MANAGEMENT DISCUSSION & ANALYSIS

OPERATING ENVIRONMENT

Global growth momentum is expected to slow from 3.2% year-on-year in calendar year 2023 to 3.0% in calendar year 2024 led primarily by softer growth prospects in Europe and China. The US economy is showing continued resilience and is expected to grow above its trend pace. The moderate softening in global growth reflects the ongoing lagged effect of restrictive monetary policy weighing on demand, however a recession is unlikely. At the same time, headline inflation could continue to moderate. The persistence of services inflation could limit the scale of disinflation over fiscal 2024 as compared to that witnessed over H2-2023. Developed Market (DM) central banks are poised to ease policy with the European Central Bank (ECB) and Bank of England (BoE) expected to lead Federal Reserve Open Market Committee (FOMC) in commencing easing policy. Risks to the global growth outlook are to the downside, including a further escalation in geo-political tensions that pushes global energy prices sharply higher and monetary policy working to reduce inflation and compress growth much more than assumed.

Growth

In Q4-2024, India's real Gross Value Added (GVA) grew 6.5% year-on-year, while Gross Domestic Product (GDP) grew by 7.8% year-on-year led by lower subsidy payout. Given government infra spending, corporate capex cycle and real estate investment by households, we should see investment to remain the key driver of India's growth in coming years. Services demand is buoyant on the back of travel, real estate and financial services. Growth for fiscal 2024 has been revised higher at 8.2% year-on-year from 7.6% earlier. The upward revision is led by Q4-2024 GDP growth coming in far stronger than earlier estimated (lower subsidy payout).

Inflation

Inflation, as measured by the Consumer Price Index (CPI), softened from 5.7% year-on-year in March 2023 to 4.9% year-on-year in March 2024, compared to an average inflation of 5.4% year-on-year in fiscal 2024. Food inflation on the other hand rose to 7.7% year-on-year, while core inflation was lower at 3.2% year-on-year. The most important factor working in favour of inflation is the easing core inflation. Given the above backdrop CPI inflation is expected to average 4.5% for the year.

Interest rates

In May 2022, the Monetary Policy Committee (MPC) delivered its first post-pandemic hike of 40 basis points, taking the repo rate to 4.4%. More rate hikes followed: 50 basis points in June 2022, 50 basis points in August 2022, 50 basis points in September 2022, 35 basis points in December 2022 and 25 basis points in February 2023, taking the cumulative rate hikes to 250 basis points during fiscal 2023. However, the MPC surprised markets by keeping the policy rate unchanged at 6.5% in the meeting held in April 2023, since then till the last MPC held in April 2024, the policy rate and the policy stance has been kept unchanged. The Reserve Bank of India (RBI) announced various measures to manage the liquidity conditions. For example, the RBI had announced a temporary incremental Cash Reserve Ratio (CRR) rate of 10.0% on the incremental deposits between May 19, 2023 and July 28, 2023. The same was reversed by October 7, 2023. Further, the RBI also announced that it would conduct Open Market Operation (OMO) sales to manage liquidity conditions. System liquidity reduced from an average of ₹ 25.0 billion in the month of March 2023 to ₹ -434.0 billion in March 2024. The transmission of monetary policy resulted in an increase in interest rates in the banking system. Between April 2023 and February 2024, the Weighted Average Lending Rate (WALR) of commercial banks on fresh rupee loans increased by 28 basis points. Since April 2022, the same has increased by 185 basis points.

Financial markets

During fiscal 2024, the Rupee depreciated by 1.4% from ₹ 82.18 per USD at March 31, 2023 to ₹ 83.35 per USD at March 29, 2024. With the geopolitical tensions in West Asia, the Rupee touched ₹ 83.75 per USD at April 17, 2024. The benchmark S&P BSE Sensex increased by 24.85% during fiscal 2024 compared to 0.7% in fiscal 2023. The yields on the benchmark 10-year government securities was range bound, moving from 7.31% at March 31, 2023 to 7.06% at March 29, 2024, with a highest of 7.38% on October 9, 2023.

Banking sector trends

Non-food credit of the banking system displayed robust growth, with growth of 20.2% year-on-year in March 2024 (16.3% year-on-year ex merger) compared to 15.4% year-on-year in March 2023, with incremental credit growth of ₹ 22.2 trillion in the period April 2023 to March 2024. The fortnightly credit outstanding on 5th April showed 19.9% year-on-year growth (16.1% year-on-year ex merger). Sectoral break-up of credit data available till March 2024, credit growth was led by services at 22.9% year-on-year (20.2% year-on-year ex merger) and personal credit at 27.6% year-on-year (17.7% year-on-year ex merger). In addition, industry credit also showed an uptick in growth at 9.0% year-on-year (8.5% year-on-year ex merger).

According to RBI's Financial Stability Report of June 2024, non-performing assets (NPAs) of scheduled commercial banks continued to decline in fiscal 2024, with gross NPA ratio at 2.8% and net NPA ratio at 0.6% at March 31, 2024 compared to a gross NPA ratio of 3.9% and net NPA ratio of 1.0% at March 31, 2023.

Outlook

The MPC expectedly kept the repo rate unchanged at the April 2024 review, now for 7th time in a row. The stance also remained unchanged as 'withdrawal of accommodation'. The US Fed is expected to delay its rate cut cycle, while uncertain geo-political environment poses an inflationary risk. As a result, RBI's rate cut cycle is likely to be delayed from our earlier expectation of October. The timing of change in stance and policy cut in India remains contingent upon commodity prices and global monetary easing cycle.

STRATEGY

In fiscal 2024, the Bank maintained its strategic focus on profitable growth in business within the guardrails of risk and compliance. The Bank grew its credit portfolio with a focus on granularity and saw healthy growth across segments. The Bank continued to focus on customer 360-degree approach and holistically serving across ecosystems and micromarkets. The Bank sought to maintain and enhance its liability franchise. The Bank focused on maintaining a strong balance sheet, with adequate liquidity, prudent provisioning and healthy capital adequacy. The Bank's capital adequacy ratios were well above regulatory requirements as of March 31, 2024.

Going forward, the Bank would focus on maximizing the profit before tax excluding treasury within the guardrails of compliance and risk management. The Bank believes there are significant opportunities for profitable growth across various sectors of the Indian economy. The Risk Appetite and Enterprise Risk Management framework articulates the Bank's risk appetite and drills it down into a limit framework for various risk categories. The Bank is fostering a strong risk and compliance culture that underpins our dealing with customers. The Bank has laid strong emphasis on continuous strengthening of operational resilience for seamless delivery of services to customers. A strong focus was also laid on deepening coverage and enhancing delivery capabilities while continuing the focus on risk calibrated profitable growth. We continue to focus on simplifying banking for improved customer experiences and enhance customer engagement. The Bank will focus on growing its loan portfolio in a granular manner with a focus on risk and reward, with return of capital and containment of provisions within targeted levels being a key imperative. There are no specific targets for loan mix or segment-wise loan growth. The Bank would aim to continue to grow its deposit franchise, maintain a stable and healthy funding profile and competitive advantage in cost of funds.

