ICICI BANK LTD
Form 6-K
June 10, 2011

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of June, 2011

Commission File Number: 001-15002

ICICI Bank Limited
(Translation of registrant's name into English)

ICICI Bank Towers,
Bandra-Kurla Complex
Mumbai, India 400 051
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F X Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):
Yes No X

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):
Yes No X

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:
Yes No X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g 3-2(b): Not Applicable

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Item

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

For ICICI Bank Limited

Date: June 10, 2011	By:	/s/ Shanthi Venkatesan Name: Shanthi Venkatesan Title : Assistant General Manager

Innovative solutions to enhance customer experience

At ICICI Bank, we understand that consumers need access to smart and efficient solutions to manage their financial needs. By offering a bouquet of services, many of which are the first of their kind in the industry, we have changed the paradigm of banking in the country.

As a pioneer in the banking industry, we believe in leveraging technology to make banking more accessible and convenient to our customers. Through continuous innovations across banking touch points such as ATMs, Internet, Mobile and Call Centre, we have made financial transactions faster, simpler and more secure.

Our adoption of innovative technology is a manifestation of our philosophy of ‘Khayaal Aapka’. Offering convenience through technology-led solutions is a reinforcement of our commitment towards continuously improving and deepening our relationship with our customers.

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REGISTERED OFFICE
Landmark
Race Course Circle
Vadodara 390 007

CORPORATE OFFICE
ICICI Bank Towers
Bandra-Kurla Complex
Mumbai 400 051

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

K.V. KAMATH Chairman

Message from the Chairman

The year gone by has seen several developments in the economic landscape in India and globally. The United States has shown signs of recovery, and global financial markets have been relatively stable. At the same time, continuing concerns over the fiscal position of countries in Europe, events in the middle-east and north Africa, rising oil prices and emerging inflationary trends in many countries have emerged as challenges impacting the global growth outlook.

India continues to be well-placed to achieve robust economic growth, in a challenging environment. Investment in infrastructure, urban development & rejuvenation, the growth of the rural economy and financial inclusion will be the key factors that will shape India in the coming decade.

Investment in infrastructure will be a key driver of India's growth in the coming years. The Government of India is targeting infrastructure investment of USD 1 trillion between 2012 and 2017. This will cover the whole gamut of infrastructure that forms the backbone of an economy: power, communications, transport, water resources management and so on. An investment of this magnitude will have significant positive implications for the economy, in terms of improvement in productivity, demand for various input goods and services, job creation and income growth.

Economic growth and investment in infrastructure will drive urban development and urban rejuvenation. This will take many forms – modernisation and redevelopment of existing large cities; expansion and upgradation of existing second-tier cities that are emerging as important engines of growth; and the creation of new towns in corridors of infrastructure development and industrial investment. Growing urbanisation will spur demand for a range of services and sectors and improve standards of living.

Rural India has over the years emerged as an important driver of India's growth. The rural economy has become diversified, and rural India is now estimated to account for close to half the country's GDP. Thus, rural India contributes significantly to the industrial and services sectors, in addition to the agriculture sector. It also represents a large and fast-growing market for many goods and services. Government policies and schemes introduced over the last few years have enhanced the resilience of the rural economy. The growth in per capita incomes in rural India will lead to accelerated reduction in poverty and socio-economic inclusion, and have significant positive outcomes for the economy as a whole.

The engagement of a much larger section of our population in the economic mainstream through financial inclusion will be a key feature of our growth going forward. Developments in low-cost information and communications technology and the unique identity initiative have the potential to rapidly accelerate financial inclusion by reducing the costs of providing access to basic financial services, both in terms of initial enrolment and ongoing servicing. Banks are already working on business models to serve the un-banked segment through deployment of innovative solutions, and this will gain momentum in the coming years.

Investment in social infrastructure – healthcare and education & training – is key to realising the benefits of our demographic dividend and spreading the benefits of growth. Here too, a range of initiatives are being taken by both the government and the private sector. There is recognition that building capacity among the poor to lead healthy and productive lives through access to basic healthcare and relevant primary and vocational education is essential for long-term, sustainable growth. It is essential for Indian business to be competitive and maintain healthy growth; and it is essential to the larger national goal of inclusive growth and prosperity.

There will no doubt be challenges along the way. The most immediate issue that policymakers are concerned with is inflation. This is in some ways a global phenomenon that is accentuated in India by our high economic growth and consequent increase in demand. Various measures are being put in place to address this, including monetary measures to contain demand side pressures. The results of these will be witnessed over time.

The ICICI Group is a key player in India's economic landscape. The management has in place a well thought out strategy for each segment of the financial services sector, catering to the diverse needs of customers across the spectrum. This strategy is being executed within a sound governance framework that seeks to balance the interests of all stakeholders to ensure sustainable value creation.

Let me end by saying that India is a land of great opportunity. The rapid changes of the last decade are only a precursor to the much greater growth and prosperity that we can achieve in the coming years. The ICICI Group is well placed to benefit from these opportunities.

With best wishes,

K. V. Kamath

CHANDA KOCHHAR Managing
Director & CEO

Letter from
the Managing Director & CEO

Dear Stakeholders,

In 2009, we had clearly set out our strategic path for the next five years. The first stage of this strategy was to reposition the balance sheet for the next phase of growth. To this end, in fiscal 2010, we focused on rebalancing our asset and liability mix, improving cost efficiency and reducing credit costs, while maintaining a strong capital position. We had shared with our stakeholders last year, our success in these efforts. Based on this progress, we had articulated our move to the next stage of our strategy. Our strategy for fiscal 2011 was to resume growth by capitalising on the emerging opportunities in the Indian economy, while maintaining and enhancing the more efficient balance sheet structure that we achieved in fiscal 2010.

It gives me great pleasure to share with you that in fiscal 2011, we successfully executed this strategy, with robust growth in our loan portfolio; improved profitability; and continued focus on key operating parameters.

ICICI Bank's total advances grew by 19.4% in fiscal 2011. This was driven mainly by strong growth in domestic corporate advances, as well as in the lending to Indian companies from our international branches. The retail portfolio also stabilised and started growing in the second half of the year after several quarters of decline.

The net profit after tax for fiscal 2011 was Rs. 51.51 bn, representing a 28% increase over the previous year. The return on assets, or RoA, improved substantially to 1.34% in fiscal 2011 from 1.13% in the previous year.

The strong results achieved by the Bank are reflected in the higher level of proposed dividend of Rs. 14 per equity share compared to Rs. 12 per equity share in the previous year.

The above growth and profitability was achieved on the back of sustaining and enhancing the improvements achieved in key operating metrics. The proportion of current and savings account deposits in total deposits, which had already increased from 28.7% at March 31, 2009 to 41.7% at March 31, 2010, was further improved to 45.1% at March 31, 2011. The net non-performing asset ratio was reduced substantially from 1.87% at March 31, 2010 to 0.94% at March 31, 2011. The cost-to-asset ratio was contained at 1.7% despite the expansion in the branch network and increase in business volumes. The Bank's capital adequacy position continued to be very strong, with total capital adequacy of 19.5% and Tier-1 capital adequacy of 13.2%.

While executing our organic growth strategy, we continued to focus on opportunities to further strengthen our franchise and our platform for capitalising on the growth opportunities in the Indian economy. To this end, we undertook the major strategic initiative of the merger of Bank of Rajasthan with ICICI Bank during fiscal 2011. With this merger, we created a combined network of over 2,500 branches, substantially expanding our presence not only in Rajasthan but also in other major banking centres in the country. Following receipt of regulatory approvals for the merger in August 2010, we moved quickly to integrate the Bank of Rajasthan franchise with ICICI Bank. We have been able to achieve integration of human resources and various aspects of operations seamlessly in a short span of time. We believe this provides us a powerful platform for pursuing our objective of sustained profitable growth in the coming years.

The ICICI Group has a unique diversified financial services franchise in India, with leadership positions across many segments of financial services. Our non-banking businesses – insurance, securities, asset management and private equity - continue to build on their strong positions in their respective businesses and realign their strategies to the emerging market environment wherever required. In fiscal 2011, we achieved a 30.5% increase in the consolidated profit after tax, despite the impact of regulatory changes and volatility in financial markets on several businesses.

As the second-largest bank in India, we are also conscious of our larger role in the growth and development of the Indian economy. Our vision encompasses not only participating in all aspects of the Indian economy and its international linkages, but also catalysing India's growth. We are executing a focused financial inclusion plan-leveraging information & communications technology and the enabling regulatory framework to provide basic banking services to the unbanked. Through the ICICI Foundation for Inclusive Growth, we are seeking to improve the quality of school education and primary healthcare in a number of states, thereby playing our role in the strengthening of the soft infrastructure that is critical to long-term sustainable growth of our country. Through our specialised technology finance practice, we continue to support research & development in the area of clean technology and energy efficiency to mitigate climate change.

Looking ahead, we see strong fundamentals driving sustained high growth in India for several years to come. There would continue to be periodic challenges on account of global developments, volatility in capital flows, inflation and other factors. However, the underlying momentum of our demographic dividend and investment potential will support robust growth over the long-term. The ICICI Group therefore has a range of growth opportunities across its businesses and a strong platform to leverage these opportunities and create value for its stakeholders. We are committed to playing a proactive role in India's growth and also helping to achieve the national goal of social & economic inclusion of the less advantaged sections of our society.

We look forward to your continued support and goodwill as we move forward.

With best wishes,

Chanda Kochhar

Board of Directors

K. V. Kamath
Chairman

Sridar Iyengar
Homi Khusrokhan
Anup K. Pujari
M. S. Ramachandran
Tushaar Shah
V. Sridar
V. Prem Watsa

Chanda Kochhar
Managing Director & CEO

N. S. Kannan
Executive Director & CFO

K. Ramkumar
Executive Director

Rajiv Sabharwal
Executive Director

Senior Management

Vijay Chandok
President

Zarin Daruwala
President

Pravir Vohra
President

Senior
General Managers

Board
Committees

Audit Committee
Sridar Iyengar, Chairman
Homi Khusrokhan, Alternate Chairman
M. S. Ramachandran
V. Sridar

Board Governance, Remuneration &
Nomination Committee
Sridar Iyengar, Chairman
K. V. Kamath
Homi Khusrokhan
V. Prem Watsa

Corporate Social Responsibility Committee
M. S. Ramachandran, Chairman
Anup K. Pujari
Tushaar Shah
Chanda Kochhar

Credit Committee
K.V. Kamath, Chairman
Homi Khusrokhan
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 Khusrokhan
Anup K. Pujari
Chanda Kochhar
Rajiv Sabharwal

Risk Committee
K. V. Kamath, Chairman
Sridar Iyengar

Sandeep Batra
Group Compliance Officer
& Company Secretary
K M Jayarao
Rakesh Jha
Maninder Juneja
Shilpa Kumar
Pramod Rao

Kumar Ashish

Suresh Badami
Sanjay Chougule
Dhamodaran S
Sudhir Dole
Ajay Gupta
Mukeshkumar Jain
Sachin Khandelwal
Sanjeev Mantri

Sangeeta Mhatre

Suvek Nambiar
Girish Nayak
Anita Pai
Saurabh Singh
G Srinivas
T K Srirang
Rahul Vohra

Anup K. Pujari
V. Sridar
V. Prem Watsa
Chanda Kochhar

Share Transfer & Shareholders'/ Investors' Grievance Committee
Homi Khusrokhan, 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 Seventeenth Annual Report of ICICI Bank Limited with the audited statement of accounts for the year ended March 31, 2011.

FINANCIAL HIGHLIGHTS

The financial performance for fiscal 2011 is summarised in the following table:

Rs. billion, except percentages	Fiscal 2010	Fiscal 2011	% change
Net interest income and other income	155.92	156.65	0.5%
Provisions & contingencies1	43.87	22.87	(47.9)%
Profit before tax	53.45	67.61	26.5%
Profit after tax of the Bank	40.25	51.51	28.0%

1. Excludes provision for taxes.

Rs. billion, except percentages	Fiscal 2010	Fiscal 2011	% change
Consolidated profit after tax	46.70	60.93	30.5%

Appropriations

The profit after tax of the Bank for fiscal 2011 is Rs. 51.51 billion after provisions and contingencies (excluding provision for taxes) of Rs. 22.87 billion and all expenses. The disposable profit is Rs. 86.15 billion, taking into account the balance of Rs. 34.64 billion brought forward from the previous year. Your Directors have recommended a dividend at the rate of Rs. 14 per equity share of face value Rs. 10 for the year and have appropriated the disposable profit as follows:

Rs. billion	Fiscal 2010	Fiscal 2011
To Statutory Reserve, making in all Rs. 73.75 billion1	10.07	12.88
To Special Reserve created and maintained in terms of Section 36(1) (viii) of the Income-tax Act, 1961, making in all Rs. 31.69 billion	3.00	5.25
To Capital Reserve, making in all Rs. 21.46 billion	4.44	0.83
To/(from) Investment Reserve, making in all Nil	1.16	(1.16)
To General Reserve, making in all Rs. 49.80 billion	0.01	—
Dividend for the year (proposed)		
– On equity shares @ Rs. 14 per share (@ Rs. 12 per share for fiscal 2010)2	13.38	16.15
– On preference shares (Rs.)	35,000	35,000
– Corporate dividend tax	1.64	2.02
Leaving balance to be carried forward to the next year3	34.64	50.18

1. Includes Rs. 2.00 billion on amalgamation of The Bank of Rajasthan Limited with ICICI Bank Limited.
2. Includes dividend for the prior year paid on shares issued after the balance sheet date and prior to the record date.
3. After taking into account transfer to Reserve Fund Rs. 0.4 million for fiscal 2011, making in all Rs. 11.3 million.

Internet Banking

Our comprehensive Internet Banking service is designed to give our customers a convenient banking experience from the comfort of their homes or offices.

Our Internet Banking offering has evolved over time not only to enable basic online transactions but also to provide cutting edge features.

Innovative features, such as applying for a new account, opening a fixed deposit and the Money Manager, help our customers to manage almost all their financial needs online. Further, our Internet Banking service goes beyond fulfilling the routine banking needs of customers by enabling them to buy mutual funds, insurance, forex and gold online.

"Our strategy for fiscal 2011 was to pursue profitable growth on the back of an improved funding profile. Accordingly, we articulated the "5Cs" strategy for fiscal 2011 with sharp focus on Credit growth, CASA mobilisation, Cost optimisation, Credit quality improvement and Customer service. We have made substantial progress on all these parameters, resulting in an improvement in our Return on Assets (RoA) and Return on Equity (RoE). Going forward, our endeavour will be to further build on the growth momentum and to continue our focus on the 5Cs. We are committed to further expanding our RoA and improving the RoE for our shareholders."

N. S. KANNAN
Executive Director and
Chief Financial Officer

MERGER OF THE BANK OF RAJASTHAN LIMITED WITH ICICI BANK

The Bank of Rajasthan Limited (Bank of Rajasthan), a banking company incorporated within the meaning of Companies Act, 1956 and licensed by Reserve Bank of India (RBI) under the Banking Regulation Act, 1949 was amalgamated with ICICI Bank Limited (ICICI Bank/the Bank) with effect from close of business on August 12, 2010 in terms of the Scheme of Amalgamation (the Scheme) approved by RBI vide its order DBOD No. PSBD 2599/16.01.056/2010-11 dated August 12, 2010 under sub section (4) of section 44A of the Banking Regulation Act, 1949. The consideration for the amalgamation was 25 equity shares of ICICI Bank of the face value of Rs. 10 each fully paid-up for every 118 equity shares of Rs. 10 each of Bank of Rajasthan. Accordingly, ICICI Bank allotted 31,323,951 equity shares to the shareholders of Bank of Rajasthan on August 26, 2010 and 2,860,170 equity shares, which were earlier kept in abeyance pending civil appeal, on November 25, 2010.

SUBSIDIARY COMPANIES

At March 31, 2011, ICICI Bank had 17 subsidiaries as listed in the following table:

Domestic Subsidiaries	International Subsidiaries
ICICI Prudential Life Insurance Company Limited	ICICI Bank UK PLC

ICICI Lombard General Insurance Company Limited	ICICI Bank Canada
ICICI Prudential Asset Management	ICICI Bank Eurasia
Company Limited	Limited Liability Company
ICICI Prudential Trust Limited	ICICI Securities Holdings Inc.2
ICICI Securities Limited	ICICI Securities Inc.3
ICICI Securities Primary Dealership Limited	ICICI International Limited
ICICI Venture Funds Management	
Company Limited	
ICICI Home Finance Company Limited	
ICICI Investment Management	
Company Limited	
ICICI Trusteeship Services Limited	
ICICI Prudential Pension Funds	
Management Company Limited1	

1. Subsidiary of ICICI Prudential Life Insurance Company Limited.
2. Subsidiary of ICICI Securities Limited.
3. Subsidiary of ICICI Securities Holdings Inc.

The Ministry of Corporate Affairs (MCA) vide its Circular No.51/12/2007-CL-III dated February 8, 2011 has granted general exemption under Section 212(8) of the Companies Act, 1956 to companies from attaching the accounts of their subsidiaries in their annual reports subject to fulfillment of certain conditons prescribed. The Board of Directors of the Bank at its Meeting held on April 28, 2011 noted the provisions of the circular of MCA and passed the necessary resolution granting the requisite approvals for not attaching the balance sheet, profit & loss account, report of the board of directors and report of the auditors of each of the subsidiary companies to the accounts of the Bank for fiscal 2011. The

"During the last 18 months, we have invested in empowering our customer facing staff and in building a culture of ownership and service orientation. All ICICIans carry the conviction of making Khayaal Aapka come alive to our customers"

K. RAMKUMAR
Executive Director

Bank will make available these documents/details upon request by any Member of the Bank. These documents/details will be available on the Bank's website (www.icicibank.com) and will also be available for inspection by any Member of the Bank at its Registered Office and Corporate Office and also at the registered offices of the concerned subsidiaries. As required by Accounting Standard-21 (AS-21) issued by the Institute of Chartered Accountants of India, the Bank's consolidated financial statements included in this Annual Report incorporate the accounts of its subsidiaries and other consolidating entities. A summary of key financials of the Bank's subsidiaries is also included in this Annual Report.

