of borrowers	1,204	20	34	138	1,396
	Amount outstanding	38,723.9	3,652.5	13,490.0	2,298.9	58,165.3
	Provision thereon	1,642.1	925.5	7,794.2	2,298.9	12,660.7
2.	Fresh restructuring during the year ended March 31, 2016					
	No. of borrowers	9	..	..	..	9
	Amount outstanding	23,070.5	..	..	..	23,070.5
	Provision thereon	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)	..
	Amount outstanding	18.4	(1.6)	(6.9)	(11.1)	(1.2)
	Provision thereon	0.3	(0.3)	(6.1)	(11.1)	(17.2)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2016[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	3,064.5	0.1	(40.6)	(33.3)	2,990.7
	Provision thereon	510.5	..	1,677.7	(33.3)	2,154.9
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)
	Amount outstanding	(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	..
	Amount outstanding	(25,634.2)	(3,039.4)	21,406.7	6,004.3	(1,262.6)
	Provision thereon	(614.6)	(823.0)	6,990.4	6,004.3	11,557.1
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2016					
	No. of borrowers	(75)	(1)	(7)	(22)	(105)
	Amount outstanding	(2,697.5)	(0.2)	(1,517.3)	(1,614.8)	(5,829.8)

` in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Provision thereon	(14.9)	..	(1,514.1)	(1,614.8)	(3,143.8)
8.	Restructured Accounts at March 31, 2016					
	No. of borrowers	391	739	49	120	1,299
	Amount outstanding	36,467.5	611.4	33,331.9	6,644.0	77,054.8
	Provision thereon	2,724.7	102.3	14,942.1	6,644.0	24,413.1

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 devolvement, 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.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2015					
	No. of borrowers	1,256	20	55	141	1,472
	Amount outstanding	119,460.4	3,652.5	51,328.5	2,768.5	177,209.9
	Provision thereon	9,287.1	925.5	24,564.2	2,768.5	37,545.3
2.	Fresh restructuring during the year ended March 31, 2016					
	No. of borrowers	9	..	..	..	9
	Amount outstanding	23,070.5	..	..	..	23,070.5
	Provision thereon	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)	..
	Amount outstanding	18.4	(1.6)	(6.9)	(11.1)	(1.2)
	Provision thereon	0.3	(0.3)	(6.1)	(11.1)	(17.2)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2016[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	6,402.1	0.1	4,663.1	(33.3)	11,030.2
	Provision thereon	336.4	..	9,851.5	(33.3)	10,154.6
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					

` in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	No. of borrowers	(1)	..	..	..	(1)
	Amount outstanding	(78.1)	..	..	..	(78.1)
	Provision thereon	..	..	..	..	..
6.	Downgradations of restructured accounts during the year ended March 31, 2016					
	No. of borrowers	(782)	725	38	14	..
	Amount outstanding	(53,002.2)	(3,039.4)	47,368.5	8,020.8	(652.3)
	Provision thereon	(3,406.4)	(823.0)	21,883.4	8,020.8	25,674.8
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2016					
	No. of borrowers	(76)	(1)	(14)	(24)	(115)
	Amount outstanding	(2,740.7)	(0.2)	(8,104.3)	(2,065.2)	(12,910.4)
	Provision thereon	(16.0)	..	(5,826.1)	(2,065.2)	(7,907.3)
8.	Restructured accounts at March 31, 2016					
	No. of borrowers	424	739	75	127	1,365
	Amount outstanding	93,130.4	611.4	95,248.9.1	8,679.8	197,670.5
	Provision thereon	7,402.7	102.3	50,466.9	8,679.8	66,651.7

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 devolvement, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.