See also "Integrated Report – Our Business Strategy".

STANDALONE FINANCIALS AS PER INDIAN GAAP

Summary

Profit before tax (excluding treasury gains) increased by 28.3% from ₹ 424.73 billion in fiscal 2023 to ₹ 544.79 billion in fiscal 2024. Core operating profit (i.e. profit before provisions and tax, excluding treasury gains) increased by 18.3% from ₹ 491.39 billion in fiscal 2023 to ₹ 581.22 billion in fiscal 2024 primarily due to an increase in net interest income by ₹ 121.77 billion and fee income by ₹ 27.95 billion, offset, in part, by an increase in operating expenses by ₹ 62.60 billion. Gain from treasury-related activities was ₹ 0.09 billion in fiscal 2024 as compared to a loss of ₹ 0.52 billion in fiscal 2023. Provisions and contingencies (excluding provision for tax) decreased by 45.3% from ₹ 66.66 billion in fiscal 2023 to ₹ 36.43 billion in fiscal 2024. Profit after tax increased from ₹ 318.96 billion in fiscal 2023 to ₹ 408.88 billion in fiscal 2024.

Net interest income increased by 19.6% from ₹ 621.29 billion in fiscal 2023 to ₹ 743.06 billion in fiscal 2024 due to an increase in the net interest margin (NIM) and an increase in the average interest-earning assets.

Fee income increased by 15.5% from ₹ 180.01 billion in fiscal 2023 to ₹ 207.96 billion in fiscal 2024. Dividend from subsidiaries/joint ventures/associates increased by 16.2% from ₹ 17.84 billion in fiscal 2023 to ₹ 20.73 billion in fiscal 2024. Operating expenses increased by 19.0% from ₹ 328.73 billion in fiscal 2023 to ₹ 391.33 billion in fiscal 2024.

Provisions and contingencies (excluding provision for tax) decreased by 45.3% from ₹ 66.66 billion in fiscal 2023 to ₹ 36.43 billion in fiscal 2024 primarily due to a decrease in contingency provision made on a prudent basis and provision for investments, offset, in part, by an increase in provisions for non-performing and other assets and provision for standard assets. Provision for non-performing and other assets was ₹ 9.45 billion in fiscal 2024 as compared to a write-back of ₹ 6.23 billion in fiscal 2023. During fiscal 2024, there were higher net additions to non-performing loans primarily in retail and rural loans, offset, in part, by recoveries and upgrades in non-retail loans.

The provision coverage ratio on NPAs decreased from 82.8% at March 31, 2023 to 80.3% at March 31, 2024.

MANAGEMENT DISCUSSION & ANALYSIS

During fiscal 2023, the Bank had made an additional contingency provision ₹ 56.50 billion on a prudent basis. The Bank held contingency provision of ₹ 131.00 billion at March 31, 2024.

The income tax expense increased from ₹ 105.25 billion in fiscal 2023 to ₹ 136.00 billion in fiscal 2024. The effective tax rate increased from 24.8% in fiscal 2023 to 25.0% in fiscal 2024 primarily due to change in composition of income.

Net worth increased by 18.8% from ₹ 2,007.16 billion at March 31, 2023 to ₹ 2,383.99 billion at March 31, 2024 primarily due to accretion to reserves out of retained profit, offset, in part, by payment of dividend for fiscal 2023.

Total assets increased by 18.1% from ₹ 15,842.07 billion at March 31, 2023 to ₹ 18,715.15 billion at March 31, 2024. Total advances increased by 16.2% from ₹ 10,196.38 billion at March 31, 2023 to ₹ 11,844.06 billion at March 31, 2024 primarily due to an increase in domestic advances by 16.8%. Total investments increased by 27.5% from ₹ 3,623.30 billion at March 31, 2023 to ₹ 4,619.42 billion at March 31, 2024. Cash and cash equivalents increased by 17.2% from ₹ 1,194.38 billion at March 31, 2023 to ₹ 1,399.26 billion at March 31, 2024.

The weighted average high-quality liquid assets maintained during the three months ended March 31, 2024 were ₹ 3,940.11 billion (three months ended March 31, 2023: ₹ 3,234.60 billion). The average liquidity coverage ratio was 122.84% for the three months ended March 31, 2024 as against the requirement of 100.00%.

Total deposits increased by 19.6% from ₹ 11,808.41 billion at March 31, 2023 to ₹ 14,128.25 billion at March 31, 2024. Term deposits increased by 27.7% from ₹ 6,395.79 billion at March 31, 2023 to ₹ 8,169.53 billion at March 31, 2024. Current and savings account (CASA) deposits increased by 10.1% from ₹ 5,412.62 billion at March 31, 2023 to ₹ 5,958.72 billion at March 31, 2024. Average CASA deposits increased by 6.5% from ₹ 4,758.90 billion in fiscal 2023 to ₹ 5,067.47 billion in fiscal 2024. Borrowings increased by 4.7% from ₹ 1,193.25 billion at March 31, 2023 to ₹ 1,249.68 billion at March 31, 2024.

The Bank had a business center (branch) network of 6,523 branches, and network of 17,190 ATMs/CRMs at March 31, 2024.

The Bank is subject to Basel III capital adequacy guidelines stipulated by RBI. The total capital adequacy ratio of the Bank at March 31, 2024 (after deducting proposed dividend for fiscal 2024 from capital funds) in accordance with RBI guidelines on Basel III was 16.33% as compared to 18.34% at March 31, 2023. The Tier-1 capital adequacy ratio was 15.60% at March 31, 2024 as compared to 17.60% at March 31, 2023. The Common Equity Tier 1 (CET-1) ratio was 15.60% at March 31, 2024 as compared to 17.12% at March 31, 2023.

OPERATING RESULTS DATA

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

₹ in billion, except percentages

Particulars	Fiscal 2023	Fiscal 2024	% change
Interest income	1,092.31	**1,428.91**	30.8
Interest expense	471.02	**685.85**	45.6
Net interest income	**621.29**	**743.06**	**19.6**
Fee income[1]	180.01	**207.96**	15.5
Dividend from subsidiaries/joint ventures/associates	17.84	**20.73**	16.2
Other income	0.98	**0.80**	(18.4)
Core operating income	**820.12**	**972.55**	**18.6**
Operating expenses	328.73	**391.33**	19.0
Core operating profit	**491.39**	**581.22**	**18.3**
Treasury gains	(0.52)	**0.09**	-
Operating profit	**490.87**	**581.31**	**18.4**
Provisions, net of write-backs	66.66	**36.43**	(45.3)
Profit before tax	**424.21**	**544.88**	**28.4**
Tax, including deferred tax	105.25	**136.00**	29.2
Profit after tax	**318.96**	**408.88**	**28.2**

1 *Includes merchant foreign exchange income, income on customer derivative transactions and income on sale of priority sector lending certificates (PSLCs).*

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

3 *Prior period figures have been re-grouped/re-arranged, where necessary.*

Key ratios

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

Particulars	Fiscal 2023	Fiscal 2024
Return on average equity (%)[1]	17.28	**18.71**
Return on average assets (%)[2]	2.16	**2.37**
Net interest margin (%)	4.48	**4.53**
Cost to income (%)[3]	40.11	**40.23**
Provisions to core operating profit (%)	13.57	**6.27**
Earnings per share (₹)	45.79	**58.38**
Book value per share (₹)	287.44	**339.49**

1 *Return on average equity is the ratio of the net profit after tax to the quarterly average equity share capital and reserves.*

2 *Return on average assets is the ratio of net profit after tax to average assets.*

3 *Cost represents operating expense. Income represents net interest income and non-interest income.*

The return on average equity, return on average assets and earnings per share increased primarily due to an increase in profit after tax.