DIRECTORS

The RBI vide its letter dated June 24, 2010 approved the appointment of Rajiv Sabharwal as an Executive Director of the Bank. The Members approved his appointment at the Sixteenth Annual General Meeting (AGM) held on June 28, 2010.

Narendra Murkumbi retired by rotation on June 28, 2010 at the last AGM and did not seek re-appointment. The valuable guidance and contribution made by Narendra Murkumbi was recognised by the Board.

Pursuant to the provisions of the Banking Regulation Act, 1949, M. K. Sharma retired from the Board effective January 31, 2011 on completion of eight years as a non-executive Director of the Bank. The Board placed on record its deep appreciation and gratitude for his guidance and contribution to the Bank.

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Bank, V. Prem Watsa, M. S. Ramachandran and K. Ramkumar would retire by rotation at the forthcoming AGM and are eligible for re-appointment. M. S. Ramachandran and K. Ramkumar have offered themselves for re-appointment. V. Prem Watsa has expressed his desire not to seek re-appointment as a Director as his maximum permissible tenure of eight years as a non-executive Director of the Bank would end on January 28, 2012. A Resolution is proposed to the Members in the Notice of the current AGM to this effect and also not to fill up the vacancy caused by the retirement of V. Prem Watsa at this meeting or any adjourned meeting thereof.

AUDITORS

The auditors, S.R. Batliboi & Co., Chartered Accountants, will retire at the ensuing AGM. As recommended by the Audit Committee, the Board has proposed the appointment of S.R. Batliboi & Co., Chartered Accountants as statutory auditors for fiscal 2012. Their appointment is subject to approval of RBI. You are requested to consider their appointment.

PERSONNEL

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report.

APPOINTMENT OF NOMINEE DIRECTORS ON THE BOARDS OF ASSISTED COMPANIES

Erstwhile ICICI Limited (ICICI) had a policy of appointing nominee directors on the boards of certain borrower companies based on loan covenants, with a view to enable monitoring of the operations of those companies. Subsequent to the merger of ICICI with ICICI Bank, the Bank continues to nominate directors on the boards of assisted companies. Apart from the Bank's employees, experienced professionals from various fields are appointed as nominee directors. At March 31, 2011, ICICI Bank had 19 nominee directors of whom 16 were employees of the Bank, on

Mobile Banking

Our innovations in Mobile Banking have transformed the mobile phone into a personal banking assistant for our customers. Be it simple SMS alerts, service requests using Instant Messaging or the iMobile application, our wide range of Mobile Banking services takes care of our customers' varied needs.

Today, customers can use their mobile phones not only to check account balances and transfer funds but also to apply for a loan. Our innovative Mobile Banking service takes convenience to a different level by enabling customers to buy flight and movie tickets and also shop for apparels, books and flowers.

ATM

The ICICI Bank ATM is much more than just a money-dispensing machine. Our state-of-the-art technology has led to redefining convenience for the customer. With newly introduced innovative features, our ATM is now equipped to take care of banking needs that go beyond basic cash withdrawal. Today our ATMs offer services such as opening fixed deposits, payment of credit card & utility bills, payment of insurance premium, mobile re-charges and 'Ultra Fast Cash' which facilitates withdrawal of Rs. 5,000 in a single click.

We have used technology to transform our vast network of ATMs to provide greater convenience & efficiency to our customers, thereby almost making them a network of mini branches.

"We will continue to focus on delivering the promise of Khayaal Aapka to our customers. Leveraging technology for greater customer convenience, and enhancing the service experience across all channels will be key elements of our strategy. As part of our value proposition, we will continue to offer appropriate credit products to our customers and thus sustain the momentum of growth in our loan portfolio. In addition to expanding and deepening our urban franchise, we will also increase our penetration in rural markets to enhance financial inclusion."

RAJIV SABHARWAL
Executive Director

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the boards of 34 assisted companies. The Bank has a Nominee Director Cell for maintaining records of nominee directorships.

RISK MANAGEMENT FRAMEWORK

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

The Risk Committee of the Board reviews risk management policies of the Bank in relation to various risks. The Risk Committee reviews various risk policies pertaining to credit, market, liquidity, operational and outsourcing risks, review of the Bank's stress testing framework and group risk management framework. The Committee reviews the risk profile of the Bank through periodic review of the key risk indicators and risk profile templates and annual review of the Internal Capital Adequacy Assessment Process. The Committee also reviews the risk profile of its overseas banking subsidiaries annually. The Risk Committee reviews the Bank's compliance with risk management guidelines stipulated by the Reserve Bank of India and of the status of implementation of the advanced approaches under the Basel framework. The Risk Committee also reviews the stress-testing framework as part of the Internal Capital Adequacy Assessment Process (ICAAP). The stress testing frame work included a wide range of Bank-specific and market (systemic) scenarios. Linkage of macroeconomic factors to stress test scenarios was documented as a part of ICAAP. The ICAAP exercise covers the domestic and overseas operations of the Bank, the banking subsidiaries and the material non-banking subsidiaries. The Risk Committee also reviews the Liquidity Contingency Plan (LCP) for the Bank and the threshold limits.

Apart from sanctioning credit proposals, the Credit Committee of the Board reviews developments in key industrial sectors and the Bank's exposure to these sectors as well as to large borrower accounts. The Credit Committee also reviews the non-performing loans, accounts under watch, overdues and incremental sanctions.

The Audit Committee of the Board provides direction to and also monitors the quality of the internal audit function and also monitors compliance with inspection and audit reports of RBI and statutory auditors.

The Asset Liability Management Committee is responsible for managing liquidity and interest rate risk and reviewing the asset-liability position of the Bank.

A summary of reviews conducted by these committees are reported to the Board on a regular basis.

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

The Bank has dedicated groups namely the Risk Management Group (RMG), Compliance Group, Corporate Legal Group, Internal Audit Group and the Financial Crime Prevention and Reputation Risk Management Group (FCPRRMG), with a mandate to identify, assess and monitor all of the Bank's principal risks in accordance with well-defined policies and procedures. RMG is further organised into Credit Risk Management Group, Market Risk Management Group and Operational Risk

Management Group. These groups are completely independent of all business operations and coordinate with representatives of the business units to implement ICICI Bank's risk management policies and methodologies. The internal audit and compliance groups are responsible to the Audit Committee of the Board.

CORPORATE GOVERNANCE

The corporate governance framework in ICICI Bank is based on an effective independent Board, the separation of the Board's supervisory role from the executive management and the constitution of Board Committees, generally comprising a majority of independent/non-executive Directors and chaired by independent/non-executive Directors, to oversee critical areas.

I. Philosophy of Corporate Governance

ICICI Bank's corporate governance philosophy encompasses not only regulatory and legal requirements, such as the terms of listing agreements with stock exchanges, but also several voluntary practices aimed at a high level of business ethics, effective supervision and enhancement of value for all stakeholders. The corporate governance framework adopted by the Bank already encompasses a significant portion of the recommendations contained in the 'Corporate Governance Voluntary Guidelines 2009' issued by the Ministry of Corporate Affairs, Government of India.

Whistle Blower Policy
ICICI Bank has formulated a Whistle Blower Policy. In terms of this policy, employees of ICICI Bank and its group companies are free to raise issues, if any, on breach of any law, statute or regulation by the Bank and on the accounting policies and procedures adopted for any area or item and report them to the Audit Committee through specified channels. This mechanism has been communicated and posted on the Bank's intranet.

ICICI Bank Code of Conduct for Prevention of Insider Trading
In accordance with the requirements of the Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 1992, ICICI Bank has instituted a comprehensive code of conduct for prevention of insider trading.

Group Code of Business Conduct and Ethics
The Board of Directors has approved a Group Code of Business Conduct and Ethics for Directors and employees of the ICICI Group. The Code aims at ensuring consistent standards of conduct and ethical business practices across the constituents of the ICICI Group. This Code is also available on the website of the Bank (www.icicibank.com). Pursuant to Clause 49 of the Listing Agreement, a confirmation from the Managing Director & CEO regarding compliance with the Code by all the Directors and senior management is given on page 32 of the Annual Report.

CEO/CFO Certification
In terms of Clause 49 of the Listing Agreement, the certification by the Managing Director & CEO and Executive Director & Chief Financial Officer on the financial statements and internal controls relating to financial reporting has been obtained.

Board of Directors

ICICI Bank has a broad-based Board of Directors, constituted in compliance with the Banking Regulation Act, 1949, the Companies Act, 1956 and listing agreements entered into with stock exchanges, and in accordance with good corporate governance practices. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The Board has constituted nine committees, namely, Audit Committee, Board Governance, Phone Banking

At ICICI Bank we have created one of Asia's largest in-house Phone Banking services that is available to our customers at any time of the day.

To take convenience to a new level, we have harnessed technology to offer evolved services, which not only enable our customers to register banking queries efficiently but also carry out transactions. Customers can now pay their utility and credit card bills through our Interactive Voice Response system. What's more, our Phone Banking service is available in various regional languages, enables instantaneous password generation for Internet Banking and even has an 'auto-dialer' facility through which our customers can request for a call back.

Directors' Report

Remuneration & Nomination Committee, Corporate Social Responsibility Committee, Credit Committee, Customer Service Committee, Fraud Monitoring Committee, Risk Committee, Share Transfer & Shareholders'/ Investors' Grievance Committee and Committee of Executive Directors. These Board Committees other than the Committee of Executive Directors mainly consist of independent/non-executive Directors and most of the Committees are chaired by independent/non-executive Directors.

At March 31, 2011, the Board of Directors consisted of 12 members. There were nine Meetings of the Board during fiscal 2011 - on April 24, April 30, May 18, May 23, June 28, July 31 and October 29 in 2010 and January 24 and February 17-18 in 2011. The names of the Directors, their attendance at Board Meetings during the year, attendance at last AGM and the number of other directorships and Board Committee memberships held by them at March 31, 2011 are set out in the following table:

			Number of other directorships		
Name of Director	Board Meetings attended during the year	Attendance at last AGM (June 28, 2010)	Of Indian companies1	Of other companies2	Number of other committee3 memberships
Non-Executive Director					
K. V. Kamath	9	Present	3	1	1
Independent Directors					
Sridar Iyengar	7	Present	7	5	5(2)
Homi Khusrokhan	9	Present	4	4	4(1)
L. N. Mittal (upto May 2, 2010)	—	N.A.	N.A.	N.A.	N.A.
Narendra Murkumbi (upto June 28, 2010)	3	Absent	N.A.	N.A.	N.A.
Anupam Puri (upto May 2, 2010)	1	N.A.	N.A.	N.A.	N.A.
Anup K. Pujari(a) (b)	2	Present	—	—	—
M. S. Ramachandran(b)	6	Present	4	1	2
Tushaar Shah(b) (w.e.f May 03, 2010)	5	Present	—	—	—
M. K. Sharma (upto January 30, 2011)	8	Present	N.A.	N.A.	N.A.
V. Sridar	8	Present	8	3	8(4)
Marti G. Subrahmanyam(b) (upto May 2, 2010)	1	N.A.	N.A.	N.A.	N.A.
V. Prem Watsa	1	Absent	—	14	—
Wholetime Directors					
Chanda Kochhar	9	Present	4	4	—
N.S. Kannan	9	Present	4	2	1
K. Ramkumar	9	Present	2	—	1
Rajiv Sabharwal (w.e.f June 24, 2010)	5	Present	3	—	1

Sandeep Bakhshi (upto July 31, 2010)	6	Present	N.A.	N.A.	N.A.
Sonjoy Chatterjee (upto April 29, 2010)	—	N.A.	N.A.	N.A.	N.A.

(a) Nominee of Government of India.

(b) Also participated in one Meeting through tele-conference.

1. Comprises companies as per the provisions of Section 278 of the Companies Act, 1956.
2. Comprises foreign companies and other companies that are excluded as per the provisions of Section 278 of the Companies Act, 1956 but excludes foreign companies not for profit.
3. Comprises only Audit Committee and Share Transfer & Shareholders'/Investors' Grievance Committee of all public limited companies whether listed or not but excludes committees of private limited companies, foreign companies and companies incorporated under Section 25 of the Companies Act, 1956. Figures in parentheses indicate Committee Chairpersonships.

No Director of the Bank was a member of more than 10 committees or acted as Chairperson of more than five committees across all companies in which he/she was a Director.

II. Audit Committee

Terms of Reference

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

Composition

The Audit Committee currently comprises four independent Directors and is chaired by Sridar Iyengar. There were seven Meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Name of Member	Number of meetings attended
Sridar Iyengar, Chairman	7
M.K. Sharma, Alternate Chairman (upto January 30, 2011)	6
Homi Khusrokhan, Alternate Chairman (Member w.e.f. April 24, 2010 and Alternate Chairman w.e.f. January 31, 2011)	6
Narendra Murkumbi (upto April 24, 2010)	1
M.S. Ramachandran (w.e.f. January 31, 2011)	N.A.
V. Sridar	7

Directors' Report

III. Board Governance, Remuneration & Nomination Committee

Terms of Reference

The functions of the Committee include recommendation of appointments to the Board, evaluation of the performance of the Managing Director & CEO and wholetime Directors 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, framing of guidelines for the Employees Stock Option Scheme and recommendation of grant of ICICI Bank stock options to the employees and wholetime Directors of ICICI Bank and its subsidiary companies.

Composition

The Board Governance, Remuneration & Nomination Committee currently comprises three non-executive Directors and is chaired by Sridar Iyengar, an independent Director. There were seven Meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Name of Member	Number of meetings attended
M. K. Sharma, Chairman (upto January 30, 2011)	6
Sridar Iyengar, Chairman1 (Member w.e.f April 24, 2010 and Chairman w.e.f. January 31, 2011)	4
K. V. Kamath	7
Anupam Puri (upto April 24, 2010)	1
Marti G. Subrahmanyam (upto April 24 , 2010)	1
V. Prem Watsa2 (w.e.f. April 24, 2010)	1

1. Also participated in two Meetings through tele-conference.
2. Also participated in one Meeting through tele-conference.

Remuneration policy

The Board Governance, Remuneration & Nomination Committee determines and recommends to the Board the amount of remuneration, including performance bonus and perquisites, payable to the wholetime Directors. The recommendations of the Committee are based on evaluation of the wholetime Directors on certain parameters.

The following table sets out the details of remuneration (including perquisites and retiral benefits) paid to wholetime Directors for fiscal 2011 and details of stock options granted for the three years ended March 31, 2011:

	Details of Remuneration (Rs.)					
	Chanda Kochhar	N.S. Kannan	K. Ramkumar	Rajiv Sabharwal1	Sandeep Bakhshi2	Sonjoy Chatterjee3
Basic	11,520,000	7,620,000	7,620,000	6,533,233	2,980,000	613,833
Performance bonus for fiscal	8,286,336	5,481,066	5,481,066	4,978,520	2,143,514	—

20114

Allowances and perquisites5	8,000,493	5,566,772	6,100,268	4,753,586	1,956,399	1,818,915
Contribution to provident fund	1,382,400	914,400	914,400	783,988	357,600	73,660
Contribution to superannuation fund	1,728,000	—	1,143,000	—	447,000	—

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	Details of Remuneration (Rs.)					
	Chanda Kochhar	N.S. Kannan	K. Ramkumar	Rajiv Sabharwal1	Sandeep Bakhshi2	Sonjoy Chatterjee3
Contribution to gratuity fund	959,616	634,746	634,746	544,218	248,234	51,132
Stock options (Numbers)						
Fiscal 20114	210,000	105,000	105,000	105,000	—	—
Fiscal 20106	210,000	105,000	105,000	100,000	115,000	—
Fiscal 2009	—	—	—	—	—	—

1. Appointed as wholetime Director effective June 24, 2010. The remuneration for the year includes the remuneration paid prior to the appointment as wholetime Director. The performance bonus for the year includes the bonus amount applicable to Rajiv Sabharwal during his designation as Senior General Manager prior to his appointment as wholetime Director.
2. Remuneration paid upto July 31, 2010. Performance bonus applicable for the part of year during his tenure as Deputy Managing Director.
3. Remuneration paid till April 29, 2010.
4. Subject to RBI approval.
5. Allowances and perquisites exclude valuation of the employee stock options exercised during fiscal 2011 as it does not constitute remuneration for the purposes of Companies Act, 1956. However tax has been paid in accordance with the provisions of the Income Tax Act.
6. Excludes special grant of stock options approved by RBI on January 17, 2011 aggregating to 250,000 for Chanda Kochhar and 150,000 each for N. S. Kannan, K. Ramkumar, Rajiv Sabharwal and Sandeep Bakhshi.

Perquisites (evaluated as per Income-tax rules wherever applicable and otherwise at actual cost to the Bank) such as the benefit of the Bank's furnished accommodation, gas, electricity, water and furnishings, club fees, group insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof; medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund and gratuity, were provided in accordance with the scheme(s) and rule(s) applicable from time to time. The Board at its meeting held on April 28, 2011 decided to revise and merge the present cash allowances consisting of leave travel allowance, house rent allowance and medical reimbursement under one head namely supplementary allowance for wholetime Directors. Consequently, the Managing Director & CEO, Chanda Kochhar shall be paid supplementary allowance of Rs. 700,000 per month, N. S. Kannan, Executive Director & CFO and K. Ramkumar, Executive Director shall each be paid a supplementary allowance of Rs. 480,000 per month and Rajiv Sabharwal, Executive Director shall be paid a supplementary allowance of Rs. 465,000 per month effective April 1, 2011, subject to approval of RBI and Members. Approval of Members for the same is being sought at the current AGM.