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

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2014[1]					
	No. of borrowers	48	..	13	1	62
	Amount outstanding	88,618.9	..	5,224.2	21.1	93,864.2
	Provision thereon	9,258.8	..	3,802.6	21.1	13,082.5
2.	Fresh restructuring during the year ended March 31, 2015					
	No. of borrowers	19	..	1	..	20
	Amount outstanding	17,809.1	..	213.7	..	18,022.8

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
	Provision thereon	1,552.5	..	213.7	..	1,766.2
3.	Upgradations to restructured standard category during the year ended March 31, 2015					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2015[2]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	16,160.5	..	12.4	(1.9)	16,171.0
	Provision thereon	1,031.8	..	649.0	(1.9)	1,678.9
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	(2)	N.A.	N.A.	N.A.	(2)
	Amount outstanding	(2,750.2)	N.A.	N.A.	N.A.	(2,750.2)
	Provision thereon	(63.9)	N.A.	N.A.	N.A.	(63.9)
6.	Downgradations of restructured accounts during the year ended March 31, 2015					
	No. of borrowers	(12)	..	11	1	..
	Amount outstanding	(36,160.6)	..	35,175.3	416.4	(568.9)
	Provision thereon	(4,066.3)	..	13,583.7	416.4	9,933.8
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2015					
	No. of borrowers	(2)	..	(4)	..	(6)
	Amount outstanding	(2,941.2)	..	(2,787.1)	..	(5,728.3)
	Provision thereon	(67.9)	..	(1,479.0)	..	(1,546.9)
8.	Restructured accounts at March 31, 2015					
	No. of borrowers	51	..	21	2	74
	Amount outstanding	80,736.5	..	37,838.5	435.6	119,010.6
	Provision thereon	7,645.0	..	16,770.0	435.6	24,850.6

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 "CDR" 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 money pending allotment) as part of restructuring scheme, etc.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured accounts at April 1, 2014					
	No. of borrowers	1	..	1	..	2
	Amount outstanding	4.0	..	34.0	..	38.0
	Provision thereon	0.2	..	34.0	..	34.2
2.	Fresh restructuring during the year ended March 31, 2015					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the year ended March 31, 2015					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2015[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(4.0)	..	..	..	(4.0)
	Provision thereon	(0.2)	..	..	..	(0.2)
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	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2015					
	No. of borrowers	..	..	(1)	1	..
	Amount outstanding	..	..	(34.0)	34.0	..
	Provision thereon	..	..	(34.0)	34.0	..
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2015					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
8.	Restructured accounts at March 31, 2015					

` in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
	No. of borrowers	1	..	..	1	2
	Amount outstanding	0.0[2]	..	..	34.0	34.0
	Provision thereon	..	..	..	34.0	34.0

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 devolvement, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.
2. Insignificant amount.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured accounts at April 1, 2014[1]					
	No. of borrowers	807	8	188	13	1,016
	Amount outstanding	27,901.8	287.6	11,734.6	603.6	40,527.6
	Provision thereon	1,686.2	78.3	7,035.5	351.3	9,151.3
2.	Fresh restructuring during the year ended March 31, 2015					
	No. of borrowers	455	6	..	..	461
	Amount outstanding	17,523.4	762.6	..	..	18,286.0
	Provision thereon	1,072.2	114.4	..	..	1,186.6
3.	Upgradations to restructured standard category during the year ended March 31, 2015					
	No. of borrowers	17	..	(17)	..	..
	Amount outstanding	246.8	..	(257.2)	..	(10.4)
	Provision thereon	..	..	(168.8)	..	(168.8)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2015[2]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	2,205.0	..	23.1	(99.5)	2,128.6
	Provision thereon	(62.1)	..	1,443.5	152.8	1,534.2
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)

` in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
	Amount outstanding	(10.2)	N.A.	N.A.	N.A.	(10.2)
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2015					
	No. of borrowers	(34)	9	(103)	128	..
	Amount outstanding	(9,131.4)	2,604.1	4,780.4	1,795.6	48.7
	Provision thereon	(1,052.6)	733.0	790.4	1,795.6	2,266.4
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2015					
	No. of borrowers	(24)	(3)	(34)	(3)	(64)
	Amount outstanding	(11.5)	(1.8)	(2,790.9)	(0.8)	(2,805.0)
	Provision thereon	(1.6)	(0.2)	(1,306.4)	(0.8)	(1,309.0)
8.	Restructured Accounts at March 31, 2015					
	No. of borrowers	1,204	20	34	138	1,396
	Amount outstanding	38,723.9	3,652.5	13,490.0	2,298.9	58,165.3
	Provision thereon	1,642.1	925.5	7,794.2	2,298.9	12,660.7

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 "CDR" 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.