Net interest income and spread analysis

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

₹ in billion, except percentages

Particulars	Fiscal 2023	Fiscal 2024	% change
Interest income	1,092.31	**1,428.91**	30.8
Interest expense	471.02	**685.85**	45.6
Net interest income	**621.29**	**743.06**	**19.6**
Average interest-earning assets	13,872.53	**16,412.08**	18.3
Average interest-bearing liabilities	11,998.16	**14,121.39**	17.7
Net interest margin	**4.48%**	**4.53%**	**-**
Average yield	7.87%	**8.71%**	-
Average cost of funds	3.93%	**4.86%**	-
Interest spread	3.94%	**3.85%**	-

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

Net interest income increased by 19.6% from ₹ 621.29 billion in fiscal 2023 to ₹ 743.06 billion in fiscal 2024 primarily due to an increase in the net interest margin by 5 basis points and an increase of 18.3% in the average interest-earning assets.

Net interest margin increased by 5 basis points from 4.48% in fiscal 2023 to 4.53% in fiscal 2024. The loan book of the Bank got repriced faster because of higher proportion of repo and other floating rate linked book, while the cost of deposits increased with a lag given the fixed rate nature of the term deposit book. As a result, the net interest margin increased from 3.96% in fiscal 2022 to 4.48% in fiscal 2023 and to 4.53% in fiscal 2024. Net interest margin was 4.01% in Q1-2023 and started increasing from Q2-2023, peaking at 4.90% in Q4-2023. The net interest margin thereafter starting declining, reflecting the peaking of asset yields and rise in deposit cost to 4.40% in Q4-2024.

MANAGEMENT DISCUSSION & ANALYSIS

The yield on average interest-earning assets increased by 84 basis points from 7.87% in fiscal 2023 to 8.71% in fiscal 2024 primarily due to an increase in yield on average advances and investments and an increase in proportion of average advances. The cost of funds increased by 93 basis points from 3.93% in fiscal 2023 to 4.86% in fiscal 2024 primarily due to an increase in cost of term deposits. The interest spread decreased by 9 basis points from 3.94% in fiscal 2023 to 3.85% in fiscal 2024.

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

Particulars	Fiscal 2023	Fiscal 2024
Yield on interest-earning assets	**7.87%**	**8.71%**
- On advances	8.94	**9.83**
- On investments	6.57	**7.18**
- On SLR investments	6.62	**7.16**
- On other investments	6.16	**7.34**
- On other interest-earning assets	3.38	**2.90**
Cost of interest-bearing liabilities	3.93	**4.86**
- Cost of deposits	3.66	**4.61**
- Current and savings account (CASA) deposits	2.28	**2.24**
- Term deposits	4.78	**6.21**
- Cost of borrowings	5.97	**6.86**
Interest spread	**3.94**	**3.85**
Net interest margin	**4.48%**	**4.53%**

The yield on average interest-earning assets increased by 84 basis points from 7.87% in fiscal 2023 to 8.71% in fiscal 2024 primarily due to the following factors:

- The yield on domestic advances increased by 77 basis points from 9.16% in fiscal 2023 to 9.93% in fiscal 2024. The yield on advances increased primarily due to full impact of re-pricing of existing floating rate loans linked to the repo rate and the Bank's Marginal Cost of funds based Lending Rate (MCLR) to a higher rate and new lending at higher rates. At March 31, 2023, of the total domestic loan book 49% had interest rate linked to repo rate, 32% had fixed interest rates, 17% had interest rate linked to MCLR and other older benchmarks and 2% had interest rate linked to other external benchmarks.

  The Bank's 1-year MCLR increased by 150 basis points in phases during FY2023 and by 35 basis points in phases during FY2024 from 8.75% in March 2023 to 9.10% in January 2024. RBI increased the repo rate by 250 basis points from 4.00% in May 2022 to 6.50% in February 2023. The impact of increase in repo rates from May 2022 started reflecting in overall yield through repricing of the repo and T-bill linked portfolio from Q2-2023 and onwards. For MCLR linked loans, the effect on the yields is based on respective reset dates of underlying loans. Further, the future movement in the yield on advances will depend on the increase/decrease in the repo rate and the systemic interest rates.

  The yield on overseas advances increased by 285 basis points from 3.90% in fiscal 2023 to 6.75% in fiscal 2024 primarily due to repricing of floating rate advances and new lending at higher rates on account of the rate hike by the US Federal Reserve. The yield on overseas advances was also positively impacted due to higher interest collection on NPAs during the fiscal 2024.

The overall yield on average advances increased by 89 basis points from 8.94% in fiscal 2023 to 9.83% in fiscal 2024.

- The yield on average interest-earning investments increased by 61 basis points from 6.57% in fiscal 2023 to 7.18% in fiscal 2024. The yield on Indian government investments increased by 54 basis points from 6.62% in fiscal 2023 to 7.16% in fiscal 2024. This was primarily due to reset of yields on floating rate bonds linked to treasury bills (T-bills) at higher rates pursuant to a significant increase in treasury bill yields, and new investment in government securities at higher market yields (both to replace maturing securities and as fresh purchases).

  The yield on non-SLR investments increased by 118 basis points from 6.16% in fiscal 2023 to 7.34% in fiscal 2024 primarily due to an increase in yield on pass through certificates, commercial paper, foreign government securities and an increase in proportion of average pass through certificates.

- The yield on other interest-earning assets decreased by 48 basis points from 3.38% in fiscal 2023 to 2.90% in fiscal 2024. The decrease was primarily due to a decrease in income on funding swaps, a decrease in average interest earning LAF (Liquidity Adjustment Facility) lending to RBI and an increase in average balance with RBI, which does not earn any interest. The decrease in yield on other interest-earning assets was offset, in part, by an increase in yield on call and term money lent and an increase in yield on balance with other banks.

  Interest on income tax refund increased from ₹ 1.14 billion in fiscal 2023 to ₹ 2.65 billion in fiscal 2024. The receipt, amount and timing of such income depends on the nature and timing of determinations by tax authorities and are hence neither consistent nor predictable.