As provided under Article 132 of the Articles of Association of the Bank, the fees payable to a Director (other than to the nominee of Government of India) for attending a Meeting of the Board or Committee thereof are decided by the Board of Directors from time to time within the limits prescribed by the Companies Act, 1956 or the Central Government. The Board of Directors has approved the payment of Rs. 20,000 as sitting fees for each Meeting of Board or Committee attended. This amount is within the limits prescribed by the Ministry of Corporate Affairs vide its Notification dated July 24, 2003. Approval of the Members for payment of sitting fees to the Directors was obtained at the AGM held on August 20, 2005. The Board of Directors has approved payment of remuneration of Rs. 2,000,000 per annum to K. V. Kamath plus payment of sitting fees, maintaining a Chairman's office at the Bank's expense, bearing expenses for travel on official visits and participation in various forums (both in India and abroad) as Chairman of the Bank and bearing travel/halting/ other expenses and allowances for attending to his duties as Chairman of the Bank. The Members of the Company vide Resolution passed by way of postal ballot the result of which was declared on February 13, 2009 had approved the above payment of remuneration. RBI and the Central Government have vide their letters dated March 12, 2009 and January 8, 2010 respectively approved the payment of above remuneration.

Directors' Report

Information on the total sitting fees paid to each non-wholetime Director during fiscal 2011 for attending Meetings of the Board and its Committees is set out in the following table:

Name of Director	Amount (Rs.)
K. V. Kamath	1,060,000
Sridar Iyengar	460,000
Homi Khusrokhan	460,000
L. N. Mittal	-
Narendra Murkumbi	140,000
Anupam Puri	40,000
M. S. Ramachandran	640,000
Tushaar Shah	140,000
M. K. Sharma	1,060,000
V. Sridar	480,000
Marti G. Subrahmanyam	60,000
V. Prem Watsa	60,000
Total	4,600,000

The details of shares and convertible instruments of the Bank, held by the non-wholetime Directors as on March 31, 2011 are set out in the following table:

Name of Director	Instrument	No. of shares held
K. V. Kamath	Equity	490,000
Sridar Iyengar	—	—
Homi Khusrokhan	Equity	5001
Anup K. Pujari	—	—
M. S. Ramachandran	Equity	500
Tushaar Shah	—	—
V. Sridar	—	—
V. Prem Watsa	—	—

1. 500 shares held jointly with relatives.

IV. Corporate Social Responsibility Committee

Terms of reference

The Board of Directors at its Meeting held on October 30, 2009 constituted the Corporate Social Responsibility Committee. The Committee is empowered to review the corporate social responsibility initiatives undertaken by the ICICI Group and the ICICI Foundation for Inclusive Growth, make recommendations to the Board with respect to the corporate social responsibility initiatives, policies and practices of the ICICI Group and to review and implement, if required, any other matter related to corporate social responsibility initiatives as recommended/suggested by RBI or any other body.

Composition

The Corporate Social Responsibility Committee currently comprises four Directors including three independent Directors and the Managing Director & CEO. The Committee is chaired by M. S. Ramachandran. Two Meetings of the Committee were held during fiscal 2011. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

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Name of Member	Number of meetings attended
M. K. Sharma, Chairman (upto January 30, 2011)	2
M. S. Ramachandran, Chairman (Chairman w.e.f. January 31, 2011)	N.A.
Anup K. Pujari	Nil
Tushaar Shah (w.e.f. July 31, 2010)	2
Chanda Kochhar	2

V. Credit Committee

Terms of reference

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

Composition

The Credit Committee currently comprises four Directors including three non- executive Directors and the Managing Director & CEO. The Committee is chaired by K. V. Kamath. There were twenty-one Meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Name of Member	Number of meetings attended
K. V. Kamath, Chairman	20
Homi Khusrokhan (w.e.f. January 31, 2011)	3
Narendra Murkumbi (upto April 24, 2010)	3
M.S. Ramachandran	20
M. K. Sharma (upto January 30, 2011)	18
Chanda Kochhar	21

VI. Customer Service Committee

Terms of reference

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

Composition

The Customer Service Committee currently comprises four Directors including three non-executive Directors and the Managing Director & CEO. It is chaired by K. V. Kamath. There were six Meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Name of Member	Number of meetings attended
K. V. Kamath, Chairman	6
Narendra Murkumbi (upto June 28, 2010)	Nil
Anup K. Pujari (upto July 31, 2010)	Nil
M. S. Ramachandran	6

M.K. Sharma (upto January 30, 2011)	4
V. Sridar (w.e.f. January 31, 2011)	1
Chanda Kochhar	5

Directors' Report

VII. Fraud Monitoring Committee

Terms of reference

The Committee monitors and reviews all frauds involving an amount of Rs. 10.0 million and above so as to identify the systemic lacunae, if any, that may have facilitated perpetration of the fraud and put in place measures to rectify the same, identify the reasons for delay in detection, if any, report to top management of the Bank and RBI, monitor progress of investigation, and recovery position, ensure 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 and review of 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.

Composition

The Fraud Monitoring Committee currently comprises six Directors, including four non- executive Directors. The Committee is chaired by V. Sridar. There were six Meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Name of Member	Number of meetings attended
M.K. Sharma, Chairman (upto January 30, 2011)	4
V. Sridar, Chairman (Chairman w.e.f. January 31, 2011)	4
K. V. Kamath	6
Homi Khusrokhan (w.e.f. January 31, 2011)	1
Anup K. Pujari (w.e.f. July 31, 2010)	Nil
Chanda Kochhar	6
Sandeep Bakhshi (upto July 31, 2010)	2
Rajiv Sabharwal (w.e.f. July 31, 2010)	4

VIII. Risk Committee

Terms of reference

The Committee is empowered to review ICICI Bank's risk management policies in relation to various risks (credit, market, liquidity, operational and reputation risks), investment policies and strategy and regulatory and compliance issues in relation thereto. The Committee is also empowered to review risk return profile of the Bank, capital adequacy based on risk profile of the Bank's balance sheet, Basel-II implementation, business continuity plan and disaster recovery plan, key risk indicators and significant risk exposures and implementation of enterprise risk management.

Composition

The Risk Committee currently comprises six Directors including five non-executive Directors and the Managing Director & CEO. It is chaired by K. V. Kamath. There were five Meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Name of Member	Number of meetings attended
K. V. Kamath, Chairman	5
Sridar Iyengar	5
Anup K. Pujari	2
Marti G. Subrahmanyam (upto April 24, 2010)	1
V. Sridar (w.e.f. April 24, 2010)	4
V. Prem Watsa	1
Chanda Kochhar	5

IX. Share Transfer & Shareholders'/Investors' Grievance Committee

Terms of reference

The functions and powers of the Committee include approval and rejection of transfer or transmission of equity shares, preference shares, bonds, debentures and securities, issue of duplicate certificates, allotment of shares and securities issued from time to time, including those under stock options, review and redressal of shareholders' and investors' complaints, delegation of authority for opening and operation of bank accounts for payment of interest, dividend and redemption of securities and the listing of securities on stock exchanges.

Composition

The Share Transfer & Shareholders'/Investors' Grievance Committee is chaired by Homi Khusrokhan. The Committee currently comprises three Directors including two independent Directors. There were five Meetings of the Committee during the year. The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Name of Member	Number of meetings attended
M.K.Sharma, Chairman (upto January 30, 2011)	5
Homi Khusrokhan, Chairman (Member w.e.f. April 24, 2010 and Chairman w.e.f. January 31, 2011)	4
Narendra Murukumbi (upto April 24, 2010)	Nil
V. Sridar (w.e.f. January 31, 2011)	Nil
N. S. Kannan	5

Sandeep Batra, Senior General Manager is the Group Compliance Officer & Company Secretary. 111 shareholder complaints received in fiscal 2011 were processed. At March 31, 2011, no complaints were pending.

X. Committee of Executive Directors

Terms of reference

The powers of the Committee include approval/renewal of credit proposals, restructuring and settlement as per the authorisation approved by the Board, approval of detailed credit norms related to individual business groups, approvals to facilitate introduction of new products and product variants, programme lending within each business segment and asset or liability category, including permissible deviations. The Committee also approves and reviews from time to time limits on exposure to any group or individual company as well as approves underwriting assistance to equity or equity linked issues and subscription to equity shares or equity linked products or preference shares. The Committee also exercises powers in relation to borrowing and treasury operations as approved by the Board, empowers officials of the Bank or its Group Companies through execution of Power of Attorney, if required under the Common Seal of the Bank and further exercises powers in relation to premises and property related matters.

Composition

The Committee of Executive Directors currently comprises all four whole time Directors and is chaired by Chanda Kochhar, Managing Director & CEO. The other Members are N. S. Kannan, K. Ramkumar and Rajiv Sabharwal.

XI. Other Committees

In addition to the above, the Board has from time to time constituted various committees namely, Asset-Liability Management Committee, Committee for Identification of Wilful Defaulters, Grievance Redressal

Directors' Report

Committee for borrowers identified as Wilful Defaulters, Committee of Senior Management (comprising certain wholetime Directors and executives) and Committee of Executives, Compliance Committee, Product & Process Approval Committee, Regional Committees for India and overseas operations, Outsourcing Committee, Operational Risk Management Committee and other Committees (all comprising executives). These committees are responsible for specific operational areas like asset-liability management, approval of credit proposals, approval of products and processes and management of operational risk, under authorisation/supervision of the Board and its Committees.

XII. General Body Meetings

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

General Body Meeting	Day, Date	Time	Venue
Fourteenth AGM	Saturday, July 26, 2008	2.00 p.m.	Professor Chandravadan Mehta Auditorium, General Education Centre, Opposite D. N. Hall Ground, The Maharaja Sayajirao University, Pratapgunj, Vadodara 390 002.
Fifteenth AGM	Monday, June 29, 2009	1.30 p.m.	
Extra-ordinary General Meeting	Monday, June 21, 2010	1.30 p.m.	
Sixteenth AGM	Monday, June 28, 2010	1.30 p.m.	

The details of the Resolution passed under Section 44A of the Banking Regulation Act, 1949 and Reserve Bank of India's guidelines for merger/amalgamation of private sector banks dated May 11, 2005 are given below.

General Body Meeting	Day, Date	Resolution
Extra-ordinary General Meeting	Monday, June 21, 2010	Merger of The Bank of Rajasthan Limited with ICICI Bank Limited (passed by requisite majority as provided under Section 44A of the Banking Regulation Act, 1949)

Postal Ballot

At present, no special resolution is proposed to be passed through postal ballot. No resolution was passed through postal ballot during fiscal 2011.

XIII. Disclosures

1. There are no materially significant transactions with related parties i.e., directors, management, subsidiaries, or relatives conflicting with the Bank's interests. The Bank has no promoter.

2. Penalties or strictures imposed on the Bank by any of the stock exchanges, the Securities & Exchange Board of India (SEBI) or any other statutory authority, for any non-compliance on any matter relating to capital markets, during the last three years are detailed below:

   No penalties or strictures have been imposed on the Bank by any of the stock exchanges or SEBI for any non-compliance on any matter relating to capital markets during the last three years.

   RBI, vide letter dated April 26, 2011, has imposed a penalty of Rs. 1.5 million on the Bank along with 18 other banks for violation of the guidelines on derivatives and extant instructions thereunder.

3. In terms of the Whistle Blower Policy of the Bank, no employee of the Bank has been denied access to the Audit Committee.

XIV. Means of Communication

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

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

As required by SEBI and the listing agreements, ICICI Bank files its financial and other information on the Corporate Filing and Dissemination System.

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

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

General Shareholder Information

General Body Meeting	Day, Date & Time	Venue
Seventeenth AGM	Monday, June 27, 2011 1.30 p.m	Professor Chandravadan Mehta Auditorium, General Education Centre, Opposite D. N. Hall Ground, The Maharaja Sayajirao University, Pratapgunj, Vadodara 390 002.

Financial Calendar	:April 1 to March 31
Book Closure	:June 4, 2011 to June 27, 2011
Dividend Payment Date	:June 28, 2011

Listing of equity shares/ADSs on Stock Exchanges (with stock code)

Stock Exchange	Code for ICICI Bank
Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001	532174 & 6321741
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex Bandra (East), Mumbai 400 051	ICICIBANK
New York Stock Exchange (ADSs)2 11, Wall Street, New York, NY 10005, United States of America	IBN

1. FII segment of BSE.

2. Each ADS of ICICI Bank represents two underlying equity shares.

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

Directors' Report

Market Price Information

The reported high and low closing prices and volume of equity shares of ICICI Bank traded during fiscal 2011 on BSE and NSE are set out in the following table:

	BSE			NSE			
Month	High Rs.	Low Rs.	Volume	High Rs.	Low Rs.	Volume	Total Volume on BSE and NSE
April 2010	997.95	918.10	12,535,994	997.80	918.00	84,117,665	96,653,659
May 2010	937.90	809.40	15,992,523	936.90	809.35	94,701,942	110,694,465
June 2010	902.00	816.90	14,254,026	900.40	817.50	84,532,263	98,786,289
July 2010	926.50	840.10	9,682,699	928.70	840.05	63,169,412	72,852,111
August 2010	1,012.55	939.75	12,027,278	1,013.00	939.55	88,641,472	100,668,750
September 2010	1,128.40	994.60	10,715,288	1,127.75	995.00	73,668,966	84,384,254
October 2010	1,161.65	1,090.30	9,763,021	1,163.00	1,089.05	75,532,788	85,295,809
November 2010	1,269.70	1,117.25	9,667,547	1,273.35	1,116.25	90,120,342	99,787,889
December 2010	1,190.15	1,057.20	9,879,510	1,191.15	1,058.30	81,019,901	90,899,411
January 2011	1,143.60	1,000.70	15,682,632	1,144.85	1,001.15	99,452,527	115,135,159
February 2011	1,057.95	951.10	11,038,536	1,057.00	951.35	86,603,211	97,641,747
March 2011	1,112.75	996.45	10,776,829	1,116.20	996.60	82,174,857	92,951,686
Fiscal 2011	1,269.70	809.40	142,015,883	1,273.35	809.35	1,003,735,346	1,145,751,229

The reported high and low closing prices and volume of ADSs of ICICI Bank traded during fiscal 2011 on the NYSE are given below:

Month	High (US$)	Low (US$)	Number of ADS traded
April 2010	45.79	40.81	49,881,511
May 2010	42.43	34.85	57,646,086
June 2010	38.97	34.96	47,010,422
July 2010	39.36	35.77	36,067,211
August 2010	42.68	40.73	44,429,157
September 2010	49.85	42.98	39,079,340
October 2010	52.58	49.45	44,074,372
November 2010	57.57	50.04	42,044,662
December 2010	53.31	46.46	34,502,499
January 2011	51.10	43.32	63,181,108
February 2011	46.24	42.31	44,328,567
March 2011	50.08	44.20	48,336,203
Fiscal 2011	57.57	34.85	550,581,138

Source: Google Finance

The performance of the ICICI Bank equity share relative to the BSE Sensitive Index (Sensex), BSE Bank Index (Bankex) and NYSE Financial Index during the period April 1, 2010 to March 31, 2011 is given in the following chart:

Share Transfer System

ICICI Bank's investor services are handled by 3i Infotech Limited (3i Infotech). 3i Infotech is a SEBI registered Category I – Registrar to an Issue & Share Transfer (R&T) Agent. 3i Infotech is a global information technology company providing technology solutions and in addition to R&T services provides software products, managed IT Services, application software development & maintenance, payment solutions, business intelligence, document imaging & digitization, IT consulting and various transaction processing services. 3i Infotech's quality certifications include SEI CMMI Level 5 for software business, ISO 9001:2000 for BPO (including R&T) and ISO 27001:2005 for infrastructure services.

ICICI Bank's equity shares are traded mainly in dematerialised form. During the year, 2,822,691 equity shares involving 9,533 certificates were dematerialised. At March 31, 2011, 99.19% of paid-up equity share capital (including equity shares represented by ADS constituting 26.99% of the paid-up equity share capital) have been dematerialised.

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

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

	Fiscal 2009	Fiscal 2010	Fiscal 2011
Number of transfer deeds	3,408	2,018	2,429
Number of shares transferred	367,813	282,433	368,234

As required under Clause 47(c) of the listing agreements entered into by ICICI Bank with stock exchanges, a certificate is obtained every six months from a practising Company Secretary that all transfers have been completed within the stipulated time. The certificates are forwarded to BSE and NSE.

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

Physical Share Disposal Scheme

With a view to mitigate the difficulties experienced by physical shareholders in disposing off their shares, ICICI Bank, in the interest of investors holding shares in physical form (upto 50 shares) has instituted a Physical Share Disposal Scheme. The scheme was started in November 2008 and continues to remain open. Interested shareholders may contact the R & T Agent, 3i Infotech Limited for further details.