` in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured accounts at April 1, 2014					
	No. of borrowers	856	8	202	14	1,080
	Amount outstanding	116,524.7	287.6	16,992.8	624.7	134,429.8
	Provision thereon	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	474	6	1	..	481
	Amount outstanding	35,332.5	762.6	213.7	..	36,308.8
	Provision thereon	2,624.7	114.4	213.7	..	2,952.8

` in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
3.	Upgradations to restructured standard category during the year ended March 31, 2015					
	No. of borrowers	17	..	(17)	..	..
	Amount outstanding	246.8	..	(257.2)	..	(10.4)
	Provision thereon	..	..	(168.8)	..	(168.8)
4.	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2015[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	18,361.5	..	35.5	(101.4)	18,295.6
	Provision thereon	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	(19)	N.A.	N.A.	N.A.	(19)
	Amount outstanding	(2,760.4)	N.A.	N.A.	N.A.	(2,760.4)
	Provision thereon	(63.9)	N.A.	N.A.	N.A.	(63.9)
6.	Downgradations of restructured accounts during the year ended March 31, 2015					
	No. of borrowers	(46)	9	(93)	130	..
	Amount outstanding	(45,292.0)	2,604.1	39,921.7	2,246.0	(520.2)
	Provision thereon	(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	(26)	(3)	(38)	(3)	(70)
	Amount outstanding	(2,952.7)	(1.8)	(5,578.0)	(0.8)	(8,533.3)
	Provision thereon	(69.5)	(0.2)	(2,785.4)	(0.8)	(2,855.9)
8.	Restructured accounts at March 31, 2015					
	No. of borrowers	1,256	20	55	141	1,472
	Amount outstanding	119,460.4	3,652.5	51,328.5	2,768.5	177,209.9
	Provision thereon	9,287.1	925.5	24,564.2	2,768.5	37,545.3

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 devolvement, conversion of loans into equity (including application money pending allotment) as part of restructuring scheme, etc.

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

Concentration of deposits	At March 31, 2016	At March 31, 2015
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

Concentration of advances[1]	At March 31, 2016	At March 31, 2015
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

Concentration of exposures[1]	At March 31, 2016	At March 31, 2015
Total exposure to 20 largest borrowers/customers (including banks)	1,348,617.3	1,354,445.8

Concentration of exposures[1]	At March 31, 2016	At March 31, 2015
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

Concentration of NPAs	At March 31, 2016	At March 31 2015
Total exposure[1] to top four NPA accounts	108,418.9	62,016.3

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

(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
A.	Priority sector			
1.	Agriculture and allied activities	292,270.1	9,202.6	3.15%
2.	Advances to industries sector eligible as priority sector lending	149,124.4	4,900.5	3.29%
3.	Services	136,508.0	2,662.8	1.95%
	of which:			
	Transport operators	76,455.8	1,196.3	1.56%
	Wholesale Trade	17,211.9	447.6	2.60%
4.	Personal loans	359,514.1	4,271.8	1.19%
	of which:			
	Housing	241,865.6	2,311.0	0.96%
	Vehicle loans	106,321.8	1,739.4	1.64%
	Sub-total (A)	937,416.6	21,037.7	2.24%
B.	Non-priority sector			
1.	Agriculture and allied activities	..	..	..
2.	Advances to industries sector	1,639,731.6	168,177.6	10.26%
	of which:			
	Infrastructure	541,521.9	41,917.4	7.74%
	Basic metal and metal products	354,484.0	66,141.6	18.66%
3.	Services	872,035.5	62,393.3	7.15%
	of which:			
	Commercial real estate	268,848.6	5,568.0	2.07%
	Wholesale Trade	137,418.0	6,018.5	4.38%

Sr. no.	Sector	At March 31, 2016		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
4.	Personal loans[1] of which: Housing	1,052,641.9 745,402.6	10,603.8 4,157.4	1.01% 0.56%
	Sub-total (B)	3,564,409.0	241,174.7	6.77%
	Total (A+B)	4,501,825.6	262,212.4	5.82%