  The cost of funds increased by 93 basis points from 3.93% in fiscal 2023 to 4.86% in fiscal 2024 primarily due to the following factors:

- The cost of average deposits increased from 3.66% in fiscal 2023 to 4.61% in fiscal 2024 primarily due to an increase in cost of domestic term deposits. The cost of domestic term deposits increased by 142 basis points from 4.80% in fiscal 2023 to 6.22% in fiscal 2024 primarily due to repricing of deposits at higher rates, offset, in part, by benefit of pre-mature withdrawals of existing deposits which were re-invested by customers at the new higher rates. The peak rate for retail term deposits increased significantly in phases from 5.75% in May 2022 to 7.10% in February 2023 on account of significant increase in repo rate.

  The cost of savings account deposits increased marginally from 3.16% in fiscal 2023 to 3.17% in fiscal 2024. The average CASA deposits decreased from 44.7% of total average deposits in fiscal 2023 to 40.4% of total average deposits in fiscal 2024. Average CASA deposits were 35.9% of the total funding (i.e., deposits and borrowings) for fiscal 2024 as compared to 39.7% for fiscal 2023.

- The cost of borrowings increased by 89 basis points from 5.97% in fiscal 2023 to 6.86% in fiscal 2024. The cost of domestic borrowings increased by 28 basis points from 6.66% in fiscal 2023 to 6.94% in fiscal 2024 primarily due to an increase in cost of refinance borrowings, call money borrowings and inter-bank participatory certificates, offset, in part, by a decrease in proportion of average bond borrowings. The cost of overseas borrowings increased by 287 basis points from 3.29% in fiscal 2023 to 6.16% in fiscal 2024 primarily due to an increase in cost of term borrowings, bond borrowings and an increase in cost of margin deposit received for treasury products.

The Bank's interest income, yield on advances, net interest income and net interest margin are impacted by systemic liquidity, the competitive environment, level of additions to non-performing loans, regulatory developments, monetary policy and economic and geopolitical factors. Interest rates on about 51% of Bank's domestic loans are linked to external market benchmarks. The differential movements in the external benchmark rates compared to cost of funds of the Bank impact the Bank's net interest income and net interest margin.

MANAGEMENT DISCUSSION & ANALYSIS

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

₹ in billion, except percentages

Particulars	Fiscal 2023	Fiscal 2024	% change
Advances[1]	9,390.62	**11,283.57**	20.2
Interest-earning investments[2]	3,180.93	**3,987.01**	25.3
Other interest-earning assets	1,300.98	**1,141.50**	(12.3)
Total interest-earning assets	**13,872.53**	**16,412.08**	**18.3**
Deposits	10,634.91	**12,557.61**	18.1
Borrowings[1,2]	1,363.25	**1,563.78**	14.7
Total interest-bearing liabilities	**11,998.16**	**14,121.39**	**17.7**

1 *Average borrowing and average advances have been grossed up for average participation certificate and average bills rediscounting.*

2 *Average investments and average borrowings include average short-term repurchase transactions.*

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

The average interest-earning assets increased by 18.3% from ₹ 13,872.53 billion in fiscal 2023 to ₹ 16,412.08 billion in fiscal 2024 due to an increase in average advances by ₹ 1,892.95 billion and average investments by ₹ 806.08 billion, offset, in part, by a decrease in average other interest-earning assets by ₹ 159.48 billion.

Average advances increased by 20.2% from ₹ 9,390.62 billion in fiscal 2023 to ₹ 11,283.57 billion in fiscal 2024 due to an increase of 21.5% in average domestic advances, offset, in part, by a decrease of 10.5% in average overseas advances.

Average interest-earning investments increased by 25.3% from ₹ 3,180.93 billion in fiscal 2023 to ₹ 3,987.01 billion in fiscal 2024 Average interest-earning investments in Indian government securities increased by 23.1% from ₹ 2,809.55 billion in fiscal 2023 to ₹ 3,459.66 billion in fiscal 2024. Average interest-earning non-SLR investments increased from ₹ 371.38 billion in fiscal 2023 to ₹ 527.35 billion in fiscal 2024.

Average other interest-earning assets decreased by 12.3% from ₹ 1,300.98 billion in fiscal 2023 to ₹ 1,141.50 billion in fiscal 2024 primarily due to a decrease in call and term money lent and Rural infrastructure development fund (RIDF) and related deposits, offset, in part, by an increase in balance with RBI.

Average interest-bearing liabilities increased by 17.7% from ₹ 11,998.16 billion in fiscal 2023 to ₹ 14,121.39 billion in fiscal 2024 primarily due to an increase in average deposits by ₹ 1,922.70 billion and an increase in average borrowings by ₹ 200.53 billion.

Average deposits increased by 18.1% from ₹ 10,634.91 billion in fiscal 2023 to ₹ 12,557.61 billion in fiscal 2024 due to an increase in average term deposits and average CASA deposits.

Average borrowings increased by 14.7% from ₹ 1,363.25 billion in fiscal 2023 to ₹ 1,563.78 billion in fiscal 2024 primarily due to an increase in refinance borrowings and inter-bank participatory certificates, offset, in part, by a decrease in subordinated bonds.

FEE INCOME

Fee income primarily includes fees from retail customers such as loan processing fees, fees from cards business, account servicing charge, income from foreign exchange transactions and third party referral fees and commercial banking fees such as loan processing fees and transaction banking fees, income from foreign exchange transactions and margin on derivative transactions.

Fee income increased by 15.5% from ₹ 180.01 billion in fiscal 2023 to ₹ 207.96 billion in fiscal 2024 primarily due to an increase in payment and cards fees, income from forex and derivatives products, lending linked fees and commercial banking fees.

DIVIDEND FROM SUBSIDIARIES/JOINT VENTURES/ASSOCIATES

Dividend from subsidiaries/joint ventures/associates increased by 16.2% from ₹ 17.84 billion in fiscal 2023 to ₹ 20.73 billion in fiscal 2024.

The following table sets forth, for the periods indicated, the details of dividend received from subsidiaries/joint ventures/ associates:

₹ in billion

Name of the entity	Fiscal 2023	Fiscal 2024
ICICI Bank Canada	1.06	**2.14**
ICICI Bank UK PLC	0.80	**0.83**
ICICI Prudential Life Insurance Company Limited	0.40	**0.44**
ICICI Lombard General Insurance Company Limited	2.24	**2.48**
ICICI Prudential Asset Management company Limited	6.22	**7.53**
ICICI Securities Limited	5.44	**5.14**
ICICI Securities Primary Dealership Limited	1.36	**1.66**
ICICI Home Finance Company Limited	0.16	**0.30**
ICICI Venture Funds Management Company Limited	0.05	**0.10**
India Infradebt Limited	0.11	**0.11**
ICICI Prudential Trust Limited[1]	0.00	**0.00**
Total	**17.84**	**20.73**

[1] *0.00 represents insignificant amount.*

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

Other income

Other income decreased from ₹ 0.98 billion in fiscal 2023 to ₹ 0.80 billion in fiscal 2024.