Registrar and Transfer Agents

The Registrar and Transfer Agent of ICICI Bank is 3i Infotech Limited. Investor services related queries/ requests/complaints may be directed to L.N. Rajan at the address as under:

3i Infotech Limited
International Infotech Park Tower 5, 3rd Floor
Vashi Railway Station Complex
Vashi, Navi Mumbai 400 703
Maharashtra, India
Tel No. : +91-22-6792 8000
Fax No. : +91-22-6792 8099
E-mail : investor@icicibank.com

Queries relating to the operational and financial performance of ICICI Bank may be addressed to:
Rakesh Jha/Anindya Banerjee/Rakesh Mookim
ICICI Bank Limited
ICICI Bank Towers Bandra-Kurla Complex
Mumbai 400 051
Tel No. : +91-22-2653 1414
Fax No. : +91-22-2653 1175
E-mail : ir@icicibank.com

Information on Shareholding

Shareholding pattern of ICICI Bank at March 31, 2011

Shareholder Category	Shares	% holding
Deutsche Bank Trust Company Americas (Depositary for ADS holders)	310,840,032	26.99
FIIs, NRIs, Foreign Banks, Foreign Companies, OCBs and Foreign Nationals	454,726,046	39.48
Insurance Companies	191,667,710	16.64

Bodies Corporate	46,276,533	4.02
Banks & Financial Institutions	898,069	0.08
Mutual Funds	84,308,179	7.32
Individuals	63,055,803	5.47
Total	1,151,772,372	100.00

Shareholders of ICICI Bank with more than one per cent holding at March 31, 2011

Name of the Shareholder	No. of shares	% to total no. of shares
Deutsche Bank Trust Company Americas (Depositary for ADS holders)	310,840,032	26.99
Life Insurance Corporation of India	107,847,146	9.36
Allamanda Investments Pte. Limited	57,586,922	5.00
Government of Singapore	17,152,264	1.49
Aberdeen Asset Managers Limited A/c Aberdeen International India Opportunities Fund (Mauritius) Limited	17,080,000	1.48
New Perspective Fund.INC.	17,072,207	1.48
Europacific Growth Fund	16,981,777	1.47
Carmignac Geston A/c Carmignac Patrimone	13,900,000	1.21
Bajaj Allianz Life Insurance Company Limited	13,831,757	1.20
Abu Dhabi Investment Authority - Gulab	13,018,858	1.13
IVY Funds Inc Asset Strategy Fund	12,667,088	1.10
Bajaj Holdings and Investments Limited	12,176,817	1.06
Total	610,154,868	52.97

Distribution of shareholders of ICICI Bank at March 31, 2011

Range - Shares	No. of Folios	%	No. of Shares	%
Upto 1,000	663,805	99.07	47,657,274	4.14
1,001 to 5,000	4,271	0.64	8,563,592	0.74
5,001 – 10,000	502	0.07	3,523,231	0.31
10,001 – 50,000	650	0.10	15,904,277	1.38
50,001 & above	782	0.12	1,076,123,998	93.43
Total	670,010	100.00	1,151,772,372	100.00

Disclosure with respect to shares lying in suspense account

Particulars	Shareholders	Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	701	38,251
Number of shareholders who approached ICICI Bank for transfer of shares from suspense account during the year	65	3,958
Number of shareholders to whom shares were transferred from suspense account during the year	63	3,910
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	638	34,341

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

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

ICICI Bank has 155.42 million ADS (equivalent to 310.84 million equity shares) outstanding, which constituted 26.99% of ICICI Bank's total equity capital at March 31, 2011. Currently, there are no convertible debentures outstanding.

Directors' Report

Plant Locations – Not applicable
Address for Correspondence
Sandeep Batra
Group Compliance Officer & Company Secretary
or
Ranganath Athreya
General Manager & Joint Company Secretary
& Head Compliance - Capital Markets and Non-Banking Subsidiaries
ICICI Bank Limited
ICICI Bank Towers
Bandra-Kurla Complex
Mumbai 400 051

Tel No. : 91-22-2653 1414
Fax No. : 91-22-2653 1230
E-mail : companysecretary@icicibank.com

The Bank has complied with the mandatory and majority of non-mandatory requirements mentioned in the listing agreement, with respect to corporate governance.

ANALYSIS OF CUSTOMER COMPLAINTS

a) Customer complaints in fiscal 2011[1,2,3]

Number of complaints pending at the beginning of the period/year	2,102
Number of complaints pending with erstwhile The Bank of Rajasthan Limited at August 12, 2010	57
Number of complaints received during the period/year	155,475
Number of complaints redressed during the period/year	154,610
Number of complaints pending at the end of the period/year	3,024

1. Post merger open/received complaints, received from erstwhile The Bank of Rajasthan Limited have been included from August 12, 2010
2. Does not include complaints redressed within 1 working day.
3. The complaints in year ended March 31, 2011 have increased, as ICICI Bank has started considering all critical requests as complaints from October 2009.

b) Awards passed by the Banking Ombudsman in fiscal 2011

Number of unimplemented awards at the beginning of the period/year	0
Number of unimplemented awards at the beginning of the period/year with erstwhile The Bank of Rajasthan Limited as on August 12, 2010	2*
Number of awards passed by the Banking Ombudsman during the period/year	0
Number of awards implemented during the period/year	0
Number of unimplemented awards at the end of the period/year	0

* The two unimplemented awards had become null & void as the appeal preferred before Appellate Authority for the same has been upheld.

COMPLIANCE CERTIFICATE OF THE AUDITORS

ICICI Bank has annexed to this report, a certificate obtained from the statutory auditors, S.R. Batliboi & Co., Chartered Accountants, regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement.

EMPLOYEE STOCK OPTION SCHEME

In fiscal 2000, ICICI Bank instituted an Employee Stock Option Scheme (ESOS) to enable the employees and Directors of ICICI Bank and its subsidiaries to participate in future growth and financial success of the Bank. As per the ESOS, as amended from time to time, the maximum number of options granted to any employee/Director in a year is limited to 0.05% of ICICI Bank's issued equity shares at the time of the grant, and the aggregate of all such options is limited to 5% of ICICI Bank's issued equity shares on the date of the grant (equivalent to 57.59 million shares at April 28, 2011).

Options granted for fiscal 2003 and earlier years vest in a graded manner over a three-year period, with 20%, 30% and 50% of the grants vesting in each year, commencing not earlier than 12 months from the date of grant. Options granted for fiscal 2004 to 2008 vest in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting in each year, commencing not earlier than 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 April 2010 vest in a graded manner over a four year period with 20%, 20%, 30% and 30% of the grant vesting each year commencing from the end of 12 months from the date of grant.

On the basis of the recommendation of the Board Governance, Remuneration and Nomination Committee (BGRNC), the Board at its Meeting held on October 29, 2010 approved a grant of approximately 3.1 million options as a special measure to eligible employees and wholetime Directors of ICICI Bank and certain of its subsidiaries. Each option confers on the beneficiary a right to apply for one equity share of face value of Rs.10 of ICICI Bank at Rs.967.00 which was the average closing price of the ICICI Bank stock on the stock exchange during the six months up to October 28, 2010. 50% of the options granted would vest on April 30, 2014 and the balance 50% on April 30, 2015. The Bank has received approval of RBI for the above grant of options to wholetime Directors of the Bank.

The Board further at its meeting held on April 28, 2011 approved a grant of approximately 4.25 million options for fiscal 2011 to eligible employees and wholetime Directors (options granted to wholetime Directors being subject to RBI approval). Each option confers on the employee a right to apply for one equity share of face value of Rs. 10 of ICICI Bank at Rs.1,106.85 which was closing price on the stock exchange which recorded the highest trading volume in ICICI Bank shares on April 27, 2011. These options would vest over a four year period, with 20%, 20%, 30% and 30% respectively of the grant of vesting each year commencing from the end of 12 months from the date of grant.

Options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. The price of the options granted prior to June 30, 2003 is the closing market price on the stock exchange, which recorded the highest trading volume on the date of grant. The price for options granted on or after June 30, 2003 till July 21, 2004 is equal to the average of the high and low market price of the equity shares in the two week period preceding the date of grant of the options, on the stock exchange which recorded the highest trading volume during the two week period. The price for options granted on or after July 22, 2004 (other than the grants made on October 29, 2010) is equal to the closing price on the stock exchange which recorded the highest trading volume preceding the date of grant of options. The above disclosure is in line with the SEBI guidelines, as amended from time to time.

Particulars of options granted by ICICI Bank upto April 28, 2011 are given below:

Options granted till April 28, 20111 (excluding options forfeited/lapsed)	53,152,313
Options forfeited/lapsed	9,087,542
Options exercised	28,693,881
Total number of options in force	24,458,432
Options vested	42,706,923
Number of shares allotted pursuant to exercise of options	28,693,881
Extinguishment or modification of options	Nil
Amount realised by exercise of options (Rs.)	6,734,413,993

1. Includes Options granted to wholetime Directors pending RBI approval

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

The diluted earnings per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with AS-20 was Rs.45.06 in fiscal 2011 against basic EPS of Rs.45.27. The Bank recognised a compensation cost of Rs. 2.9 million in fiscal 2011 based on the intrinsic value of options. However if ICICI Bank had used the fair value of options based on binomial tree model, compensation cost in the year ended March 31, 2011 would have been higher by Rs.905.8 million and proforma profit after tax would have been Rs. 50.60 billion. On a proforma basis, ICICI Bank's basic and diluted earnings per share would have beenRs.44.47 and Rs.44.27 respectively.

Directors' Report

The key assumptions used to estimate the fair value of options granted during the year ended March 31, 2011 are given below.

Risk-free interest rate	5.26% to 8.42%
Expected life	6.35 to 6.87 years
Expected volatility	48.38% to 49.82%
Expected dividend yield	1.10% to 1.33%

In respect of options granted in fiscal 2011, the weighted average exercise price of the options and the weighted average fair value of the options were Rs. 972.00 per option and Rs. 535.87 per option respectively.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

The provisions of Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy and technology absorption do not apply to the Bank. The Bank has, however, used information technology extensively in its operations.

IMPLEMENTATION OF CIRCULAR ISSUED BY MINISTRY OF CORPORATE AFFAIRS ON "GREEN INITIATIVES IN CORPORATE GOVERNANCE"

The Bank has implemented the 'Green Initiative' as per Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs to enable electronic delivery of notices/documents and annual reports to shareholders.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
2. that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit or loss of the Bank for that period;
3. that they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Banking Regulation Act, 1949 and the Companies Act, 1956 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities; and
4. that they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

ICICI Bank is grateful to the Government of India, RBI, SEBI and overseas regulators for their continued co-operation, support and guidance. ICICI Bank wishes to thank its investors, the domestic and international banking community, rating agencies and stock exchanges for their support.

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

For and on behalf of the Board

K. V. Kamath
Chairman

May 13, 2011

Compliance with the Group Code of Business Conduct and Ethics

I confirm that all Directors and members of the senior management have affirmed compliance with Group Code of Business Conduct and Ethics for the year ended March 31, 2011.

Chanda Kochhar
Managing Director & CEO

May 13, 2011

Auditor's Certificate on Corporate Governance

To the Members of ICICI Bank Limited

We have examined the compliance of conditions of corporate governance by ICICI Bank Limited ("the Bank") for the year ended on 31 March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For S R Batliboi & Co
Chartered Accountants
Firm's Registration No.: 301003E

Shrawan Jalan
Partner
Membership No: 102102

Mumbai
May 13, 2011

Business Overview

ECONOMIC OUTLOOK

The long-term fundamentals of the Indian economy continue to be strong. These include favourable demographics, rising incomes, growing consuming class and a large investment pipeline. These growth drivers are expected to be sustained over the medium-to-long term. The growth of the economy is being driven primarily by domestic investment and consumption, with limited dependence on exports or the demand situation in other economies. In addition, the growing economic activity in rural India and the emergence of smaller cities as important growth drivers are key positive developments.

At the same time, there are some concerns, particularly with regard to inflation. Inflationary pressures emerging from commodity and food prices have shown signs of becoming more generalised, leading to the containing of inflation becoming the key priority of policy makers. In addition, the global economic environment continues to remain uncertain with slow recovery and fiscal concerns in developed markets.

We believe that while these challenges may have an impact in the short term and cause periodic volatility, the strong underlying fundamentals of the Indian economy would sustain high rates of growth over the medium to long term.

For a discussion of recent economic and regulatory developments, please refer to "Management's Discussion & Analysis".

BUSINESS REVIEW

During fiscal 2011, the Bank focused on 5Cs strategy – Credit growth, CASA mobilisation, Cost optimization, Credit quality improvement and Customer centricity. We believe that we have achieved substantial success on all the parameters of this strategy and are well placed to leverage on the growth opportunities in the economy.

Retail Banking

After significant moderation in previous years, retail credit growth in the system picked up pace in fiscal 2011. As per data published by RBI for the period up to March 25, 2011, year-on-year retail credit growth was about 17%.

We continue to believe that retail credit in India has robust long-term growth potential, driven by sound fundamentals of rising income levels and favorable demographic profile. We will continue to focus on select retail asset segments like housing and vehicle loans where we expect significant demand over the medium to long term. We are also seeing smaller markets beyond the large urban centres emerging as important drivers of growth in this segment. In addition, customer segments are now maturing given the increase in incomes. These distinct customer segments, with widely different requirements and risk-reward characteristics, require specialised strategies. We believe that our knowledge of the customer and insights into the Indian market position us well to take advantage of these opportunities.

Our branches are the key points of customer acquisition and service. Accordingly, our organisation structure has been shaped to provide greater empowerment to our branches. The branch network is expected to serve as an integrated channel for deposit mobilisation, selected retail asset origination and distribution of third party products as well as the focal point for customer service. The outbound sales teams have been strengthened and brought under branch supervision. They are supported by the operations and phone banking teams to deliver high quality service, customer retention and up-selling; and by a strategic product and service design team to design product and service strategies for different customer segments. We have deepened our engagement and relationship with customers and created more opportunities for cross-selling other products by introducing dedicated privilege banking areas, which are manned by specially trained privilege bankers, and exclusive wealth branches for our high net worth customers. The Bank's focus during the year was on delivering superior customer service in line with its articulated Khayaal Aapka proposition.

During the year, we acquired The Bank of Rajasthan which substantially enhanced our branch network and strengthened our presence in northern and western India. The merger of Bank of Rajasthan added over 450 branches to our network. Including these, our branch network has increased from 1,707 branches at March 31, 2010 to 2,529 branches at March 31, 2011. We also increased our ATM network from 5,219 ATMs at March 31, 2010 to 6,055 ATMs at March 31, 2011.

During fiscal 2011, we continued our focus on increasing the proportion of low-cost retail deposits in our funding base. Our current and savings account (CASA) deposits as a percentage of total deposits increased from 41.7% at March 31, 2010 to 45.1% at March 31, 2011.

During the year, our retail disbursements increased as we focused on opportunities in residential mortgages, vehicle finance and construction equipment finance. The realignment of our retail sales and service architecture helped us increase our reach while simultaneously bringing focus towards customer service. We sourced an increasing proportion of our mortgage business through our branch network. In addition to mortgages, we also saw traction in auto loans, commercial vehicle financing and construction equipment business in fiscal 2011.

We also continued to focus on cross-selling new products and products of our life and general insurance subsidiaries to our existing customers. Cross-sell allows us to deepen our relationship with our existing customers and earn fee income. We will continue to focus on cross-sell as a means to improve profitability and offer a complete suite of products to our customers.

SMALL ENTERPRISES

Medium & small enterprises are important engines of growth and reflect India’s entrepreneurial energy. We offer complete banking solutions to small and medium enterprises across industry segments. We support the growth of the small and medium enterprises sector while adopting a cluster based financing approach for enterprises with a homogeneous profile in industries such as infrastructure, engineering, information technology, education, life-sciences and agri-based businesses. We also offer supply chain financing solutions to the channel partners of large corporates.

During fiscal 2011, we strengthened the sales and relationship coverage by increasing our presence with greater empowerment at zonal levels. This has allowed us to deepen our customer relationships and supplement the customer acquisition by leveraging our branch network along with our commercial banking franchise. The Bank also contributes significantly to the SME eco-system through multiple initiatives such SME CEOs Knowledge Series, Emerging India Awards, SME Expos and the SME Toolkit - an online business and advisory resource.

We have a long tradition of partnering entrepreneurs early in their growth phase, building lasting and mutually beneficial relationships that deliver recurring value. We will continue to further strengthen our proposition and penetration in this segment.

CORPORATE BANKING

Our corporate banking strategy is based on providing comprehensive and customised financial solutions to our corporate customers. We offer a comprehensive suite of corporate banking products including rupee and foreign currency debt, working capital credit, structured financing, loan syndication and commercial banking products and services. Our corporate and investment banking franchise is built around a core relationship team that has strong relationships with almost all of the country’s corporate houses. The relationship team is product agnostic and is responsible for managing banking relationships with clients. We have also put in place product specific teams with a view to focus on designing financial solutions for clients spread across structured finance, project finance, loan syndication and markets. The Structured Finance Group is responsible for working with the relationship team in India and our international subsidiaries and branches for structuring and execution of investment banking mandates and other transactions.

We have a Commercial Banking Group working closely with the Corporate Banking Group for growing this business through identified branches. Our strategy for growth in commercial banking, i.e. of meeting the regular banking requirements of companies for transactions and trade, is based on leveraging our strong client relationships and focusing on enhancing client servicing capability at the operational level.

We have enhanced our client servicing capability by the effective use of "Mega Branches" spread across all major commercial centres across the country catering to specialised commercial banking needs of clients. These branches have highly cohesive and dedicated customer focused transaction teams, led by senior branch heads, to service customers and provide a better transactional experience to the client. An efficient central operations team complements the service delivery capability.

Business Overview

The relationship team also works with our Markets Group to assist customers in devising and executing risk management strategies to address foreign currency, interest rate and liquidity risks. Our loan syndication franchise enables us to structure, underwrite and syndicate rupee and foreign currency debt with Indian and offshore investors. We have built robust sector specific syndication skills across project finance, M&A financing and structured finance to provide optimal financing solutions.