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
A.	Priority sector			
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: Transport operators Wholesale Trade	118,499.0 61,484.7 14,487.1	1,963.1 1,273.5 487.7	1.66% 2.07% 3.37%
4.	Personal loans of which: Housing Vehicle loans	301,750.1 217,485.4 78,868.5	3,818.1 2,571.4 967.2	1.27% 1.18% 1.23%
	Sub-total (A)	772,303.5	16,492.9	2.14%
B.	Non-priority sector			
1.	Agriculture and allied activities	..	..	..
2.	Advances to industries sector of which: Infrastructure Basic metal and metal products	1,532,182.6 492,067.9 311,448.4	73,115.3 17,174.3 11,462.2	4.77% 3.49% 3.68%
3.	Services of which: Commercial real estate Wholesale Trade	851,479.8 264,316.4 128,156.7	50,175.6 4,914.1 4,299.1	5.89% 1.86% 3.35%
4.	Personal loans[1] of which: Housing	833,654.3 575,848.8	11,163.1 3,488.5	1.34% 0.61%
	Sub-total (B)	3,217,316.7	134,454.0	4.18%

Sr. no.	Sector	At March 31, 2015		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
	Total (A+B)	3,989,620.3	150,946.9	3.78%

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

` in million

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Total assets[1]	1,188,387.1	1,203,814.7
Total NPAs (net)	38,937.5	8,516.8
Total revenue[1]	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[1,2]
A	Domestic[3]
	1. ICICI Strategic Investments Fund
	2. India Advantage Fund-III
	3. 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.

(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.

₹ in million

	Particulars	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.

` in million

	Capital Market Sector	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

	Capital Market Sector	At March 31, 2016	At March 31, 2015
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
	Total exposure to capital market[1]	171,054.5	182,780.7

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

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

` in million

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

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

Risk category	Exposure (net) at March 31, 2016	Provision held at March 31, 2016	Exposure (net) at March 31, 2015	Provision held at March 31, 2015
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	..	..	..	..

Risk category	Exposure (net) at March 31, 2016	Provision held at March 31, 2016	Exposure (net) at March 31, 2015	Provision held at March 31, 2015
High	..	..	..	..
Very High	..	..	..	..
Total	1,143,517.8	530.0	1,011,740.6	345.0

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.

` in million

Particulars	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)
Net block	3,061.7	2,705.9

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.
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

Sr. no.	Contingent liability	Brief Description
		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.

` in million

Sr. No.	Nature of income	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.

` in million

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Opening obligations	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)
Obligations at the end of year	14,191.6	12,999.9
Opening plan assets, at fair value	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)
Contributions	4,050.8	1,936.1

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Benefits paid	(134.7)	(164.9)
Closing plan assets, at fair value	13,191.6	10,103.4
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')	..	..
Asset/(liability)	(1,000.0)	(2,896.5)
Cost for the year[1]		
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'	..	..
Net cost	2,154.3	3,641.5
Actual return on plan assets	898.8	848.0
Expected employer's contribution next year	3,000.0	3,000.0
Investment details of plan assets		
Insurer managed funds[2]	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%
Assumptions		
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

` in million

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
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 tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for gratuity benefits.

` in million

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Opening obligations	6,754.6	5,818.5
Add: Adjustment for exchange fluctuation on opening obligations	4.4	3.1
Adjusted opening obligations	6,759.0	5,821.6
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)
Obligations at the end of the year	7,386.8	6,754.6
Opening plan assets, at fair value	6,570.7	5,729.9
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)
Closing plan assets, at fair value	6,933.0	6,570.7
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’)	..	..
Asset/(liability)	(453.7)	(183.9)
Cost for the year[1]		
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’	..	..
Net cost	1,140.8	544.5
Actual return on plan assets	156.9	1,032.6

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Expected employer's contribution next year	500.0	510.2
Investment details of plan assets		
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%
Assumptions		
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.

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.

` in million

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
Plan assets	6,933.0	6,570.7	5,729.9	5,530.5	5,027.4
Defined benefit obligations	7,386.7	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	120.1	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.