Operating expenses

The following table sets forth, for the periods indicated, the principal components of operating expenses.

₹ in billion, except percentages

Particulars	Fiscal 2023	Fiscal 2024	% change
Payments to and provisions for employees	120.60	**151.42**	25.6
Other administrative expenses	208.13	**239.91**	15.3
Total operating expenses	**328.73**	**391.33**	**19.0**

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

Operating expenses primarily include employee expenses, depreciation on assets and other administrative expenses. Operating expenses increased by 19.0% from ₹ 328.73 billion in fiscal 2023 to ₹ 391.33 billion in fiscal 2024.

Payments to and provisions for employees

Employee expenses increased by 25.6% from ₹ 120.60 billion in fiscal 2023 to ₹ 151.42 billion in fiscal 2024 primarily due to an increase in salary cost, provision for performance bonus and performance-linked retention pay, offset, in part, by a decrease in provision requirement for retirement benefit obligations. Salary cost increased primarily due to annual increments and promotions and an increase in average staff strength (number of employees at March 31, 2023: 129,020 and at March 31, 2024: 141,009).

The employee base includes sales executives, employees on fixed term contracts and interns.

Other administrative expenses

Other administrative expenses primarily include rent, taxes and lighting, advertisements, sales promotion, repairs and maintenance, direct marketing expenses, depreciation, premium paid towards priority sector lending certificates and other expenditure. Other administrative expenses increased by 15.3% from ₹ 208.13 billion in fiscal 2023 to ₹ 239.91 billion in fiscal 2024 primarily due to an increase in technology related expenses, reward point expenses,

MANAGEMENT DISCUSSION & ANALYSIS

direct marketing agency expenses and advertisement and sales promotion expenses.

PROFIT/(LOSS) ON TREASURY-RELATED ACTIVITIES (NET)

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

Gain from treasury-related activities was ₹ 0.09 billion in fiscal 2024 as compared to a loss of ₹ 0.52 billion in fiscal 2023. Treasury income in FY2024 includes transfer of accumulated translation loss of ₹ 3.40 billion related to closure of Bank's Offshore Banking Unit, SEEPZ Mumbai, to profit and loss account.

PROVISIONS AND CONTINGENCIES (EXCLUDING PROVISIONS FOR TAX)

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

₹ in billion, except percentages

Particulars	Fiscal 2023	Fiscal 2024	% change
Provision for non-performing and other assets[1]	(6.23)	**9.45**	-
Provision for investments (including credit substitutes) (net)	13.00	**6.89**	(47.0)
Provision for standard assets	5.80	**11.55**	99.3
Others[2]	54.09	**8.54**	(84.2)
Total provisions and contingencies (excluding provision for tax)	**66.66**	**36.43**	**(45.3)**

1 *Includes restructuring related provision.*

2 *Includes nil contingency provision during the year ended March 31, 2024 (March 31, 2023: ₹ 56.50 billion)*

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

Provisions and contingencies (excluding provisions for tax) decreased from ₹ 66.66 billion in fiscal 2023 to ₹ 36.43 billion in fiscal 2024 primarily due to a decrease in contingency provision made on a prudent basis and provision for investments, offset, in part, by an increase in provisions for non-performing and other assets and provision for standard assets.

Provision for non-performing and other assets was ₹ 9.45 billion in fiscal 2024 as compared to a write-back of ₹ 6.23 billion in fiscal 2023. During fiscal 2024, there were higher net additions to non-performing loans primarily in retail and rural loans, offset, in part, by recoveries and upgrades in non-retail loans. During fiscal 2023, there were higher recoveries and upgrades from non-performing assets resulting in net write-back of provision, offset, in part, by an increase in provisioning rate for certain categories of non-performing assets.

The provision coverage ratio (excluding cumulative technical/prudential write-offs) on NPAs decreased from 82.8% at March 31, 2023 to 80.3% at March 31, 2024.

Provision for investments decreased from ₹ 13.00 billion in fiscal 2023 to ₹ 6.89 billion in fiscal 2024. During fiscal 2024, the Bank made a provision of ₹ 5.41 billion on its investments in Alternate Investment Funds (AIFs) pursuant to RBI guideline dated December 19, 2023 and provision made on equity shares on conversion of loan. During fiscal 2023, the Bank primarily made a provision on equity shares and debentures on conversion of loan and additional provision made on security receipts.

Provision for standard assets increased from ₹ 5.80 billion in fiscal 2023 to ₹ 11.55 billion in fiscal 2024 primarily due to an increase in domestic loans and upgrade of stage 3 exposure in overseas location to stage 2. The cumulative general provision held at March 31, 2024 was ₹ 58.63 billion (March 31, 2023: ₹ 47.02 billion).

Other provisions and contingencies decreased from ₹ 54.09 billion in fiscal 2023 to ₹ 8.54 billion in fiscal 2024. During fiscal 2023, the Bank had made an additional contingency provision ₹ 56.50 billion on a prudent basis. The Bank held contingency provision of ₹ 131.00 billion at March 31, 2024.

TAX EXPENSE

The income tax expense increased from ₹ 105.25 billion in fiscal 2023 to ₹ 136.00 billion in fiscal 2024. The effective tax rate increased from 24.8% in fiscal 2023 to 25.0% in fiscal 2024 primarily due to change in composition of income.

FINANCIAL CONDITION

Assets

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

₹ in billion, except percentages

Assets	At March 31, 2023	At March 31, 2024	% change
Cash and bank balances	1,194.38	**1,399.26**	17.2
Investments	3,623.30	**4,619.42**	27.5
- Government and other approved investments[1]	3,057.69	**3,755.74**	22.8
- Equity investment in subsidiaries	69.78	**111.32**	59.5
- Other investments	495.83	**752.36**	51.7
Advances (net of BRDS/IBPC)[2]	10,196.38	**11,844.06**	16.2
- Domestic	9,855.28	**11,509.55**	16.8
- Overseas branches	341.10	**334.51**	(1.9)
Fixed assets (including leased assets)	96.00	**108.60**	13.1
Other assets	732.01	**743.81**	1.6
- RIDF and other related deposits[3]	216.22	**200.92**	(7.1)
Total assets	**15,842.07**	**18,715.15**	**18.1**

1 *Banks in India are required to maintain a specified percentage, currently 18.00% (at March 31, 2024), of their net demand and time liabilities by way of investments in instruments referred as SLR securities by RBI or liquid assets like cash and gold.*

2 *Bill Rediscounting Scheme (BRDS)/Interbank Participatory Certificate (IBPC).*

3 *Deposits made in Rural Infrastructure Development Fund and other related deposits pursuant to shortfall in the amount required to be lent to certain specified sectors called priority sector as per RBI guidelines.*

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

Total assets of the Bank increased by 18.1% from ₹ 15,842.07 billion at March 31, 2023 to ₹ 18,715.15 billion at March 31, 2024, due to a 27.5% increase in investments, a 17.2% increase in cash and cash equivalents and a 16.2% increase in advances.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and balances with RBI and other banks, including money at call and short notice. Cash and cash equivalents increased by 17.2% from ₹ 1,194.38 billion at March 31, 2023 to ₹ 1,399.26 billion at March 31, 2024 The increase is primarily due to an increase in balance with RBI, money at call & short notice in India, SDF (Standing Deposit Facility) lending to RBI and foreign currency term money lending, offset, in part, by a decrease in balance with US Federal Reserve and term money lending in India.