The continuing expansion of Indian companies provides significant opportunities for our corporate banking business. Our expertise lies in structuring client specific solutions coupled with seamless delivery for an enriching customer experience. We will continue to focus on increasing the granularity and stability of our revenue streams by executing our transaction banking and trade services strategy, while keeping a close watch on credit quality and further deepening our client relationships.

PROJECT FINANCE

With strong momentum in the Indian economy, there has been a significant increase in investment activity with capacity additions across sectors such as infrastructure, power, oil & gas, urban development and manufacturing. We expect a significant increase in infrastructure financing requirements going forward. The power sector will witness the execution of large projects given the energy needs of the country and the government's energy expansion programmes. Besides requirements arising out of capacity additions, significant investments are also projected in inter-regional and regional transmission corridors for strengthening the national grid. Further, we also expect substantial development in the renewable energy segment. With the scale-up in gas production there is a need to connect India's various regional gas pipeline systems and as such, significant investments in trunk pipeline networks are expected. The improved gas availability and pipeline connectivity is also expected to drive the expansion of the city gas network. In the transportation sector, roads and ports have seen activity. The momentum is expected to increase as the government has been bidding out new projects for development of national and state highways. With the government promoting an inclusive maritime infrastructure in the ports sector, there has been increased private participation in projects for berths and terminal development, channel deepening, port connectivity and modernisation of equipment. The railway sector is also expected to witness modernisation of railway stations, logistics development and expansion of dedicated corridors for freight. The telecom sector is expected to see continued growth due to decline in tariffs and increased focus on rural markets. Further, we also expect increased private sector investments in the development of water supply, education and healthcare infrastructure.

Our long tradition of project finance and our ability to offer structured and customised solutions position us uniquely to capitalise on these opportunities and cater to the financing requirements in the infrastructure sector. It will be our constant endeavour to add value to projects through financial structuring to ensure bankability. These services are backed by innovative structuring capabilities, sectoral expertise and sound due diligence.

INTERNATIONAL BANKING

Our international strategy is focused on meeting the foreign currency needs of our Indian corporate clients and partnering them in their global expansion, taking select trade finance exposures linked to imports to India, and achieving the status of the preferred non-resident Indian (NRI) community bank in key markets. 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. ICICI Bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in the United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Dubai International Finance Centre and Qatar Financial Centre and representative offices in the United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. We opened our first retail branch in Singapore in fiscal 2011, after being granted Qualified Full Banking (QFB) privileges. The Bank's wholly owned subsidiary ICICI Bank UK PLC has eleven branches in the United Kingdom and a branch each in Belgium and Germany. ICICI Bank Canada has nine branches. ICICI Bank Eurasia Limited Liability Company has one branch.

In fiscal 2011, global economic activity picked up at differential rates with emerging markets experiencing strong growth and developed markets continuing to face a phase of slow recovery. However, as the overall global economic environment improved, the pace of recovery in international trade and capital flows strengthened significantly. Exports from India crossed USD 200 billion and have reached an all-time high. In this changing environment, we continued to maintain adequate capital and focused on risk containment and liquidity management in our international operations. We also focused on improving the funding profile in our international operations. We became the first Indian bank to issue 10-year senior bonds in the international markets. We also focused on establishing and growing relationships with global multinationals that are increasingly entering and expanding in Indian markets.

We also strengthened our market position and share in remittances during fiscal 2011 and continued to develop products and service offerings to meet the requirements of the Non Resident Indian (NRI) community. The emphasis was on improving account operation via remote channels in order to cater to the customers' needs when overseas. We launched I-Express, an instant cross-border money transfer option for NRIs through our select partners in the Middle East. The I-Express facility offers the remitter an option of visiting any partner outlet for instant credit into the beneficiary account maintained with ICICI Bank in India, at no extra cost. We also launched 'Fixed Rupee' on Money2India.com – a facility that enables NRIs to send the exact rupee amount remittance to India since the exchange rate is confirmed at the time of initiating the remittance.

INCLUSIVE & RURAL BANKING

In accordance with the ICICI Group's vision of combining a sustainable business model with a social and human development agenda, the Bank has undertaken several initiatives to meet the financial services needs of the rural market. These include offering credit through our branches and dedicated field teams and financial inclusion through business correspondents. We continued to focus on improving our product and service offerings to meet the requirements of all participants in the rural market including farmers, traders, commission agents, small processors and other medium agri-corporates.

In March 2010, our Board approved a three-year financial inclusion plan that envisaged the opening of no-frill savings accounts and expanding our rural reach over the next three years along with the provision of credit to select individuals in the target segment through various product lines comprising micro-credit, kisan credit card, farm equipment loan and loan against jewellery. In fiscal 2011, we focused on building capacity to implement our financial inclusion plan and our progress against the plan targets during the year has been satisfactory. We have also focused on opening accounts for routing benefit payments under various government schemes and have received the mandate for opening accounts of individuals under these schemes in certain states.

The Bank has also identified 23 Business Correspondents having a network of 208 customer service points, to service these customers. We tied up with Vodafone and Aircel for extending basic financial services through the mobile platform. The plan is to leverage the penetration and the distribution infrastructure of the mobile network operators. We have also built lending capability in over 1,000 of our branches for products targeted towards individual customers in the agri-value chain. We also increased our product offerings in rural India by relaunching farm equipment finance with strategic tie-ups with tractor manufacturers. New product initiatives were also undertaken during the year to enhance credit flow towards the micro and small enterprises sector.

Going forward, we will continue to focus on leveraging our branch network and the network of our Business Correspondent partners to enhance financial inclusion by offering banking facilities to the unbanked, and growing our relationships with these customers over time. We will seek to play a significant role in the channeling of payments under government schemes to the beneficiaries through their bank accounts with us. We will also leverage the emerging initiatives and infrastructure, such as the Unique Identity initiative of the Government, that support financial inclusion in the country. We will seek to scale up our offerings of credit products in rural areas and across the agricultural value chain by leveraging our extensive branch network and developing appropriate product propositions for these segments.

RISK MANAGEMENT

Risk is an integral part of the banking business and we aim at delivering superior shareholder value by achieving an appropriate trade-off between risk and returns. The key risks are credit risk, market risk and operational risk. Our risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring.

The key principles underlying our risk management framework are as follows:

The Board of Directors has oversight on all the risks assumed by the Bank. Specific Committees have been constituted to facilitate focused oversight of various risks. Our Risk Committee reviews our risk management policies in relation

Business Overview

to various risks and regulatory compliance issues relating thereto. It reviews key risk indicators covering areas such as credit risk, interest rate risk, liquidity risk and foreign exchange risk and the limits framework, including stress test limits for various risks. It also carries out an assessment of the capital adequacy based on the risk profile of our balance sheet and reviews the status with respect to implementation of Basel norms. Our Credit Committee reviews developments in key industrial sectors and our exposure to these sectors and reviews major portfolios on a periodic basis. Our Audit Committee provides direction to and also monitors the quality of the internal audit function. Our Asset Liability Management Committee is responsible for managing the balance sheet within the risk parameters laid down by the Board/Risk Committee and reviewing our asset-liability position.

Policies approved from time to time by the Board of Directors/Committees of the Board form the governing framework for each type of risk. The business activities are undertaken within this policy framework.

Independent groups and sub-groups have been constituted across the Bank to facilitate independent evaluation, monitoring and reporting of various risks. These groups function independently of the business groups/sub-groups.

We have dedicated groups namely the Risk Management Group, Compliance Group, Corporate Legal Group, Internal Audit Group and the Financial Crime Prevention & Reputation Risk Management Group, with a mandate to identify, assess and monitor all of the Bank’s principal risks in accordance with well-defined policies and procedures. These groups are completely independent of all business operations and coordinate with representatives of the business units to implement ICICI Bank’s risk management methodologies. The Internal Audit Group and Compliance Group are responsible to the Audit Committee of the Board.

Credit Risk

Credit risk is the risk that a borrower is unable to meet its financial obligations to the lender. All credit risk related aspects are governed by a credit and recovery policy which outlines the type of products that can be offered, customer categories, targeted customer profile and the credit approval process and limits. The credit and recovery policy is approved by our Board of Directors.

In order to assess the credit risk associated with any corporate financing proposal, we assess a variety of risks relating to the borrower and the relevant industry. We have a structured and standardised credit approval process which includes a well established procedure of comprehensive credit appraisal and credit rating. We have developed internal credit rating methodologies for rating obligors. The rating factors in quantitative and qualitative issues and credit enhancement features specific to the transaction. The rating serves as a key input in the approval as well as post-approval credit processes. A risk based asset review framework has also been put in place wherein the frequency of asset review would be higher for cases with higher exposure and/or lower credit rating. Industry knowledge is constantly updated through field visits and interactions with clients, regulatory bodies and industry experts.

The Bank has a strong framework for the appraisal and execution of project finance transactions that involves a detailed evaluation of technical, commercial, financial, marketing and management factors and the sponsor’s financial strength and experience. The Bank identifies the project risks, mitigating factors and residual risks associated with the project. As a part of the due diligence process, the Bank appoints consultants, including technical advisors, business analysts, legal counsel and insurance consultants, wherever considered necessary, to advise the lenders. Risk mitigating factors in these financings include creation of debt service reserves and channelling project revenues through a trust and retention account. The Bank's project finance loans are generally fully secured and have full recourse to the borrower. In some cases, the Bank also takes additional credit comforts such as corporate or personal guarantees from one or more sponsors of the project or a pledge of the sponsors' equity holding in the project company. The Bank's practice is to normally disburse funds after the entire project funding is committed and all necessary contractual arrangements have been entered into.

In case of retail loans, sourcing and approval are segregated to achieve independence. The Credit Risk Management Group has oversight on the credit risk issues for retail assets including vetting of all credit policies/operating notes proposed for approval by the Board of Directors or forums authorised by the Board of Directors. The Credit Risk Management Group is also involved in portfolio monitoring for all retail assets and suggesting/implementing policy changes. The Retail Credit and Policy Group is an independent unit which focuses on policy formulation and portfolio tracking and monitoring. In addition, we also have a Business Intelligence Unit to provide support for analytics, score card development and database management. Our Credit Administration Unit services various retail business units.

Our credit officers evaluate retail credit proposals on the basis of the product policy approved by the Committee of Executive Directors and the risk assessment criteria defined by the Credit Risk Management Group. These criteria vary across product segments but typically include factors like the borrower's income, the loan-to-value ratio and demographic parameters. The technical valuations in case of residential mortgages are carried out by empanelled valuers or technical teams. External agencies such as field investigation agencies and credit processing agencies are used to facilitate a comprehensive due diligence process including visits to offices and homes in the case of loans to individual borrowers. Before disbursements are made, the credit officer checks a centralised delinquent database and reviews the borrower's profile. In making our credit decisions, we also draw upon reports from credit information bureaus. We also use the services of certain fraud control agencies operating in India to check applications before disbursement.

In addition, the Credit and Treasury Middle Office Groups and the Operations Group monitor operational adherence to regulations, policies and internal approvals. We have centralised operations to manage operational risk in most back office processes of the Bank's retail loan business. The Fraud Prevention Group manages fraud related risks through forensic audits and recovery of fraud losses. The segregation of responsibilities and oversight by groups external to the business groups ensure adequate checks and balances.

Our credit approval authorisation framework is laid down by our Board of Directors. We have established several levels of credit approval authorities for our corporate banking activities like the Credit Committee of the Board of Directors, the Committee of Executive Directors, the Committee of Senior Management, the Committee of Executives (Credit) and the Regional Committee (Credit). Retail Credit Forums, Small Enterprise Group Forums and Corporate Agriculture Group Forums have been created for approval of retail loans and credit facilities to small enterprises and agri based enterprises respectively. Individual executives have been delegated with powers in case of policy based retail products to approve financial assistance within the exposure limits set by our Board of Directors.

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 and other asset prices. The prime source of market risk for the Bank is the interest rate risk we are exposed to as a financial intermediary. In addition to interest rate risk, we are exposed to other elements of market risk such as liquidity or funding risk, price risk on trading portfolios, exchange rate risk on foreign currency positions and credit spread risk. These risks are controlled through limits such as duration of equity, earnings at risk, value-at-risk, stop loss and liquidity gap limits. The limits are stipulated in our Investment Policy, ALM Policy and Derivatives Policy which are reviewed and approved by our Board of Directors.

The Asset Liability Management Committee, which comprises wholetime Directors and senior executives meets on a regular basis and reviews the trading positions, monitors interest rate and liquidity gap positions, formulates views on interest rates, sets benchmark lending and base rates and determines the asset liability management strategy in light of the current and expected business environment. The Market Risk Management Group recommends changes in risk policies and controls and the processes and methodologies for quantifying and assessing market risks. Risk limits including position limits and stop loss limits for the trading book are monitored on a daily basis by the Treasury Middle Office Group and reviewed periodically.

Foreign exchange risk is monitored through the net overnight open foreign exchange limit. Interest rate risk of the overall balance sheet is measured through the use of re-pricing gap analysis and duration analysis. Interest rate gap sensitivity gap limits have been set up in addition to limits on the duration of equity and earnings at risk. Risks on trading positions are monitored and managed by setting VaR limits and stipulating daily and cumulative stop-loss limits.

The Bank uses various tools for measurement of liquidity risk including the statement of structural liquidity, dynamic liquidity gap statements, liquidity ratios and stress testing. We maintain diverse sources of liquidity to facilitate flexibility in meeting funding requirements. Incremental operations in the domestic market are principally funded by accepting deposits from retail and corporate depositors. The deposits are augmented by borrowings in the short-term inter-bank market and through the issuance of bonds. Loan maturities and sale of investments also provide liquidity. Our international branches are primarily funded by debt capital market issuances, syndicated loans, bilateral loans and bank lines, while our international subsidiaries raise deposits in their local markets.

Business Overview

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk but excludes strategic and reputation risks. Operational risks in the Bank are managed through a comprehensive system of internal controls, systems and procedures to monitor transactions, key back-up procedures and undertaking regular contingency planning. The control framework is designed based on categorisation of all functions into front-office, comprising business groups; mid-office, comprising credit and treasury mid-offices; back-office, comprising operations; and corporate and support functions. ICICI Bank's operational risk management governance and framework is defined in the Operational Risk Management Policy, approved by the Board of Directors. While the policy provides a broad framework, detailed standard operating procedures for operational risk management processes are established. The policy is applicable across the Bank including overseas branches and aims to ensure clear accountability, responsibility and mitigation of operational risk. We have constituted an Operational Risk Management Committee (ORMC) to oversee the operational risk management in the Bank. The policy specifies the composition, roles and responsibilities of the ORMC. The framework comprises identification and assessment of risks and controls, new products and processes approval framework, measurement through incidents and exposure reporting, monitoring through key risk indicators and mitigation through process and control enhancement and insurance. We have formed an independent Operational Risk Management Group for design, implementation and enhancement of the operational risk framework and to support business and operation groups in the operational risk management on an on-going basis.

TREASURY

Our treasury operations are structured along the balance sheet management function, the client-related corporate markets business and the proprietary trading activity.

During fiscal 2011, financial markets remained volatile. The government bond markets witnessed increase in benchmark yields following the emergence of inflationary concerns and the tightening monetary policy stance which impacted our government securities portfolio. Further, since October 2010, equity markets continued to remain volatile with the NIFTY declining by nearly 17% from October to February which offset the equity capital gains made during the first part of the year. These factors had an adverse impact on the Bank's proprietary trading gains. The Bank continued to focus on the corporate bonds segment to offset this impact, and remained among the top two arrangers according to the Prime database. In respect of primary issues for the private sector, the Bank was ranked first in league table rankings. Over the last year, the Bank strengthened its relationship with the top 10 issuers and focused on increasing its distribution reach by adding over 300 provident fund trusts. The Bank also increased its geographical coverage through manpower addition at key locations.

Our balance sheet management function continued to actively manage the government securities portfolio held for compliance with SLR norms to optimise the yield on this portfolio, while maintaining an appropriate portfolio duration given the interest rate environment.

We provide foreign exchange and derivative products and services to our customers through our Markets Group. These products and services include foreign exchange products for hedging currency risk, foreign exchange and interest rate derivatives like options and swaps and bullion transactions. We also hedge our own market risks related to these products with banking counterparties.

HUMAN RESOURCES

ICICI Bank seeks to nurture a mutually beneficial relationship with its employees. This relationship is characterised by the investment which the Bank makes in its employees by providing challenging roles and assignments, opportunities for personal growth, relevant and timely performance support, training and an enabling environment. The Bank seeks to create a workplace which combines achievement orientation with care for employees. On January 5, our Founder's Day, we formalised this employee value proposition through launch of the "Saath Aapka" campaign. Through Saath Aapka, the Bank has clearly and in a transparent manner articulated what employees can expect from the organisation. At the same time, the Bank has defined the desired competencies at various levels in the organization as "DNA anchors" which communicate to employees what the organisation expects from them. The key elements of the "Saath Aapka" proposition are:

Opportunities for personal growth and learning for employees, as they work towards the organisation's growth and success.

An enabling work culture that facilitates the achievement of aspirational goals.

A merit-oriented organisation, setting high performance standards and linking rewards to performance.

Standing by employees in their hour of need just as employees go the extra mile for the organisation whenever there is a need for the same.

A winning organisation that is conscious of its larger role in society and in nation building.

During the year, the integration of Bank of Rajasthan into the Bank was a major exercise which was successfully completed. The integration process focused both on business as well as cultural integration. The people and cultural integration was achieved through well-planned communication of the Bank's values and culture. The Bank reached out to all employees of Bank of Rajasthan and addressed their expectations and concerns. This was achieved through communication from the top management of the Bank, open house sessions jointly conducted by senior managers from Bank of Rajasthan and ICICI Bank and one-on-one sessions wherever required. Further, to align the skill sets of Bank of Rajasthan employees, special training programs were designed and conducted by the Bank.