` in million

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Opening obligations	17,746.8	15,693.3
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)
Obligations at end of the year	19,920.6	17,746.8
Opening plan assets	17,746.8	15,689.8
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)
Closing plan assets	19,920.6	17,746.8
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	19,920.6	17,746.8
Asset/(liability)	..	..
Cost for the year[1]		
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)
Net cost	925.4	916.9
Actual return on plan assets	1,581.0	1,709.0
Expected employer's contribution next year	990.1	984.9
Investment details of plan assets		
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%
Assumption		
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%

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
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

` in million

Particulars	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.

` in million

Particulars	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)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Closing provision for reward points[1]	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.

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.

` 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[1]	72,156.7	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[2]	36,000.0	..
Other provisions and contingencies[3]	6,814.6	4,607.9
Total provisions and contingencies	141,372.5	85,445.5

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.

` in million

Particulars	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

Closing provision	6,146.6	3,978.0

1. Excludes provision towards sundry expenses.

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.

` in million

Particulars	Year ended 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.

₹ in million

Particulars	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.

` in million

Particulars	At March 31, 2016	At March 31, 2015
Deferred tax asset		
Provision for bad and doubtful debts	68,974.1	37,860.0
Capital loss	..	50.5
Foreign currency translation reserve[1]	5,877.5	..
Others	4,458.7	3,118.1
Total deferred tax asset	79,310.3	41,028.6
Deferred tax liability		
Special Reserve deduction	25,775.6	21,273.0
Mark-to-market gains[1]	610.1	..
Depreciation on fixed assets	5,224.3	5,270.7
Others	..	4.9
Total deferred tax liability	31,610.0	26,548.6
Total net deferred tax asset/(liability)	47,700.3	14,480.0

1. These items are considered in accordance with the requirements of Income Computation and Disclosure Standards.

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[1], 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[2] 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[1], 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[1], Ms. Vriddhi Mulye[1], Mr. Gauresh Palekar[1], Ms. Shalaka Gadekar[1], 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 (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[1] million (March 31, 2015: ₹ 0.3 million) and from relatives of key management personnel amounting to ₹ 0.0[1] 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).

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). 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[1] million (March 31, 2015: ` 0.0[1] 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[1] 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.

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.

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.

` in million

Items/Related party	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	7,725.6
Deposits of ICICI Bank	250.5	..	..	..	250.5
Call/term money lent	1,650.0	..	..	..	1,650.0
Call/term money borrowed	..	..	..	..	..
Reverse repurchase	..	..	..	..	..
Advances	6,749.4	0.4	54.7	7.9	6,812.4
Investments of ICICI Bank	110,282.0	2,914.3	..	..	113,196.3
Investments of related parties in ICICI Bank	250.0	..	7.2	0.0[1]	257.2
Receivables[2]	715.2	1.2	..	..	716.4
Payables[2]	297.5	676.7	..	..	974.2
Guarantees/ letter of credit/ indemnity given by the Bank	15,113.5	0.5	..	..	15,114.0
Guarantees/ letter of credit/ indemnity issued by related parties	1,852.6	..	..	..	1,852.6
Unfunded risk participation	..	..	..	..	..
Swaps/forward contracts (notional amount)	152,219.8	..	..	..	152,219.8
Employee stock options outstanding (Numbers)	..	..	29,811,500	..	29,811,500

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.

` in million

Items/Related party	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	14,239.7
Deposits of ICICI Bank	1,503.6	..	..	..	1,503.6
Call/term money lent	8,000.0	..	..	..	8,000.0
Call/term money borrowed	..	..	..	..	..
Reverse repurchase	..	..	..	..	..
Advances	13,375.4	0.9	55.3	15.0	13,429.7
Investments of ICICI Bank	118,324.3	3,656.9	..	..	121,981.3
Investments of related parties in ICICI Bank[1]	1,615.0	..	7.2	0.0[2]	1,620.8
Receivables	1,397.5	337.5	..	..	1,735.0
Payables[1]	4,458.5	793.2	..	..	5,251.7
Guarantees/ letter of credit/ indemnity given by the Bank	15,558.1	0.7	..	..	15,558.8
Guarantees/ letter of credit/ indemnity issued by related parties	3,481.6	..	..	..	3,481.6
Unfunded risk participation	587.3	..	..	..	587.3
Swaps/forward contracts (notional amount)	263,138.1	..	..	..	263,138.1

1. Maximum balances are determined based on comparison of the total outstanding balances at each quarter end during the financial year.
2. Insignificant amount.