Investments

Total investments increased by 27.5% from ₹ 3,623.30 billion at March 31, 2023 to ₹ 4,619.42 billion at March 31, 2024. Investments in Indian government securities increased from ₹ 3,057.69 billion at March 31, 2023 to ₹ 3,755.74 billion at March 31, 2024. Other investments increased from ₹ 565.61 billion at March 31, 2023 to ₹ 863.68 billion at March 31, 2024 primarily due to an increase in investment in bonds and debentures, pass through certificates, certificate of deposits and equity investment in I-Process Services (India) Private Limited and ICICI Lombard General Insurance Company Limited.

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At March 31, 2024, the Bank had an outstanding net investment of ₹ 0.29 billion in security receipts issued by asset reconstruction companies as compared to ₹ 2.11 billion at March 31, 2023.

Advances

Net advances (gross of BRDS/IBPC) increased by 17.3% from ₹ 10,345.09 billion at March 31, 2023 to ₹ 12,137.60 billion at March 31, 2024. Net advances (net of BRDS/ IBPC) increased by 16.2% from ₹ 10,196.38 billion at March 31, 2023 to ₹ 11,844.06 billion at March 31, 2024.

Net domestic advances increased by 16.8% from ₹ 9,855.28 billion at March 31, 2023 to ₹ 11,509.55 billion at March 31, 2024 primarily due to an increase in retail advances. Retail advances increased by 19.4% from ₹ 5,578.17 billion at March 31, 2023 to ₹ 6,662.61 billion at March 31, 2024. Advances of rural business increased by 17.2% from ₹ 874.31 billion at March 31, 2023 to ₹ 1,024.46 billion at March 31, 2024. The business banking portfolio increased by 29.3% from ₹ 721.12 billion at March 31, 2023 to ₹ 932.28 billion at March 31, 2024. SME advances increased by 24.6% from ₹ 482.21 billion at March 31, 2023 to ₹ 600.95 billion at March 31, 2024. The domestic corporate portfolio increased by 10.0% year-on-year.

Net advances of overseas branches decreased by 1.9% from ₹ 341.10 billion at March 31, 2023 to ₹ 334.51 billion at March 31, 2024.

Fixed and other assets

Fixed assets (net block) increased by 13.1% from ₹ 96.00 billion at March 31, 2023 to ₹ 108.60 billion at March 31, 2024.

Other assets increased by 1.6% from ₹ 732.01 billion at March 31, 2023 to ₹ 743.81 billion at March 31, 2024 primarily due to an increase in interest accrued on loans and investments and margin deposit paid for treasury products, offset, in part, by a decrease in RIDF and other related deposits and mark-to-market on foreign exchange and derivative transactions. The Bank is an active participant in the interest and foreign exchange derivative market. While the positive mark-to-market on such transactions are accounted in 'Other Assets', the negative mark-to-market on offsetting transactions are accounted in 'Other Liabilities'.

Liabilities

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

₹ in billion, except percentages

Liabilities	At March 31, 2023	At March 31, 2024	% change
Equity share capital	21.58	**28.10**	30.2
Reserves	1,985.58	**2,355.89**	18.6
Deposits	11,808.41	**14,128.25**	19.6
- Savings deposits	3,797.76	**4,023.00**	5.9
- Current deposits	1,614.86	**1,935.72**	19.9
- Term deposits	6,395.79	**8,169.53**	27.7
Borrowings (excluding subordinated debt)	1,110.44	**1,221.18**	10.0
- Domestic	852.30	**925.46**	8.6
- Overseas branches	258.14	**295.72**	14.6
Subordinated debt (included in Tier-1 and Tier-2 capital)	82.81	**28.50**	(65.6)
Other liabilities	833.25	**953.23**	14.4
Total liabilities	**15,842.07**	**18,715.15**	**18.1**

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

Total liabilities (including capital and reserves) increased by 18.1% from ₹ 15,842.07 billion at March 31, 2023 to ₹ 18,715.15 billion at March 31, 2024, due to a 19.6% increase in deposits, a 18.8% increase in net worth and a 14.4% increase in other liabilities.

Deposits

Deposits increased by 19.6% from ₹ 11,808.41 billion at March 31, 2023 to ₹ 14,128.25 billion at March 31, 2024.

Term deposits increased by 27.7% from ₹ 6,395.79 billion at March 31, 2023 to ₹ 8,169.53 billion at March 31, 2024. Savings account deposits increased by 5.9% from ₹ 3,797.76 billion at March 31, 2023 to ₹ 4,023.00 billion at March 31, 2024 and current account deposits increased by 19.9% from ₹ 1,614.86 billion at March 31, 2023 to ₹ 1,935.72 billion at March 31, 2024. CASA deposits increased by 10.1% from ₹ 5,412.62 billion at March 31, 2023 to ₹ 5,958.72 billion at March 31, 2024.

The average current account deposits increased by 12.0% from ₹ 1,324.77 billion in fiscal 2023 to ₹ 1,483.26 billion in fiscal 2024. The average savings account deposits increased by 4.4% from ₹ 3,434.14 billion in fiscal 2023 to ₹ 3,584.21 billion in fiscal 2024. Average CASA deposits increased by 6.5% from ₹ 4,758.90 billion in fiscal 2023 to ₹ 5,067.47 billion in fiscal 2024. The average CASA deposits were 40.4% of total average deposits for fiscal 2024 as compared to 44.7% for fiscal 2023. Average CASA deposits were 35.9% of the total funding (i.e., deposits and borrowings) for fiscal 2024 as compared to 39.7% for fiscal 2023.

Deposits of overseas branches increased by 2.5% from ₹ 147.82 billion at March 31, 2023 to ₹ 151.48 billion at March 31, 2024.

Total deposits at March 31, 2024 formed 91.9% of the funding (i.e., deposits and borrowings) as compared to 90.8% March 31, 2023.

Borrowings

Borrowings increased by 4.7% from ₹ 1,193.25 billion at March 31, 2023 to ₹ 1,249.68 billion at March 31, 2024 primarily due to an increase in foreign currency term money borrowings, refinance borrowings, call money borrowings in India and bullion borrowings, offset, in part, by a decrease in subordinated bonds. Net borrowings of overseas branches increased from ₹ 258.14 billion at March 31, 2023 to ₹ 295.72 billion at March 31, 2024.

