

# Pioneering Next Generation Banking...



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We live in a world in which each one of us is getting increasingly connected. New technologies are creating new opportunities for all of us - both in the physical and digital world. As recognised pioneers in adopting the latest technologies, we are constantly developing next gen products and applications. This enables us to match our customers' evolving behaviour by delivering convenience, thereby generating a whole new banking experience.

This year, we showcase four such developments that are tools for the future. These aim at enhancing customer convenience and giving our stakeholders more value.



Bank App on  
Facebook



Interactive  
Kiosk



iWEALTH  
App



Treasury  
360

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## PROMOTING INCLUSIVE GROWTH..... P1

## ENCLOSURES

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## REGISTERED OFFICE

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Fax : +91-265-6617341

## CORPORATE OFFICE

ICICI Bank Towers  
Bandra-Kurla Complex  
Mumbai 400 051  
Tel : +91-22-26531414  
Fax : +91-22-26531122

## STATUTORY AUDITORS

S. R. Batliboi & Co.  
Chartered Accountants  
Express Towers, 6th Floor  
Nariman Point  
Mumbai 400 021

## REGISTRAR AND TRANSFER AGENTS

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

## Message from the Chairman



**K.V. KAMATH** Chairman

As I write this annual message, there seems to be a sense of pessimism around the Indian economy. There are concerns about slowdown in investment, about inflation and oil prices and about corporate performance. Equity and currency markets are exhibiting high volatility, which is further impacting sentiment. But if one looks beyond the headlines and with a slightly longer time horizon – both past and future – one sees a rather different picture.

One sees an economy that over the last decade has achieved a step change in its growth rates, moving to a higher growth orbit. One sees an economy that bounced back from the worst global financial crisis in recent history to record over 8% growth for two consecutive years. One sees a country where per capita GDP has tripled in less than ten years. One sees a country where government debt

is almost entirely financed by domestic savings; where the fiscal outlook is not burdened by the prospect of a rapidly ageing population; and where there is sufficient growth momentum in the economy to support rising government revenues and deficit reduction over time. One sees a young country with a demographic dividend that will be reaped for many years to come. As I travel around the country, in big cities, small towns and rural areas, I see economic activity humming. I see new businesses, big and small; construction and infrastructure building; and growing prosperity, creating demand for goods and services of various kinds. I see entrepreneurship and innovation flowering everywhere, and that gives me great hope for the future.

Of course, there are and always will be challenges, from outside and within. Policies and strategies will need to change when course correction is required. The advantage we have is that we have strong underlying fundamentals to work with. These growth drivers need an overlay of an appropriate policy framework that removes friction in the economic ecosystem and helps all its parts to realise their full potential. This will evolve over time. But the momentum that has been created in the economy will ensure robust and sustained growth over the medium to long term.

Ten years ago, there would have been very few among us who would have believed that India could ever grow at 8%. We were still seeing our population as a drag rather than a source of momentum for growth. Indeed it was difficult then to build a picture of what India could be like after a decade, and perhaps that scepticism was justified. What is different now is that we now have the record of what we have achieved in the last ten years, and how our country has transformed. We

have demonstrated our resilience in challenging circumstances. That is what should give us the confidence to project what we will be ten years hence. Today, we have a solid foundation on which to base our aspirations. If we want to look at proxies and past experience, one need only look at China. Research has shown that on a whole range of indicators, two decades after we in India started our reforms process, we are where China was two decades after it commenced reforms. Indeed one could argue that India's growth model led by domestic consumption and investment, and its demographic dividend, will ensure a virtuous cycle of growth for an even longer period of time.

It is for this potential that organisations have to position themselves, while navigating short term challenges and volatility. This is the strategic approach at the ICICI Group. Over the last year, the executive team has balanced the objectives of growth, profitability and risk management in a commendable manner, further strengthening the balance sheet and the key drivers of profitability. This strategy has been executed across all businesses, while ensuring that capabilities continue to be built to participate in the growth opportunity that our country provides. The Board continues to focus on a sound governance framework that encourages this balance and supports long-term sustainable value creation.