To further augment the Bank's efforts in providing best-in-class service to its customers, the Bank has ensured that more experienced and seasoned employees are placed in leadership roles at branches. The Bank has also ensured that the average banking experience and vintage of customer service staff at branches are enhanced, despite an increase in the number of branches. The Bank also continued its efforts in training its branch staff and other employees to increase their banking related knowledge. Through an innovative programme called Skill Through Drill, our branch staff have been trained in service skills required to deliver the Khayaal Aapka promise to our customers. The Bank has also introduced an innovative programme called the Service Assessor Programme wherein our staff is video-recorded live and feedback on service behaviors is given. This year the Bank also introduced a rigorous evaluation and certification process for all employees in customer service roles to ensure employees engaged in servicing the customers have thorough knowledge of banking regulations, processes and product features.

INFORMATION TECHNOLOGY

Our information technology strategy focuses on increasing customer convenience, reducing customer complaints and increasing turnaround and resolution timeframes. During the year, we enhanced customer offerings on self-service channels, such as value added services through ATMs, new mobile application for smart phones and a comprehensive online personal finance tool "Money Manager". We have also created facilities for customers to buy investment products, gold and foreign exchange through our online channel. Pursuant to the merger of the Bank of Rajasthan, we also enabled seamless transactions for the customers of Bank of Rajasthan in a short timeframe and combined the ATM and branch networks and technology infrastructure. To enable better customer service, our branch staff has been equipped with a comprehensive and single view of customer relationships. We have also enhanced our Interactive Voice Response system at our call centres to support regional Indian languages.

In fiscal 2011, we retained focus on information security and deployed new systems for robust authentication and fraud detection for on-line customers. A comprehensive network access control solution to prevent unauthorised entry into our networks was also implemented. We also continued to improve existing processes and capabilities. The monitoring of electronic devices at our branches was also centralised to enable better productivity and faster resolution times. We also built a state-of-the-art, high density, high availability data centre that is designed to flexibly handle different types of equipment. It has also been designed for scalability to handle our future requirements. Simultaneously, we have also implemented next generation system management tools which allow us to proactively monitor critical data centre and system parameters.

Business Overview

KEY SUBSIDIARIES

ICICI Prudential Life Insurance Company (ICICI Life):

ICICI Life maintained its market leadership in the private sector with an overall market share of 7.3% based on retail new business weighted received premium in fiscal 2011. Effective September 1, 2010, the Insurance Regulatory and Development Authority specified changes such as cap on surrender charges, charges applicable from the sixth year of policy, an increase in minimum premium paying term and introduction of minimum guaranteed returns on pension products. ICICI Life's total premium increased by 8.2% to Rs.178.81 billion in fiscal 2011. ICICI Life's new business annualised premium equivalent was Rs.39.75 billion in fiscal 2011. ICICI Life achieved a profit after tax of Rs.8.08 billion in fiscal 2011. The expense ratio, defined as the ratio of expenses (excluding commission and front line sales cost) to total premium, has decreased from 19.5% in fiscal 2010 to 17.3% in fiscal 2011. ICICI Life's unaudited New Business Profit in fiscal 2011 was Rs.7.13 billion.

ICICI Lombard General Insurance Company (ICICI General)

ICICI General maintained its leadership in the private sector with an overall market share of 9.6% in fiscal 2011. ICICI General's gross written premium grew by 28.5% from Rs.34.31 billion in fiscal 2010 to Rs.44.08 billion during fiscal 2011. As per Insurance Regulatory and Development Authority's order dated March 12, 2011, all general insurance companies were required to provide for losses on the third party motor pool, a multilateral reinsurance arrangement covering third party risk of commercial vehicles, at a provisional rate of 153% over fiscal 2008 to fiscal 2011 compared to the earlier loss rate of 122%-127%. The impact of the same on ICICI General was Rs.2.72 billion. As a result of the negative impact on this account, ICICI General recorded a loss of Rs.0.80 billion in fiscal 2011.

ICICI Prudential Asset Management Company (ICICI AMC)

ICICI AMC is the third largest asset management company in India with an average AUM of Rs. 734.66 billion for the quarter ended March 31, 2011. ICICI AMC achieved a profit after tax of Rs. 0.72 billion in fiscal 2011.

ICICI Venture Funds Management Company Limited (ICICI Venture)

ICICI Venture maintained its leadership position as a specialist alternative assets manager based in India. ICICI Venture achieved a profit after tax of Rs. 0.72 billion in fiscal 2011.

ICICI Securities Limited and ICICI Securities Primary Dealership Limited

ICICI Securities achieved a profit after tax of Rs. 1.13 billion in fiscal 2011. ICICI Securities Primary Dealership achieved a profit after tax of Rs. 0.53 billion in fiscal 2011.

ICICI Bank UK PLC (ICICI Bank UK)

ICICI Bank UK is a full service bank that offers retail, corporate and investment banking and private banking services in the United Kingdom and Europe. During the year, ICICI Bank UK focused on liquidity management, enhancing profitability and risk containment through balance sheet consolidation. ICICI Bank UK's profit after tax for fiscal 2011 was USD 36.6 million. At March 31, 2011, ICICI Bank UK had total assests of USD 6.4 billion. ICICI Bank UK's capital position continued to be strong with a capital adequacy ratio of 23.1% at March 31, 2011.

ICICI Bank Canada

ICICI Bank Canada is a full-service direct bank that offers a wide range of financial solutions to cater to personal, commercial, corporate, investment, treasury and trade requirements. ICICI Bank Canada's profit after tax for fiscal 2011 was CAD 32.4 million. At March 31, 2011, ICICI Bank Canada had total assets of CAD 4.5 billion. ICICI Bank Canada had a capital adequacy ratio of 26.3% at March 31, 2011.

KEY RISKS

We have included statements in this annual report which contain words or phrases such as 'will', 'expected to', etc., and similar expressions or variations of such expressions, 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 we operate or where a material number of our customers reside, our ability to successfully implement our strategy, including our use of the Internet and other technology, our rural expansion, our exploration of merger and acquisition opportunities both in and outside of India, our ability to integrate recent or future mergers or acquisitions into our operations and manage the risks associated with such acquisitions to achieve our strategic and financial objectives, our ability to manage the increased complexity of the risks we face following our rapid international growth, future levels of impaired loans, our growth and expansion in domestic and overseas markets, the adequacy of our allowance for credit and investment losses, technological changes, investment income, our ability to market new products, cash flow projections, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to implement our dividend policy, the impact of changes in banking regulations and other regulatory changes in India and other jurisdictions on us, the state of the global financial system and other systemic risks, the bond and loan market conditions and availability of liquidity amongst the investor community in these markets, the nature of credit spreads, interest spreads from time to time, including the possibility of increasing credit spreads or interest rates, our ability to roll over our short-term funding sources and our exposure to credit, market and liquidity risks.

CREDIT RATINGS

ICICI Bank's credit ratings by various credit rating agencies at March 31, 2011 are given below:

Agency	Rating
Moody's Investor Service (Moody's)	Baa21
Standard & Poor's (S&P)	BBB-1
Credit Analysis & Research Limited (CARE)	CARE AAA
Investment Information and Credit Rating Agency (ICRA)	LAAA
CRISIL Limited	AAA
Japan Credit Rating Agency (JCRA)	BBB+1

1. Senior foreign currency debt ratings.

PUBLIC RECOGNITION

The Bank received several awards during fiscal 2011 in India and abroad.

"Most Trusted Brand" among private sector banks in 2010 by Economic Times – Brand Equity Most Trusted Brands and ranked 7th in the list of Top 50 service brands

Ranked 2nd in the "Most Respected Company Awards 2011" in financial services sector by Business World

Ranked 1st in the "Banking and Finance category "and 9th overall in the "2010 Best Companies To Work For" by Business Today

"Best Financial Inclusion Initiative" and runner up for "Best Online Bank" , "Best Use Of Business Intelligence", and "Technology Bank Of The Year" in the Banking Technology Awards 2010 by Indian Banks Association

Special Citation for the Fully Electronic Branch Service Channel at the Financial Insights Innovation Awards held in conjunction with Asian Financial Services Congress

"Most Tech-friendly Bank Award" by Business World

Ranked 70th in the Brandirectory league tables of the "World's most valuable brands" by The BrandFinance® Banking 500

"Excellence in Remittance Business" (Worldwide), "Excellence in NRI Services" (Worldwide) and "Excellence in Private Banking Business"(APAC) by World Finance

"Best Trade Finance Bank" and "Best Foreign Exchange Bank" (India) by Finance Asia Country Awards for Achievement

"Best Trade Finance Bank" (India), by Asset Triple A

"Best Trade Finance Bank" (South Asia) by Global Trade Review

"Best Banking Security System" by Asian Banker

Promoting Inclusive Growth

1. Background

For over five decades, the ICICI Group has partnered India in its economic growth and development. Promoting inclusive growth has been a priority area for the Group from both a social and business perspective. We strive to make a difference to our customers, to the society and to the nation's development directly through our products and services, as well as through our development initiatives and community outreach.

2. ICICI Foundation for Inclusive Growth

ICICI Foundation for Inclusive Growth (ICICI Foundation) was founded by the ICICI Group in early 2008 to carry forward and build upon its legacy of promoting inclusive growth. ICICI Foundation works with government authorities and specialised grassroots organisations to support developmental work in identified focus areas. It is committed to investing in long-term efforts to support inclusive growth through effective interventions. The objective of the Foundation is articulated in its Mission Statement:

"To empower the poor to participate in and benefit from the Indian growth process through integrated action in the fields of primary health, elementary education, financial inclusion and sustainable livelihood. This will be achieved through active collaboration with the government and independent organisations."

Areas of focus:

a) Primary health: ICICI Foundation works to strengthen public health delivery systems to improve the health of mothers and children in the poorest communities across India in the states of Bihar, Jharkhand, Chattisgarh, Odisha and Maharashtra. It strives to develop solutions to enable the government health systems to become more effective. Some of the key interventions in the field of primary health are:

i. District Health Action Plans: In Bihar, ICICI Foundation has worked with Public Health Resource Network and the National Health Systems Resource Centre to support preparation of District Health Action Plans for the entire state for the third consecutive year. These plans enable proper assessment of the healthcare required and the available resources so that the central government funding can be allocated on an informed basis and focussed actions can be undertaken.

ii. Nutrition Security Programme: This initiative aims to improve nutrition of children aged between six months and three years by enlisting and training the Mitanin (community health workers) to change dietary practices and attitudes in communities. The programme has been undertaken in partnership with the Chhattisgarh State Health Resource Centre in 23 blocks across 11 districts in Chhattisgarh. 9,000 Mitanins were trained in nutrition related issues. The intervention has resulted in improved enrolments in the anganwadis for accessing healthcare and increase in the distribution of food supplements. The household feeding practices have also improved through addition of locally available nurtritious food to the diet.

iii. Maternal Nutrition Project: ICICI Foundation supports the Mumbai Maternal Nutrition Project, a randomised controlled trial on mother and child health. The project is designed to empower women to independently improve their, as well as, their children's nutrition. The project succeeded in achieving its target of enrolling more than a

1,000 pregnant women and documenting nearly 700 births. The study tests the impact of enhancing micronutrient quality in women's diets from before conception to delivery, by examining women's health, foetal growth and their children's development.

iv. State Village Health Committee and Sahiyya Resource Centre: Under the National Rural Health Mission (NRHM), Sahiyyas (community health workers) play a key role in linking their communities with public health systems and act as agents for community mobilisation. The Jharkhand State Village Health Committee and Sahiyya Resource Centre was created through an innovative partnership with the Jharkhand state government, central government institutions and civil society organisations. It facilitates the implementation of the Sahiyya and Village Health Committee programmes under the NRHM. The centre has till date trained nearly 41,000 Sahiyyas.

v. Outpatient Health Care Project: ICICI Foundation is partnering with ICICI Lombard General Insurance Company to design, part fund and implement the delivery of India's first outpatient healthcare product for low income households. The project will offer outpatient insurance and will complement the Government of India's national health insurance scheme for inpatient care, the Rashtriya Swasthya Bima Yojana (RSBY). To begin with, this insurance product will be offered through a pilot project in Puri district in Odisha and one district in Gujarat.

b) Elementary education: In the field of elementary education, ICICI Foundation seeks to improve the quality of public education by strengthening the state and district-level institutional bodies. Some of the key projects undertaken are:

i. Quality Education Programme: The Quality Education Programme is a collaborative initiative of ICICI Foundation and its partner resource organisations – Digantar, Jaipur and Vidya Bhawan Society, Udaipur – that supports government efforts to improve the quality of elementary education in Rajasthan's Baran district. The major objectives of the project were to strengthen Baran's District Institute of Educational Training (DIET), work with the Sarva Shiksha Abhyan (SSA) team to provide adequate academic support in the district and support selected cluster resource centres to develop model schools. This initiative targeted 125 master trainers, 4,000 teachers from the 1,498 government schools and 144,971 students. The programme has helped in improvement in the quality of in-service training and classroom teaching practices. The teacher and student attendance has also improved in the schools that were part of the project.

ii. Consultative meeting to improve quality of education: ICICI Foundation organised a consultative meeting to share its work, emerging strategies and long-term plans with various stakeholders at India Habitat Centre, New Delhi. The meeting was attended by the Foundation's long-standing partner organisations, representatives of the Central Government and the State Governments with whom the Foundation works or has plans to work, and independent experts and resource persons. The deliberations helped ICICI Foundation in formulating its proposed state-wide interventions for quality improvement in school education in Rajasthan and Odisha.

iii. State-wide programme for improvements in schools education and teacher training: In Odisha, ICICI Foundation in partnership with the Government of Odisha, plans to launch a programme to improve the practices of in-service (current teachers) and pre-service (trainee teachers) teacher training in the state. The programme will build the professional capacity of teachers and educators, as well as strengthen the state's teacher performance management mechanism. ICICI Foundation will work with the state education functionaries to facilitate reforms in line with 2005 National Curriculum Framework, including updating curricula, developing teacher training material and designing research and academic support material. The scope of this programme will cover the training of 300 master trainers who will train 4,500 teacher trainers who in turn will train 100,000 in-service teachers and 10,000 pre-service teachers.

In Rajasthan, based on the success of its Quality Education Programme, ICICI Foundation has been invited by the Government of Rajasthan to work with the State Institute of Education Research and Training (SIERT), to revamp the state's teacher training curriculum. The proposed project seeks to revise the pre-service teacher training curriculum, build professional capacity of teacher educators, including the SIERT and DIET faculty and strengthen and improve co-ordination amongst the multi-tier academic support structure. The programme will also develop one block (in one intervention district) as an e-learning hub for supplementing in-service teachers' training and work on development of all schools in two blocks in two districts so that the schools can become compliant with the Right to Education Act. The overall goal is to train 500 master trainers, 80-100 nodal head masters, 20,000 student teachers, 250 key resource persons and 210,000 in-service teachers, which will impact about 8 million students across the state.

Promoting Inclusive Growth

c) Access to finance: ICICI Foundation facilitates financial inclusion by supporting the development of new models for delivering financial services viz. credit, savings, remittance and insurance to low-income households. In addition to the ICICI Group's direct work in the area of financial inclusion, ICICI Foundation partners with ICICI Group companies to provide greater access to, and create awareness of finance in communities where it has established health and education programmes.

d) Sustainable livelihoods: ICICI Foundation has broadened the scope of its work to include sustainable livelihoods in order to address the urgent need for adequate training for rural youth. Skill development training for the youth, particularly those below the poverty line, is required in order to make them employable or equip them to become entrepreneurs. The Foundation has taken up the mandate to strengthen two Rural Self-Employment Training Institutes (RSETIs) in Udaipur and Jodhpur engaged in providing training for skill development. The Foundation will focus on providing training that is culturally relevant and locally in demand, and where the input costs are low whereas the returns are relatively high and self-sustaining. It will also facilitate supply chain, credit and marketing linkages, impart basic financial training and provide placement support.