Other liabilities

Other liabilities increased by 14.4% from ₹ 833.25 billion at March 31, 2023 to ₹ 953.23 billion at March 31, 2024 primarily due to an increase in total creditors, security deposits and miscellaneous liabilities. The Bank is an active participant in the interest and foreign exchange derivative market. While the positive mark-to-market on such transactions are accounted in 'Other Assets', the negative mark-to-market on offsetting transactions are accounted in 'Other Liabilities'.

Equity share capital and reserves

Equity share capital and reserves increased by 18.8% from ₹ 2,007.16 billion at March 31, 2023 to ₹ 2,383.99 billion at March 31, 2024 primarily due to accretion to reserves out of retained profit, offset, in part, by payment of dividend for fiscal 2023. At March 31, 2024, the Bank's Tier-1 capital adequacy ratio was 15.60% as against the requirement of 9.70% and total capital adequacy ratio was 16.33% as against the requirement of 11.70%.

MANAGEMENT DISCUSSION & ANALYSIS

Off balance sheet items, commitments and contingencies

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

₹ in billion

Particulars	At March 31, 2023	At March 31, 2024
Claims against the Bank, not acknowledged as debts	81.96	**93.29**
Liability for partly paid investments	0.01	**0.09**
Notional principal amount of outstanding forward exchange contracts	15,330.22	**15,600.22**
Guarantees given on behalf of constituents	1,238.18	**1,493.65**
Acceptances, endorsements and other obligations	441.91	**520.73**
Notional principal amount of currency swaps	564.63	**541.26**
Notional principal amount of interest rate swaps and currency options and interest rate futures	25,089.18	**28,197.21**
Other items for which the Bank is contingently liable	85.57	**111.17**
Total	**42,831.66**	**46,557.62**

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

The Bank is an active market participant in the interest rate and foreign exchange derivative market for trading and market making purposes, which are carried out primarily for customer transactions and managing the proprietary position on interest rate and foreign exchange risk. The notional amount of interest rate swaps and currency options increased from ₹ 25,089.18 billion at March 31, 2023 to ₹ 28,197.21 billion at March 31, 2024 primarily due to an increase in market making activities and client flow.

The Bank enters into foreign exchange contracts in its normal course of business, to exchange currencies at a prefixed price at a future date. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the inter-bank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower. The notional principal amount of outstanding forward exchange contracts increased from ₹ 15,330.22 billion at March 31, 2023 to ₹ 15,600.22 billion at March 31, 2024 primarily due to an increase in trading and market making activities in forwards to facilitate client flow and capture opportunities in the forward market.

Loan concentration

The Bank follows a policy of portfolio diversification and evaluates its total financing exposure to a particular industry in the light of its forecasts of growth and profitability for that industry. The Bank's Credit Risk Management Group monitors all major sectors of the economy and specifically tracks industries in which the Bank has credit exposures. The Bank monitors developments in various sectors to assess potential risks in its portfolio and new business opportunities. The Bank's policy is to limit its portfolio to any particular industry (other than retail loans) to 15.0% of its total exposure. In addition, the Bank has a framework for managing concentration risk with respect to single borrower and group exposures, based on the internal rating and track record of the borrowers. The exposure limits for lower rated borrowers and groups are substantially lower than the regulatory limits.

MANAGEMENT DISCUSSION & ANALYSIS

The following tables set forth, at the dates indicated, the composition of the Bank's exposure.

₹ in billion, except percentages

Industry	March 31, 2023		March 31, 2024	
	Total exposure	% of total exposure	Total exposure	% of total exposure
Retail finance[1]	7,751.65	38.3	**9,423.22**	**39.5**
Services – finance	1,766.80	8.7	**1,906.17**	**8.0**
Rural retail	1,250.80	6.2	**1,508.78**	**6.3**
Wholesale/retail trade	819.20	4.0	**1,163.93**	**4.9**
Banks	1,208.52	6.0	**1,065.85**	**4.5**
Electronics and engineering	804.99	4.0	**958.37**	**4.0**
Services – non-finance	668.24	3.3	**850.22**	**3.6**
Crude petroleum/refining and petrochemicals	764.57	3.8	**831.65**	**3.5**
Road, ports, telecom, urban development and other infrastructure	609.28	3.0	**718.94**	**3.0**
Real estate activities	489.37	2.4	**602.10**	**2.5**
Construction	471.72	2.3	**549.52**	**2.3**
Iron and steel (including iron and steel products)	446.44	2.2	**532.55**	**2.2**
Power	477.22	2.4	**530.96**	**2.2**
Chemical and fertilisers	382.83	1.9	**421.22**	**1.8**
Automobiles	261.26	1.3	**327.64**	**1.4**
Manufacturing products (excluding metal and metal products)	250.49	1.2	**319.62**	**1.3**
Textile	220.59	1.1	**260.58**	**1.1**
Mutual funds	180.60	0.9	**235.92**	**1.0**
Other industries[2]	1,420.24	7.0	**1,632.46**	**6.9**
Total	**20,244.81**	**100.0**	**23,839.70**	**100.0**

[1] *Includes home loans, automobile loans, commercial business loans, dealer financing, personal loans, credit cards and loans against securities.*

[2] *Other industries primarily include gems and jewelry, mining, cement, food & beverages, shipping, drugs and pharmaceuticals, metal and metal products (excluding iron and steel) and FMCG.*

[3] *All amounts have been rounded off to the nearest ₹ 10.0 million.*

The exposure to the top 20 non-bank borrowers as a percentage of total exposure decreased from 8.5% of total exposure of the Bank at March 31, 2023 to 8.3% at March 31, 2024. All top 20 borrowers as of March 31, 2024 are rated A- and above internally. The exposure to the top 10 borrower groups decreased marginally from 10.1% of total exposure of the Bank at March 31, 2023 to 10.0% at March 31, 2024.

MANAGEMENT DISCUSSION & ANALYSIS

The following table sets forth, at the dates indicated, the composition of the Bank's outstanding net advances:

₹ in billion

Particulars	March 31, 2023	March 31, 2024
Advances	10,196.38	**11,844.06**
- Domestic book	9,855.28	**11,509.55**
- Retail	5,578.17	**6,662.61**
- Rural	874.31	**1,024.46**
- Business banking	721.12	**932.28**
- SME	482.21	**600.95**
- Corporate and others	2,199.47	**2,289.25**
- Overseas book	341.10	**334.51**

1 *Net of Bill Rediscounting Scheme (BRDS)/Interbank Participatory Certificate (IBPC).*

The Bank's capital allocation framework is focused on growth in granular retail, SME/ business banking and rural lending and lending to the corporate sector with a focus on increase in lending to higher rated corporates. Net retail advances increased by 19.4% in fiscal 2024 compared to an increase of 16.2% in total advances. The share of net retail advances increased from 53.9% of net advances at March 31, 2023 to 54.9% of net advances at March 31, 2024. Including non-fund based outstanding, the share of retail portfolio was 46.8% of the total portfolio at March 31, 2024.