A key aspect of our nation's growth agenda is to make growth more inclusive. While we have grown at a healthy pace and there has been significant upward migration of household incomes, we continue to have a large section of the population that is deprived of the ability to participate in this growth. We therefore need focused efforts to enhance access – to financial services, to healthcare, to education and to

skills that lead to employment. We also need to improve the quality of delivery by existing systems and institutions in each of these areas. Through the ICICI Foundation, we are committing not only financial resources but also intellectual capital and management resources to each of these areas, through programmes designed to maximise the impact of our efforts.

I am confident about our country's future and about the growth and profitability of the ICICI Group in the years ahead. The Group is strongly positioned in each of its businesses and focused on sustainable growth and profitability. We look forward to the years ahead with excitement and optimism.

With best wishes,



K.V. Kamath

## Letter from the Managing Director & CEO



**CHANDA KOCHHAR** Managing Director & CEO

Amidst a rapidly evolving global and domestic economic environment, we at ICICI Bank have continued to focus on the strategic path we outlined three years ago. We had articulated a clear vision of where we wanted to be, and a clear path towards getting there. Our goal was to rebalance our funding mix & grow our retail deposit base; substantially improve asset quality; and enhance our profitability. Through this, we sought to position ourselves to participate in the growth opportunities in the Indian economy and its global linkages. I am happy to say that we have executed this strategy with focus and diligence. Let me take this opportunity to share just a few highlights of the progress we have made over this three year journey.

- We have improved the share of low cost current and savings accounts in our deposit base from 28.7% at March 31, 2009 to 43.5%

at March 31, 2012. During fiscal 2012 also, we were able to maintain this momentum despite the tight systemic liquidity, high interest rates and the changing competitive landscape. In addition, we have significantly enhanced our retail term deposit franchise, substantially increasing the share of retail deposits in our total deposit base.

- Our net interest margin has improved from 2.43% in fiscal 2009 to 2.73% in fiscal 2012, through focused efforts on both the asset and liability sides of the balance sheet in our domestic and overseas businesses.
- We have reduced our net non-performing asset ratio from 2.19% at the peak to 0.62% at March 31, 2012. The improvement in asset quality is also evident in the reduction in the provision charge in our profit & loss account, which has declined from a peak of 2.29% of average loans in fiscal 2010 to 0.68% of average loans in fiscal 2012. Provisions declined by 31% in fiscal 2012 on a year-on-year basis.
- With the above improvements, we have grown our business. After a year of consolidation in fiscal 2010, we grew our balance sheet at a robust pace over the last two years. In fiscal 2012, our loans and advances grew by 17%.
- Our return on assets has improved from 0.98% in fiscal 2009 to 1.50% in fiscal 2012, demonstrating a fundamental positive shift in our profitability.
- ICICI Bank's return on equity improved from 7.7% in fiscal 2009 to 11.1% in fiscal 2012. On a consolidated basis, the return on equity improved at an even faster pace, from 7.8% to 13.0% over the same period, reflecting the robust performance of not only ICICI Bank but also our subsidiaries operating in various segments of the financial services sector.

Based on the above progress in our underlying funding profile, asset quality and profitability, we were able to achieve 26% growth in profit after tax at the standalone level and 25% at the consolidated level in fiscal 2012 – a year which saw significant changes in the operating and regulatory environment. This resilience, coupled with our strong capital position, has enabled us to increase the dividend to shareholders from ₹ 14 per share in fiscal 2011 to ₹ 16.50 per share in fiscal 2012.

However, the strength of a franchise is not only about the numbers the organisation achieves in a year – it is also about the foundation it is building for the future. And we have continued to make progress in this area as well. We have grown our branch network to over 2,750 branches and our ATM network to over 9,000 ATMs. We have leveraged technology to enhance customer convenience and customer experience across a range of channels including ATMs, mobile banking and internet banking. We have undertaken focused initiatives to improve the quality of service delivery to our customers, in line with our philosophy of “Khayaal Aapka” – keeping the customer’s needs as the focal point of our business. We continuously evaluate ourselves in this area and seek to keep enhancing the quality of customer experience.