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.

` in million

Items/Related party	Subsidiaries	Associates/ joint ventures/ other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	7,560.7	2,299.8	97.4	42.3	10,000.2
Deposits of ICICI Bank	443.3	..	..	..	443.3
Call/term money lent	..	..	..	..	..
Call/term money borrowed	..	..	..	..	..
Reverse repurchase	..	..	..	..	..
Advances	10,139.1	1.2	37.0	15.0	10,192.3
Investments of ICICI Bank	117,751.2	3,656.9	..	..	121,408.1
Investments of related parties in ICICI Bank	1,615.0	..	5.2	0.0[1]	1,620.2
Receivables[2]	1,128.1	69.5	..	..	1,197.6
Payables[2]	221.4	527.8	..	..	749.2
Guarantees/ letter of credit/ indemnity given by the Bank	14,296.4	0.0[1]	..	..	14,296.4
Guarantees/ letter of credit/ indemnity issued by related parties	3,481.6	..	..	..	3,481.6
Unfunded risk participation	312.5	..	..	..	312.5
Swaps/forward contracts (notional amount)	171,988.5	..	..	..	171,988.5
Employee stock options outstanding (Numbers)	..	..	19,255,000	..	19,255,000

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.

` in million

Items/Related party	Subsidiaries	Associates/ joint ventures/ other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	10,806.2	7,113.3	218.5	42.3	18,180.3
Deposits of ICICI Bank	3,511.8	..	..	..	3,511.8
Call/term money lent	10,409.7	..	..	..	10,409.7
Call/term money borrowed	631.8	..	..	..	631.8
Reverse repurchase	24,970.8	..	..	..	24,970.8
Advances	17,296.3	2.1	38.1	18.2	17,354.7
Investments of ICICI Bank	128,038.3	7,584.0	..	..	135,622.3
Investments of related parties in ICICI Bank[1]	1,615.0	..	5.2	0.0[2]	1,620.2
Receivables	3,240.4	91.4[1]	..	..	3,331.8
Payables[1]	221.4	527.8	..	..	749.2
Guarantees/ letter of credit/ indemnity given by the Bank	16,570.6	0.1	..	..	16,570.7
Guarantees/ letter of credit/ indemnity issued by related parties	3,837.6	..	..	..	3,837.6
Unfunded risk participation	312.5	..	..	..	312.5
Swaps/forward contracts (notional amount)	217,941.8	..	..	..	217,941.8

1. Maximum balances are determined based on comparison of the total outstanding balances at each quarter end during the financial year.
2. Insignificant amount.

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 Wholetime Directors (including the Managing Director & CEO) on predetermined parameters, recommendation to the Board of the remuneration (including performance bonus and perquisites) to Wholetime 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 Wholetime 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 Wholetime Directors and equivalent positions. Based on its assessment, it makes recommendations to the Board regarding compensation for Wholetime 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

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.

(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

₹ in million, except numbers

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
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[1]	201.7	172.6
Variable	..	65.0
Deferred	..	..
Non-deferred	..	65.0

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Share-linked instruments[2,3]	4,610,000	4,395,000
Total amount of outstanding deferred remuneration		
Cash	23.4	54.3
Shares (nos.)	..	..
Shares-linked instruments[4]	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.

` in million

Sr. No	Particulars	Year ended March 31, 2016			Year ended March 31, 2015		
		In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	..	..	..	..	..	..
(ii)	On purposes other than (i) above	1,070.5	644.9	1,715.3	1,144.6	410.7	1,555.3

The following table sets forth, for the periods indicated, the details of related party transactions pertaining to CSR related activities.

` in million

Sr. No.	Related Party	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
	Total	485.6	273.2

The following table sets forth, for the periods indicated, the details of movement of amounts yet to be paid for CSR related activities.

` in million

Particulars	At 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.

Total complaints	Year ended March 31, 2016	Year ended March 31, 2015
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	Year ended March 31, 2016	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

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

Venkataramanan Vishwanath
Partner

Place: Mumbai
Date: April 29, 2016

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

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

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