3. Serving communities in partnership with civil society

Besides grassroot level interventions undertaken by ICICI Foundation as mentioned above, the ICICI Group companies also undertake certain other projects for the benefit of society, alongwith ICICI Foundation. These include:

a) Read to Lead – Phase II: In Phase II of the Read to Lead programme, ICICI Bank has supported the establishment of 63 libraries that will reach out to approximately 7,200 children in the rural areas of the Jagdalpur block of Bastar district in Chhattisgarh. The programme includes building libraries, sourcing books and conducting various interactive activities to make the library a dynamic centre for learning.

b) ICICI Fellows: The ICICI Fellows programme, launched in November 2009, aims to create a cadre of socially responsible leaders for India. The two-year programme includes experiential learning in rural or semi-urban India, as well as management training and leadership development through personalised coaching and mentorship. The first batch joined in August 2010 and are currently gaining first hand experience through working with the partner NGOs.

c) Healthy Lokshakti: Through this initiative, ICICI Lombard works towards improving the health of mothers and children (0-1 year) in Trimbak and Peint tribal blocks of Maharashtra, in partnership with government healthcare systems. In order to reduce neo-natal and child mortality, it works to ensure that women receive good healthcare during and after their pregnancy and medical assistance during delivery.

d) Muktangan Education Initiative: ICICI Securities supports the Mumbai-based NGO Doorstep School which enriches the schooling experience of 1,265 socio-economically disadvantaged children and supports enrollment and sustenance through activities such as reading promotion, study class, mental health support and extracurricular activities. ICICI Securities also continues to support the Muktangan Education Initiative, a partnership between the Paragon Charitable Trust and the Municipal Corporation of Greater Mumbai. Muktangan seeks to provide affordable, community-based inclusive education to underprivileged children.

e) Payroll giving: Since 2003, ICICI Bank has facilitated employee donations to social causes through GiveIndia. Close to 6,000 employees participate in the payroll-giving programme.

f) Employee volunteering: The “Changemakers” programme enables employees to contribute their time and talent for social change. “ChangeMakers” at one of the teams of ICICI Bank delivered employability and life-skills sessions to underprivileged youth enrolled in vocational training at Kherwadi Social Welfare Association, an NGO.

g) Blood donation: In order to reduce the blood shortage in India, ICICI Foundation organised a blood donation camp at ICICI Bank Towers in Mumbai together with State Blood Transfusion Council (SBTC), the autonomous regulatory authority for blood banks in Maharashtra set up under the Ministry of Health. The camp received an overwhelming response from the employees and the blood donated went to SBTC's premiere blood bank, Mahanagar Rakthpedhi (MR). MR provides safe blood and its components at the least expensive price in Mumbai. This makes blood more accessible to people from all socio-economic backgrounds. MR also regularly provides blood for free to 150 children with thalesemia and sickle cell disease. SBTC issues every a donor card that makes them eligible for one free unit of blood in the state within the next two years. The blood donation drive will now be extended across all offices of the ICICI Group in India.

h) Speak for Smiles: Together with Toofles Foundation and CNBC-TV18, Speak for Smiles, an initiative where young students get an opportunity to interact with business leaders and learn from their experiences was launched. The events are aired on CNBC-TV18 and the proceeds generated by way of contribution from ICICI Foundation are donated to an NGO, nominated by the leaders.

4. Improving access to financial services

ICICI Bank has partnered with Unique Identification Authority of India (UIDAI) for a pilot in Hazaribagh, Jharkhand. Under this pilot, enrollment and opening of Aadhar enabled bank accounts was undertaken and the testing of transactions has been successfully completed. ICICI Bank and ICICI Foundation participated in RBI's outreach programme at Doba village in Jharkhand's Lohardagga district. The outreach programme sought to raise awareness about financial inclusion and banking opportunities available to people in rural areas. ICICI Bank has formulated a financial literacy programme that educates customers on the basics of finance. The Bank conducted finance-themed street plays in Jharkhand and will extend the programme to other parts of the country. ICICI Bank has also been chosen by the Bill and Melinda Gates Foundation as one of the five international banks for their "Gateway Financial Innovation for Savings" project to promote useful savings behaviour by poor.

ICICI Prudential Life Insurance Company (ICICI Life) provides micro-insurance to India's low-income population, as a part of a socially responsible business model. Its micro insurance product for people in rural areas, Sarv Jana Suraksha, provides insurance for a minimal premium of only Rs. 50 per annum. ICICI Life has successfully piloted a unique poverty-alleviation project in collaboration with the Micro Insurance Innovation Facility of the International Labour Organization. The project reaches out to the tea workers in Assam. ICICI Prudential Life has also set up and nurtured a Community Video Unit, JAWA at Dimakusi in Assam with Video Volunteer, an NGO. The unit produced videos, conducted several screenings, campaigns and street plays, which educated 2,000 households on preventive measures against malaria, educated 45,000 workers on financial savings and trained 45 tea workers on financial literacy who then conducted ten mass awareness campaigns covering 10,000 workers.

ICICI Lombard General Insurance Company (ICICI General) has partnered with several central and state government ministries/agencies to offer insurance coverage under various schemes of the government. Under the Rashtriya Swasthya Bima Yojana (RSBY), below poverty line workers in the unorganized sector in Uttar Pradesh, Bihar, Odisha, Gujarat, Maharashtra, Haryana and Punjab have been covered for health insurance. Biometric smart cards issued to each family capture biometric details of the family and the beneficiaries can check the balance sum insured, family details, policy details and coverage at any time during the policy period. ICICI General has also provided a unique health insurance product for weavers and their families. Over 1.6 million families have been covered through this scheme. A special policy to provide health insurance to women involved in silkworm cultivation and their families is also operational. ICICI General is also working with a number of financial intermediaries to deliver weather insurance solutions for farmers through Weather Based Crop Insurance Scheme (WBCIS). Till date, ICICI General has insured close to 2.8 million hectares of land and 28 crop varieties through the WBCIS product.

Promoting Inclusive Growth

5. Clean technology initiatives

ICICI Bank's Technology Finance Group (TFG) implements multilateral programmes on behalf of the Government of India in the areas of collaborative research and development, energy, environment and healthcare. TFG's initiatives include efforts to attract and channel private financing into cleaner technologies, to create public-private partnerships to mitigate greenhouse gas emissions through energy efficiency and to promote sustainable development.

TFG assisted the introduction of environmental management codes (ISO 14000) in India. It supported clean coal concepts like coal washeries and coal bed methane for the first time in India. TFG supported the development of the first electric passenger car in India, currently being exported to several countries. It also supported the introduction of municipal shared savings concept through the energy service company (ESCO) route, which help save expenditure for street lighting and water pumping. Another significant initiative was the introduction of green ratings for buildings (which helps save energy, water and emissions) through the establishment of Confederation of Indian Industry's Green Business Centre.

In fiscal 2011, TFG in collaboration with leading institutes, has assisted various projects in the areas of solar energy, nuclear energy and drug discovery. This includes assistance to The Energy Resource Institute (TERI) for its project to build capacities of select laboratories for promoting sustainable development in energy efficiency. The laboratories would be equipped with capabilities for developing biomass energy systems, decentralised electricity solutions, waste material characterisation and solar power systems. The laboratories will also promote energy efficiency in the industry through various means including certification of solar lighting products.

BUSINESS ENVIRONMENT

The Bank's financial condition, loan portfolio and results of operations have been and are in the future expected to be influenced by economic and financial conditions in India as well as globally, developments affecting the business activities of our corporate customers including increase in international commodity prices and regulatory developments in the financial sector.

During fiscal 2011, the recovery in economic activity witnessed in fiscal 2010 was sustained. Gross Domestic Product (GDP) increased by 8.6% during the first nine months of fiscal 2011, compared to a growth of 7.4% in the corresponding period of fiscal 2010. In addition, growth was fairly broad-based across the agriculture, industry and services sectors. Growth in the agriculture sector recovered to 5.7% during the first nine months of fiscal 2011 compared to 0.2% in the corresponding period of fiscal 2010. The services sector continued to grow at over 9.0% during the year. Industrial growth remained strong during the first half of fiscal 2011 with the Index of Industrial Production (IIP) recording an average growth of over 10.0%. However, there was some moderation during the subsequent months, partly due to an adverse base effect. During April 2010 to February 2011, total exports increased by 31.4% on a year-on-year basis. In view of the continued momentum in economic activity, the Central Statistical Organisation has estimated GDP to grow by 8.6% in fiscal 2011 compared to a growth of 8.0% in fiscal 2010.

Inflationary pressures continued to persist through fiscal 2011, with an increase in the latter part of the fiscal year due to higher than anticipated rise in food and oil prices. Inflation, measured by the Wholesale Price Index (WPI), after declining from a high of 11.0% in April 2010 to about 8.1% in November 2010 continued to remain at elevated levels of about 8.0% for the remaining part of the fiscal year. Inflationary pressures, though largely emanating from food and fuel prices, became broad based as manufactured products inflation showed an increase from February 2011. In view of the above, Reserve Bank of India (RBI) continued its policy tightening and liquidity management stance. During fiscal 2011, the cash reserve ratio (CRR) was increased by 25 basis points from 5.75% to 6.00%, the repo rate by 175 basis points from 5.00% to 6.75%, and the reverse repo rate by 225 basis points from 3.50% to 5.75%. In its annual policy statement for fiscal 2012, RBI further increased the repo rate by 50 basis points to 7.25% and set the reverse repo rate at 1.0% below the repo rate. In addition, during certain periods, liquidity was also impacted by events such as the auction of telecom spectrum and lower than anticipated government spending. Liquidity in the system continued to remain in deficit for a large part of fiscal 2011, particularly in the second half of the fiscal year. Banks remained net borrowers from RBI under the Liquidity Adjustment Facility (LAF) with average borrowings of about Rs. 640.00 billion on a daily basis between June 1, 2010 and March 31, 2011. The yields on 10 year government securities increased by about 17 basis points to 7.99% at March 31, 2011 as compared to 7.82% at March 31, 2010. During the latter part of fiscal 2011, RBI initiated several measures to ease systemic liquidity including decreasing the Statutory Liquidity Ratio (SLR) by 100 basis points from 25.0% to 24.0% in December 2010, providing additional liquidity support under the LAF window, operation of a second LAF on a daily basis, and open market operations for purchase of government securities.

In response to tight systemic liquidity and the rising interest rate environment, scheduled commercial banks increased their deposit rates for various maturities by 75-250 basis points between April 2010 and January 2011. The impact of rising cost of funds for banks was also reflected in lending rates with banks increasing their base rates by 95-165 basis points during the year. Banking system credit growth, after remaining subdued during fiscal 2010 recovered in fiscal 2011, following the improvement in economic activity. Non-food credit growth was 21.2% at March 25, 2011 on a year-on-year basis, compared to 17.1% at March 26, 2010. Based on sector-wise data, growth in non-food credit on a year-on-year basis till February 25, 2011 was 22.8%, which was largely driven by growth in credit to industry at 26.5% and to the services sector at 24.2%. Within industry, loans to the infrastructure sector increased by 39.7% led by power and telecommunications. During the year, there was also some recovery in growth in the personal loans segment with a year-on-year increase of 16.2% at February 25, 2011. However, deposit growth lagged credit growth in the system with total deposits increasing by 15.8% on a year-on-year basis at March 25, 2011 compared to 17.2% at March 26, 2010. The slower growth in deposits was largely due to the decline in demand deposits by 1% on a year-on-year basis at March 25, 2011 as compared to a growth of 23.4% at March 26, 2010.

Equity markets, while appreciating during fiscal 2011, continued to remain volatile as various events such as increased inflationary concerns, the European sovereign debt crisis and political events in the Middle East and North Africa impacted investor sentiments. On an overall basis, the benchmark equity index, the BSE Sensex, increased by 10.9% from 17,528 at March 31, 2010 to 19,445 at March 31, 2011. Foreign institutional investment flows into India continued to remain strong during the first ten months of the year before declining significantly during the last quarter of fiscal 2011. In addition, continued revival in external trade contributed to a surplus of US$ 11.0 billion in India's balance of payments during the nine months of fiscal 2011. The rupee appreciated by 1.1% against the US dollar from Rs. 45.14 per US dollar at March 31, 2010 to Rs. 44.65 per US dollar at March 31, 2011.

Tight liquidity and the rising interest rate environment combined with the impact of regulatory changes, led to lower mobilisation under savings and investment products during fiscal 2011. First year retail premium underwritten in the life insurance sector decreased by 8.5% (on weighted received premium basis) to Rs. 503.68 billion in fiscal 2011 from Rs. 550.24 billion in fiscal 2010. The average assets under management of mutual funds decreased by 6.3% from Rs. 7,475.25 billion in March 2010 to Rs. 7,005.38 billion in March 2011. However, gross premium of the non-life insurance sector (excluding specialised insurance institutions) grew by 21.7% to Rs. 425.69 billion in fiscal 2011.

There were a number of key regulatory developments in the Indian financial sector during fiscal 2011:

In December 2010, RBI imposed a regulatory ceiling on the loan-to-value ratio in respect of housing loans at 80%. However, small value loans of less than Rs. 2.0 million were permitted to have a loan to value ratio not exceeding 90%. Further, the risk weight for residential loans of Rs. 7.5 million and above was set at 125% irrespective of the loan to value ratio, as against the earlier mandated 100% for a loan to value ratio of above 75%. With respect to loans outstanding under special housing loan products with lower interest rates in initial years, the standard asset provisioning was increased from 0.4% to 2.0%.

In February 2011, RBI issued guidelines declassifying loans sanctioned to non-banking finance companies (NBFCs) for on-lending to individuals and entities against gold jewellery as direct agriculture lending under priority sector requirements. Similarly, investments made by banks in securitised assets originated by NBFCs, where the underlying assets were loans against gold jewellery and purchase/assignment of gold loan portfolio from NBFCs were also made ineligible for classification under agriculture sector lending.

RBI advised banks to henceforth not issue Tier-1 and Tier-2 capital instruments with step-up options so that these instruments remain eligible for inclusion in the new definition of regulatory capital under the Basel III framework.

In the Union Budget for fiscal 2012, the government enhanced priority sector eligibility ceiling for housing loans for dwelling units from Rs. 2.0 million to Rs. 2.5 million.

In May 2010, RBI permitted infrastructure NBFCs to avail of external commercial borrowings for on-lending to the infrastructure sector. Further, in July 2010, guidelines were issued to permit take-out financing arrangement through the external commercial borrowing route for refinancing of rupee loans availed for financing infrastructure projects particularly in the areas of seaports, airports, roads and power. In the Union Budget for fiscal 2012, the limit for investment by Foreign Institutional Investors (FIIs) in corporate bonds with residual maturity of over five years issued by companies in infrastructure sector, was raised by US$ 20 billion, taking the limit to US$ 25 billion. Further, it was also proposed to create special vehicles in the form of notified infrastructure debt funds with lower withholding tax on their interest payments and tax exemptions on their incomes.

In August 2010, the RBI issued a discussion paper on entry of new banks in the private sector. In January 2011, RBI also released a discussion paper on the presence of foreign banks in India.

In June 2010, the Insurance Regulatory and Development Authority (IRDA) introduced revisions to the regulations governing unit linked insurance products such as increase in the lock-in period from three years to five years, increase in minimum mortality cover, cap on surrender and other charges and minimum guaranteed return on pension annuity products.

In March 2011, IRDA conducted an audit of the third party motor insurance pool and concluded that the pool reserves needed to be enhanced significantly. Accordingly, IRDA stipulated that all general insurance companies should increase these reserves based on a provisional loss ratio of 153% for the pool for all years commencing from the year ended March 31, 2008, with the final loss ratio to be determined through a further review in fiscal 2012.

Introduction of Base Rate system

Historically, interest rates on loans extended by banks were linked to the prime lending rate (PLR) of each bank. With effect from July 1, 2010, RBI implemented a new base rate mechanism, requiring each bank to set and publicly disclose its minimum rate or “Base Rate” for all new loans and advances and renewal of existing facilities, subject to certain limited exceptions. While existing loans based on the Benchmark Prime Lending Rate (BPLR) system would continue to be linked to BPLR till their maturity, the existing borrowers have an option to migrate to the Base Rate system before the expiry of existing contracts on mutually agreed terms. Except certain categories of loans as specified by RBI, banks are not allowed to lend below the Base Rate. Under the regulation, banks must review their base rates at least once every quarter.

The Asset Liability Management Committee (ALCO) of the Bank at its meeting on June 30, 2010, set the Base Rate of ICICI Bank, called "I-Base", at 7.50% p.a. with effect from July 1, 2010. I-Base was increased by 175 basis points, in four phases, the last such increase being to 9.25% p.a. with effect from May 7, 2011.

Change in Methodology for Computing Interest Payable on Savings Deposits

RBI had prescribed an interest rate of 3.50% on savings deposits and upto March 31, 2010 banks were required to pay this interest on the minimum outstanding balance in a savings deposit account between the tenth day and the end of the month. Effective April 1, 2010, RBI changed the methodology of computation of the interest payable and banks were required to pay interest on the daily average balance maintained in a savings deposit account. The change in methodology resulted in increase in cost of savings account deposits for banks. RBI has increased the interest rate on savings account deposits to 4.00% with effect from May 3, 2011.

Amalgamation of The Bank of Rajasthan

On May 23, 2010, the Board of Directors of ICICI Bank and the Board of Directors of The Bank of Rajasthan Limited (Bank of Rajasthan), an old private sector bank, at their respective meetings approved an all-stock amalgamation of Bank of Rajasthan with ICICI Bank at a share exchange ratio of 25 shares of ICICI Bank for 118 shares of Bank of Rajasthan. The shareholders of ICICI Bank and Bank of Rajasthan approved the scheme of amalgamation at their respective extra-ordinary general meetings. RBI approved the scheme of amalgamation with effect from close of business on August 12, 2010.

We have issued 31.3 million shares in August 2010 and 2.9 million shares in November 2010 to shareholders of Bank of Rajasthan. The total assets of Bank of Rajasthan represented 4.0% of total assets of ICICI Bank at August 12, 2010. At August 12, 2010, Bank of Rajasthan had total assets of Rs. 155.96 billion, deposits of Rs. 134.83 billion, loans of Rs. 65.28 billion and investments of Rs. 70.96 billion. It incurred a loss of Rs. 1.02 billion in fiscal 2010. The results for fiscal 2011 include results of Bank of Rajasthan for the period from August 13, 2010 to March 31, 2011. The assets and liabilities of Bank of Rajasthan have been accounted at the values at which they were appearing in the books of Bank of Rajasthan at August 12, 2010 and provisions were made for the difference between the book values appearing in the books of Bank of Rajasthan and the fair value as determined by ICICI Bank.

The amalgamation was part of our strategy to expand our branch network with a view to growing our deposit base. We believe that the combination of Bank of Rajasthan's branch franchise with our strong capital base would enhance the ability of the combined entity to capitalise on the growth opportunities in the Indian economy.

STANDALONE FINANCIALS AS PER INDIAN GAAP

Summary

During fiscal 2011, we focused on leveraging our rebalanced funding mix and strong capital position to grow our loan portfolio, while substantially reducing our provisions for loan losses to improve our profitability.