Fiscal 2012 was a year which saw our subsidiaries contributing significantly to our profits. This is reflected in the robust growth in our consolidated profits, as well as healthy dividend streams from the subsidiaries to the parent Bank. A key strength of the ICICI Group franchise is its leadership position across various segments of financial services in India. We continue to strengthen this franchise. Our insurance and mutual fund businesses are focused on enhancing their market positioning and profitability. Our private equity business continues to pursue new fund raising while unlocking value from past investments. Our securities and primary dealership businesses are strengthening their core franchise to deliver

healthy returns amidst a rapidly evolving market environment. Our international subsidiaries are repositioning their businesses in the changed global environment, with a clear path towards improving their profitability over the medium term.

Even as we execute these strategies, we remain conscious of our role in nation building. This takes many forms – from the wide range of our business activities, like infrastructure financing and financial inclusion; to the focused efforts of the ICICI Foundation for Inclusive Growth in the areas of education, healthcare and sustainable livelihoods. ICICI Foundation’s initiatives in education include a six year programme to improve the quality of school education in Rajasthan, which seeks to benefit over seven million children. In the area of health, ICICI Foundation’s initiatives include a pilot project to provide insurance for outpatient treatment to the rural poor. Through such efforts, we carry forward our ethos of being an institution that supports the realisation of our country’s potential in a manner that takes the benefits of growth to every Indian.

Finally, I would like to say that we are optimistic about our country’s future and the potential for profitable growth in banking and financial services. There could be short-term challenges and cyclical upturns and downturns – but our economic fundamentals are strong and will support robust growth over the medium to long term. It is our endeavour at the ICICI Group to position ourselves to catalyse and participate in this growth, on the back of a strong and competitive franchise. We look forward to the continued support of all our stakeholders in this journey.

With best wishes,



Chanda Kochhar

## Board of Directors



**K. V. Kamath**  
*Chairman*



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



**Sridar Iyengar**



**Homi Khusrokhhan**



**Arvind Kumar**



**Swati Piramal**



**M. S. Ramachandran**



**Tushaar Shah**



**V. Sridar**



**N. S. Kannan**  
*Executive Director & CFO*



**K. Ramkumar**  
*Executive Director*



**Rajiv Sabharwal**  
*Executive Director*

## Presidents

Vijay Chandok

Zarin Daruwala

Pravir Vohra

## Senior General Managers

**Sandeep Batra**  
*Group Compliance Officer & Company Secretary*

**Kumar Ashish**

**Sanker Parameswaran**

**Sudhir Dole**

**Suresh Badami**

**Murali Ramakrishnan**

**Mukeshkumar Jain**

**Sanjay Chougule**

**Saurabh Singh**

**K.M. Jayarao**

**Dhamodaran S**

**G. Srinivas**

**Rakesh Jha**

**Ajay Gupta**

**Sriram H**

**Maninder Juneja**

**Sanjeev Mantri**

**T. K. Srirang**

**Shilpa Kumar**

**Suvek Nambiar**

**Rahul Vohra**

**Anita Pai**

**Ravi Narayanan**

**Girish Nayak**

## Board Committees

### Audit Committee

Sridar Iyengar, *Chairman*  
Homi Khusrokhhan, *Alternate Chairman*  
M. S. Ramachandran  
V. Sridar

### Board Governance, Remuneration & Nomination Committee

Sridar Iyengar, *Chairman*  
K. V. Kamath  
Homi Khusrokhhan

### Corporate Social Responsibility Committee

M. S. Ramachandran, *Chairman*  
Arvind Kumar  
Tushaar Shah  
Chanda Kochhar

### Credit Committee

K.V. Kamath, *Chairman*  
Homi Khusrokhhan  
M. S. Ramachandran  
Chanda Kochhar

### Customer Service Committee

K. V. Kamath, *Chairman*  
M. S. Ramachandran  
V. Sridar  
Chanda Kochhar

### Fraud Monitoring Committee

V. Sridar, *Chairman*  
K. V. Kamath  
Homi Khusrokhhan  
Arvind Kumar  
Chanda Kochhar  
Rajiv Sabharwal

### Information Technology Strategy Committee

Homi Khusrokhhan, *Chairman*  
K. V. Kamath  
Sridar Iyengar  
Chanda Kochhar

### Risk Committee

K. V. Kamath, *Chairman*  
Sridar Iyengar  
Arvind Kumar  
V. Sridar  
Chanda Kochhar

### Share Transfer & Shareholders' / Investors' Grievance Committee

Homi Khusrokhhan, *Chairman*  
V. Sridar  
N. S. Kannan

### Committee Of Executive Directors

Chanda Kochhar, *Chairperson*  
N. S. Kannan  
K. Ramkumar  
Rajiv Sabharwal



# Directors' Report

Your Directors have pleasure in presenting the Eighteenth Annual Report of ICICI Bank Limited along with the audited statement of accounts for the year ended March 31, 2012.

## FINANCIAL HIGHLIGHTS

The financial performance for fiscal 2012 is summarised in the following table:

₹ billion, except percentages	Fiscal 2011	Fiscal 2012	% change
Net interest income and other income	156.65	182.36	16.4%
Provisions & contingencies <sup>1</sup>	22.87	15.83	(30.8)%
Profit before tax	67.61	88.03	30.2%
Profit after tax	51.51	64.65	25.5%

1. Excludes provision for taxes.

₹ billion, except percentages	Fiscal 2011	Fiscal 2012	% change
Consolidated profit after tax	60.93	76.43	25.4%

## Appropriations

The profit after tax of the Bank for fiscal 2012 is ₹ 64.65 billion after provisions and contingencies of ₹ 15.83 billion, provision for taxes of ₹ 23.38 billion and all expenses. The disposable profit is ₹ 114.83 billion, taking into account the balance of ₹ 50.18 billion brought forward from the previous year. Your Directors have recommended a dividend at the rate of ₹ 16.50 per equity share of face value ₹ 10 for the year and have appropriated the disposable profit as follows:

₹ billion	Fiscal 2011	Fiscal 2012
To Statutory Reserve, making in all ₹ 89.92 billion <sup>1</sup>	12.88	16.17
To Special Reserve, created and maintained in terms of Section 36(1) (viii) of the Income Tax Act, 1961, making in all ₹ 38.19 billion	5.25	6.50
To Capital Reserve, making in all ₹ 21.84 billion	0.83	0.38
To/(from) Investment Reserve	(1.16)	—
To General Reserve, making in all ₹ 49.87 billion <sup>2</sup>	—	0.02
Dividend for the year (proposed)		
– On equity shares @ ₹ 16.50 per share (@ ₹ 14 per share for fiscal 2011) <sup>3</sup>	16.15	19.02
– On preference shares (₹)	35,000	35,000
– Corporate dividend tax	2.02	2.20
Leaving balance to be carried forward to the next year	50.18	70.54

1. Includes ₹ 2.00 billion at March 31, 2011 on account of amalgamation of erstwhile The Bank of Rajasthan Limited with ICICI Bank Limited.
2. Includes transfer to Reserve Fund and Investment Fund account ₹ 10.7 million for fiscal 2012 (₹ 0.4 million for fiscal 2011) in accordance with regulations applicable to Sri Lanka branch and transfer to General Reserve ₹ 3.2 million for fiscal 2012 (₹ 2.6 million for fiscal 2011).
3. Includes dividend for the prior year paid on shares issued after the balance sheet date and prior to the record date.



## Bank App on Facebook

Today's 'connected generation' spends significant time on social media, which has transformed society by allowing free-flowing exchange of ideas and connecting people as never before.

ICICI Bank is the first and only bank in India to have introduced a powerful new 'Bank App' on its official Facebook page. Hosted on secure ICICI Bank servers, the app allows customers to access their bank accounts without having to leave Facebook. They can complete tasks like viewing account details, mini statements, requesting for a cheque book, applying for a debit card and so on, within a familiar and frequently visited environment.