Our profit after tax increased by 28.0% from Rs. 40.25 billion in fiscal 2010 to Rs. 51.51 billion in fiscal 2011. The increase in profit after tax was mainly due to a 47.9% decrease in provisions and contingencies (excluding provisions for tax) from Rs. 43.87 billion in fiscal 2010 to Rs. 22.87 billion in the fiscal 2011. The decrease in provisions and contingencies (excluding provisions for tax) was primarily due to a reduction in provisions for retail non-performing loans, as accretion to retail non-performing loans declined sharply in fiscal 2011. Net interest income increased by 11.1% from Rs. 81.14 billion in fiscal 2010 to Rs. 90.17 billion in fiscal 2011.

The decrease in provisions and contingencies and increase in net interest income was partly offset by an 11.1% decrease in non-interest income from Rs. 74.78 billion in fiscal 2010 to Rs. 66.48 billion in fiscal 2011. The decrease in non-interest income was primarily due to a decrease in income from treasury-related activities by Rs. 13.96 billion from a gain of Rs. 11.81 billion in fiscal 2010 to a loss of Rs. 2.15 billion in fiscal 2011. The higher income from treasury-related activities in fiscal 2010 included reversal of provision against credit derivatives due to softening of credit spreads and higher realised profit on government securities and other fixed income positions. Fee income increased by 13.6% from Rs. 56.50 billion in fiscal 2010 to Rs. 64.19 billion in fiscal 2011.

In fiscal 2011, non-interest expenses increased by 12.9% from Rs. 58.60 billion in fiscal 2010 to Rs. 66.17 billion in fiscal 2011 primarily due to an increase in employee expenses partly offset by a decrease in other administrative expenses.

Total assets increased by 11.8% from Rs. 3,634.00 billion at March 31, 2010 to Rs. 4,062.34 billion at March 31, 2011. Total deposits increased by 11.7% from Rs. 2,020.17 billion at March 31, 2010 to Rs. 2,256.02 billion at March 31, 2011. Current and savings account (CASA) deposits increased by 20.7% from Rs. 842.16 billion at March 31, 2010 to Rs. 1,016.47 billion at March 31, 2011 while term deposits increased marginally from Rs. 1,178.01 billion at March 31, 2010 to Rs. 1,239.55 billion at March 31, 2011. The ratio of CASA deposits to total deposits increased from 41.7% at March 31, 2010 to 45.1% at March 31, 2011. Total advances increased by 19.4% from Rs. 1,812.06 billion at March 31, 2010 to Rs. 2,163.66 billion at March 31, 2011 primarily due to an increase in domestic corporate loans, overseas corporate loans and loans taken over from Bank of Rajasthan. Net non-performing assets decreased by 37.0% from Rs. 39.01 billion at March 31, 2010 to Rs. 24.58 billion at March 31, 2011 and the net non-performing asset ratio decreased from 1.9% at March 31, 2010 to 0.9% at March 31, 2011.

We continued to expand our branch network in India. Our branch network in India increased from 1,707 branches and extension counters at March 31, 2010 to 2,529 branches and extension counters at March 31, 2011. We also increased our ATM network from 5,219 ATMs at March 31, 2010 to 6,104 ATMs at March 31, 2011. These include branches and ATMs of Bank of Rajasthan.

The total capital adequacy ratio of ICICI Bank on a standalone basis at March 31, 2011 in accordance with the RBI guidelines on Basel II was 19.5% with a tier I capital adequacy ratio of 13.2% compared to a total capital adequacy of 19.4% and tier I capital adequacy of 14.0% at March 31, 2010.

Operating results data

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

			Rs. in billion, except percentages
	Fiscal 2010	Fiscal 2011	% change
Interest income	Rs. 257.07	Rs. 259.74	1.0%
Interest expense	175.93	169.57	(3.6)
Net interest income	81.14	90.17	11.1
Non-interest income			
- Fee income1	56.50	64.19	13.6
- Treasury income	11.81	(2.15)	-
- Lease and other income	6.47	4.44	(31.4)
Operating income	155.92	156.65	0.5
Operating expenses	55.93	63.81	14.1
Direct marketing agency (DMA) expense2	1.25	1.57	25.6
Lease depreciation, net of lease equalisation	1.42	0.79	(44.4)
Operating profit	97.32	90.48	(7.0)
Provisions, net of write-backs	43.87	22.87	(47.9)

Profit before tax	53.45	67.61	26.5
Tax, net of deferred tax	13.20	16.10	22.0
Profit after tax	Rs.40.25	Rs.51.51	28.0%

1. Includes merchant foreign exchange income and margin on customer derivative transactions.
2. Represents commissions paid to DMAs for origination of retail loans. These commissions are expensed upfront.
3. All amounts have been rounded off to the nearest Rs. 10.0 million.
4. Prior period figures have been re-grouped/re-arranged, where necessary.

Key ratios

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

	Fiscal 2010	Fiscal 2011
Return on average equity (%)1	7.9	9.6
Return on average assets (%)2	1.1	1.3
Earnings per share (Rs.)	36.14	45.27
Book value per share (Rs.)	463.01	478.31
Fee to income (%)	36.6	41.2
Cost to income (%)3	37.0	41.9

1. Return on average equity is the ratio of the net profit after tax to the quarterly average equity share capital and reserves.
2. Return on average assets is the ratio of net profit after tax to average assets. The average balances are the averages of daily balances, except averages of foreign branches which are calculated on a monthly basis till October 31, 2010 and on a fortnightly basis thereafter.
3. Cost represents operating expense including DMA cost which is expensed upfront but excluding lease depreciation. Income represents net interest income and non-interest income and is net of lease depreciation.

Net interest income and spread analysis

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

Rs. in billion, except percentages

	Fiscal 2010	Fiscal 2011	% change
Interest income	Rs. 257.07	Rs.259.74	1.0%
Interest expense	175.93	169.57	(3.6)
Net interest income	Rs.81.14	Rs.90.17	11.1
Average interest-earning assets1	3,259.66	3,418.59	4.9
Average interest-bearing liabilities1	3,054.87	3,168.26	3.7%
Net interest margin	2.5%	2.6%	--
Average yield	7.9%	7.6%	--
Average cost of funds	5.8%	5.4%	--
Interest spread	2.1%	2.2%	--

1. The average balances are the averages of daily balances, except averages of foreign branches which are calculated on monthly basis till October 31, 2010 and on a fortnightly basis thereafter.
2. All amounts have been rounded off to the nearest Rs. 10.0 million.

Net interest income increased by 11.1% from Rs. 81.14 billion in fiscal 2010 to Rs. 90.17 billion in fiscal 2011 reflecting an increase in net interest margin from 2.5% in fiscal 2010 to 2.6% in fiscal 2011 and a 4.9% increase in the average volume of interest-earning assets.

Net interest margin increased from 2.5% in fiscal 2010 to 2.6% in fiscal 2011 primarily due to a decrease in cost of deposits from 5.8% in fiscal 2010 to 4.9% in fiscal 2011, offset, in part by decrease in yield on interest-earning assets from 7.9% in fiscal 2010 to 7.6% in fiscal 2011.

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

	Fiscal 2010	Fiscal 2011
Yield on interest-earning assets	7.9%	7.6%
- On advances	9.1	8.5
- On investments	6.2	6.4
- On SLR investments	6.4	6.3
- On other investments	5.8	6.6
- On other interest-earning assets	6.3	6.5
Cost of interest-bearing liabilities	5.8	5.4
- Cost of deposits	5.8	4.9
- Current and savings account (CASA) deposits	2.0	2.5
- Term deposits	7.7	6.5
- Cost of borrowings	5.6	6.1
Interest spread	2.1	2.2
Net interest margin	2.5%	2.6%

Yield on interest-earning assets decreased from 7.9% in fiscal 2010 to 7.6% in fiscal 2011 primarily due to a decrease in yield on advances. The decrease in yield on advances was primarily due to a decrease in the proportion of the high-yielding unsecured retail portfolio in total advances and decrease in yield on domestic non-retail advances reflecting the declining trend in interest rates during fiscal 2010 which continued in the first half of fiscal 2011.

Yield on average interest-earning investments increased to 6.4% in fiscal 2011 compared to 6.2% in fiscal 2010 primarily due to an increase in yield on average interest-earning non-SLR investments, offset, in part, by a marginal decrease in yield on average SLR investments. The yield on average interest-earning non-SLR investments increased from 5.8% in fiscal 2010 to 6.6% in fiscal 2011, primarily due to an increase in investment in higher-yielding credit substitutes like corporate bonds and debentures, certificate of deposits and commercial paper.

Interest income also includes interest on income tax refund of Rs. 1.65 billion in fiscal 2011 compared to Rs. 1.21 billion in fiscal 2010. The receipt, amount and timing of such income depends on the nature and timing of determinations by tax authorities and is not consistent or predictable.

RBI increased the CRR by 75 basis points to 5.75% in February 2010 and further by 25 basis points to 6.00% effective April 24, 2010. As CRR balances do not earn any interest income, these increases had a negative impact on yield on interest-earning assets in fiscal 2011. During fiscal 2011, interest income was also impacted by losses on securitised pools of assets (including credit losses on pools securitised in earlier years) of Rs. 5.49 billion as compared to Rs. 5.09 billion in fiscal 2010.

The cost of funds decreased from 5.8% in fiscal 2010 to 5.4% in fiscal 2011 primarily due to decrease in cost of deposits, offset, in part by an increase in cost of borrowings.

The decrease in cost of deposits in fiscal 2011 as compared to fiscal 2010 was due to the higher proportion of low-cost current and savings deposits and reduction in cost of term deposits. The proportion of current and savings accounts deposits to total deposits increased from 41.7% at March 31, 2010 to 45.1% at March 31, 2011. Cost of term deposits decreased from 7.7% in fiscal 2010 to 6.5% in fiscal 2011. The cost of savings deposits increased due to RBI guidelines requiring banks to pay interest on the daily average balances in savings account deposits. Cost of borrowings increased from 5.6% in fiscal 2010 to 6.1% in fiscal 2011 primarily on account of an increase in cost of call and term borrowings and bond borrowings.

Interest rates moved up significantly during fiscal 2011, especially in the second half of the year. In response to tight systemic liquidity and the rising interest rate environment, scheduled commercial banks increased their deposit rates for various maturities. The full impact of increase in deposit rates will reflect in fiscal 2012. The increase in deposit rates also reflected in an increase in lending rates in the banking system. During the year, we increased the base rate (I-Base) from 7.50% at July 1, 2010 to 8.75% at March 31, 2011 and further to 9.25%, with effect from May 7, 2011.

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

		Rs. in billion, except percentages	
	Fiscal 2010	Fiscal 2011	% change
Advances	Rs. 1,915.39	Rs.1,926.52	0.6%
Interest-earning investments	1,046.05	1,237.42	18.3
Other interest-earning assets	298.22	254.65	(14.6)
Total interest-earning assets	3,259.66	3,418.59	4.9
Deposits	1,970.60	2,046.04	3.8
Borrowings3	1,084.27	1,122.23	3.5
Total interest-bearing liabilities	Rs. 3,054.87	Rs.3,168.26	3.7%

1. Average investments and average borrowings include average short-term re-purchase transactions.
2. Average balances are the averages of daily balances, except averages of foreign branches which are calculated on a monthly basis till October 31, 2010 and on a fortnightly basis thereafter.
3. Borrowings exclude preference share capital.

The average volume of interest-earning assets increased by 4.9% from Rs. 3,259.66 billion in fiscal 2010 to Rs. 3,418.59 billion in fiscal 2011. The increase in average interest-earning assets was primarily on account of an increase in average interest-earning investments by Rs. 191.37 billion.

Average interest-earning investments increased by 18.3% from Rs. 1,046.05 billion in fiscal 2010 to Rs. 1,237.42 billion in fiscal 2011, primarily due to an increase in average interest-earning non-SLR investments by 45.4% from Rs. 313.21 billion in fiscal 2010 to Rs. 455.34 billion in fiscal 2011. Average SLR investments increased by 6.7% from Rs. 732.84 billion in fiscal 2010 to Rs. 782.07 billion in fiscal 2011. Interest-earning non-SLR investments primarily include investments in corporate bonds and debentures, certificates of deposits, commercial paper, Rural Infrastructure Development Fund (RIDF) and other related investments and investments in liquid mutual funds to deploy excess liquidity.

Average advances increased marginally from Rs. 1,915.39 billion in fiscal 2010 to Rs. 1,926.52 billion in fiscal 2011 which includes advances taken over from Bank of Rajasthan. Retail advances increased by 5.8% from Rs. 790.62 billion at March 31, 2010 to Rs. 836.75 billion at March 31, 2011. In US dollar terms, the net advances of overseas branches increased by 22.8% from US$ 10.1 billion at March 31, 2010 to US$ 12.4 billion at March 31, 2011. In rupee terms, the net advances of overseas branches increased by 22.1% from Rs. 451.37 billion at March 31, 2010 to Rs. 550.97 billion at March 31, 2011.

Average interest-bearing liabilities increased by 3.7% from Rs. 3,054.87 billion in fiscal 2010 to Rs. 3,168.26 billion in fiscal 2011 on account of increase of Rs. 75.44 billion in average deposits and an increase of Rs. 37.96 billion in average borrowings. The increase in average deposits was primarily due to increase in average CASA deposits. The ratio of average CASA deposits to average deposits increased from about 32.5% in fiscal 2010 to about 39.1% in fiscal 2011. The increase in average borrowings was due to an increase in average capital eligible borrowings, in the nature of subordinated debt, by Rs. 64.66 billion.

Non-interest income

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

	Fiscal 2010	Fiscal 2011	Rs. in billion, except percentages % change
Fee income1	Rs. 56.50	Rs.64.19	13.6%
Income from treasury-related activities	11.81	(2.15)	—
Lease and other income	6.47	4.44	(31.4)
Total other income	Rs.74.78	Rs.66.48	(11.1)%

1. Includes merchant foreign exchange income and income on customer derivative transactions.

Non-interest income primarily includes fee and commission income, income from treasury-related activities and lease and other income. During fiscal 2011, the decrease in non-interest income was primarily on account of a decrease in income from treasury-related activities. During fiscal 2011, there was an increase in fee income and income by way of dividends included in lease and other income. Overall there was a net decrease in non-interest income by 11.1% from Rs. 74.78 billion in fiscal 2010 to Rs. 66.48 billion in fiscal 2011.

Fee income

Fee income primarily includes fees from corporate clients such as loan processing fees, transaction banking fees and structuring fees and fees from retail customers such as loan processing fees, fees from credit cards business, account service charges and third party referral fees. Fee income increased from Rs. 56.50 billion in fiscal 2010 to Rs. 64.19 billion in fiscal 2011 primarily due to an increase in corporate fees, offset, in part, by decline in retail fees. Higher credit demand and increased business activity in the corporate sector due to economic recovery resulted in an increase in loan processing fees and transaction banking related fees from corporate clients.

Income from foreign exchange transactions with clients and from margins on derivatives transactions with clients increased by 17.3% from Rs. 6.78 billion in fiscal 2010 to Rs. 7.95 billion in fiscal 2011.

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

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

Profit on treasury-related activities decreased from a gain of Rs. 11.81 billion in fiscal 2010 to a loss of Rs. 2.15 billion in fiscal 2011. Treasury income for fiscal 2011 primarily includes loss on investments in government of India securities and loss on security receipts, offset, in part, by gains on equity investments. The higher income from treasury-related activities in fiscal 2010 included reversal of provision against credit derivatives due to softening of credit spreads, higher profit on government of India securities and other fixed income instruments and in equity investments offset, in part, by a loss on mark-to-market/realised loss on security receipts.

During fiscal 2010, we had capitalised on certain market opportunities to realise gains from sale of our government and other domestic fixed income positions. During fiscal 2011, the government securities portfolio was impacted by increase in interest rates which resulted in a loss for fiscal 2011 as compared to gains in fiscal 2010.

The equity markets remained volatile due to global and domestic developments including the political unrest in the Middle East and concerns on global recovery due to possible impact on crude oil prices, and continued high levels of inflation in India and resultant monetary tightening. These factors impacted market sentiment resulting in decline in realised/unrealised profit on equity investments for fiscal 2011 as compared to fiscal 2010.

During fiscal 2010, softening of credit spreads had resulted in reversal of provision held against the credit derivatives portfolio amounting to Rs. 3.97 billion. During fiscal 2011, there was a profit on credit derivatives portfolio amounting to Rs. 0.15 billion.

At March 31, 2011, we had an outstanding net investment of Rs. 28.31 billion in security receipts issued by asset reconstruction companies in relation to sale of non-performing assets. At the end of each reporting period, security receipts issued by asset reconstruction companies are valued as per net asset value obtained from the asset reconstruction company from time to time. During fiscal 2011, the impact of these security receipts on the income from treasury-related activities was a loss of Rs. 2.31 billion compared to a loss of Rs. 2.12 billion in fiscal 2010.

Lease and other income

Lease and other income primarily includes dividend from subsidiaries, lease rentals and profit on sale of fixed assets. Lease and other income decreased from Rs. 6.47 billion in fiscal 2010 to Rs. 4.44 billion in fiscal 2011. During fiscal 2010, the Bank and First Data, a global leader in electronic commerce and payment services, formed a merchant acquiring alliance and a new entity, 81.0% owned by First Data. This entity acquired ICICI Bank's merchant acquiring operations through transfer of assets, primarily comprising fixed assets, receivables and payables, and assumption of liabilities, for a total consideration of Rs. 3.74 billion. We realised a profit of Rs. 2.03 billion from this transaction in fiscal 2010.