The overseas loan portfolio in USD terms declined by 3.4% year-on-year at March 31, 2024. The year-on-year decrease in the overseas loan portfolio was primarily on account of repayment of short-term trade advances. The overseas loan portfolio was 2.8% of the overall loan book at March 31, 2024. The corporate fund and non-fund outstanding, net of cash/bank/financial institutions/ insurance backed lending, was USD 3.11 billion at March 31, 2024. Out of USD 3.11 billion, 91.2% of the outstanding was to Indian corporates and their subsidiaries and joint ventures and 5.7% of the outstanding was to non-India companies with Indian or India-linked operations and activities. The portfolio in this segment is primarily to well-rated companies and the Indian operations of these companies are target customers for the Bank's deposit and transaction banking franchise. The Bank would continue to pursue risk-calibrated opportunities in this segment. The non-India linked corporate portfolio reduced by 10.1% from about USD 305.6 million year-on-year to USD 274.9 million at March 31, 2024.

The following table sets forth, at the dates indicated, the composition of the Bank's net outstanding retail advances.

₹ in billion, except percentages

	March 31, 2023		March 31, 2024	
	Total retail advances	% of total retail advances	Total retail advances	% of total retail advances
Home loans	3,446.96	61.8	**3,959.21**	**59.4**
Personal loans	880.55	15.8	**1,166.77**	**17.5**
Automobile loans	518.78	9.3	**612.09**	**9.2**
Credit cards	378.41	6.8	**513.21**	**7.7**
Commercial business	275.41	4.9	**314.26**	**4.7**
Others[1]	78.06	1.4	**97.07**	**1.5**
Total retail advances[2]	**5,578.17**	**100.0**	**6,662.61**	**100.0**

1 *Includes loans against securities and dealer financing.*

2 *Gross of Bill Rediscounting Scheme (BRDS)/Interbank Participatory Certificate (IBPC) amounting to ₹ 82.5 billion at March 31, 2023 and ₹ 150.0 billion at March 31, 2024.*

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

The following table sets forth, at the dated indicated, the composition of the Bank's net outstanding rural advances:

₹ in billion

Particulars	March 31, 2023	March 31, 2024
Farmer finance	234.05	**266.53**
Rural business credit	239.10	**278.98**
Jewel loan	228.86	**271.53**
Others[1]	172.30	**207.42**
Rural advances	**874.31**	**1,024.46**

[1] *Includes term loans for farm equipment, self-help groups, loans to microfinance institutions for on-lending to individuals and inventory funding.*

The following table sets forth, at the dates indicated, the rating wise categorisation of the Bank's net outstanding advances other than retail and rural advances:

₹ in billion, except percentages

Ratings category[1]	March 31, 2023	March 31, 2024
AA- and above	46.9%	**39.8%**
A+, A, A-	26.6	**27.9**
A- and above	**73.5**	**67.7**
BBB+, BBB, BBB-	24.3	**30.5**
BB and below[2]	1.2	**1.1**
Unrated	1.0	**0.7**
Total	**100.0%**	**100.0%**
Total net advances[3]	**₹ 3,826.41**	**₹ 4,306.99**

[1] *Based on internal ratings.*

[2] *Includes net non-performing loans.*

[3] *Includes business banking, SME, domestic, corporate and overseas loans.*

Directed Lending

The following table sets forth, for the periods indicated, ICICI Bank's average priority sector lending:

Particulars	Fiscal 2023		Fiscal 2024		
	Amount (₹ billions)	% of adjusted net bank credit	Amount (₹ billions)	% of adjusted net bank credit	Target (% of adjusted net bank credit)
Agriculture Sector	**1,423.58**	**17.7**	**1,739.94**	**18.1**	**18.0**
- Small and marginal farmers	794.72	9.9	**1,041.44**	**10.8**	**10.0**
- Non-corporate farmers	1,068.17	13.3	**1,378.20**	**14.4**	**13.8**
Micro, small and medium enterprises	**1,729.04**	**-**	**2,100.03**	**-**	**-**
- Micro enterprises	661.21	8.2	**792.71**	**8.3**	**7.5**
Other priority sector	**178.32**	**-**	**102.29**	**-**	**-**
Total priority sector lending	**3,330.94**	**41.5**	**3,942.26**	**41.1**	**40.0**
- Weaker sections	910.20	11.3	**1,157.15**	**12.1**	**12.0**

[1] *The above includes the impact of Priority Sector Lending Certificate purchased/sold by the Bank.*

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Classification of loans

The following table sets forth, at the dates indicated, information regarding asset classification of the Bank's gross non-performing assets (net of write-offs, interest suspense and derivative income reversals).

₹ in billion

Particulars	March 31, 2023	March 31, 2024
Non-performing assets		
Sub-standard assets	68.79	**87.13**
Doubtful assets	127.00	**96.04**
Loss assets	116.05	**96.45**
Total non-performing assets[1]	**311.84**	**279.62**

1 *Include advances, lease receivables and credit substitutes like debentures and bonds. Excludes preference shares.*
2 *All amounts have been rounded off to the nearest ₹ 10.0 million.*

The following table sets forth, at the dates indicated, information regarding the Bank's non-performing assets (NPAs).

₹ in billion, except percentages

Year ended	Gross NPA[1]	Net NPA	Net customer assets	% of net NPA to net customer assets[2]
March 31, 2021	413.73	91.80	8,025.90	1.14
March 31, 2022	339.20	69.61	9,160.87	0.76
March 31, 2023	311.84	51.55	10,816.41	0.48
March 31, 2024	**279.62**	**53.78**	**12,720.24**	**0.42**

1 *Net of write-offs, interest suspense and derivatives income reversal.*
2 *Include advances, lease receivables and credit substitutes like debentures and bonds. Excludes preference shares.*
3 *All amounts have been rounded off to the nearest ₹ 10.0 million.*

The following table sets forth, for the periods indicated, the composition of gross non-performing assets (net of write-offs) by industry sector.

₹ in billion, except percentages

	March 31, 2023		March 31, 2024	
	Amount	%	Amount	%
Retail finance[1]	71.79	23.0	**82.89**	**29.6**
Rural retail	37.29	12.0	**42.55**	**15.2**
Construction	54.21	17.4	**41.13**	**14.7**
Crude petroleum/refining and petrochemicals	26.84	8.6	**16.88**	**6.0**
Services – non-finance	15.37	4.9	**14.79**	**5.3**
Electronics and engineering	12.52	4.0	**12.40**	**4.4**
Mining	11.78	3.8	**11.96**	**4.3**
Road, ports, telecom, urban development and other infrastructure	13.75	4.4	**9.76**	**3.5**
Wholesale/retail trade	7.77	2.5	**8.56**	**3.1**
Iron/steel and products	5.48	1.8	**4.90**	**1.8**
Power	21.91	7.0	**4.44**	**1.6**
Gems and jewellery	3.19	1.0	**2.74**	**1.0**
Manufacturing products	3.53	1.1	**0.90**	**0.3**
Other industries[2]	26.41	8.5	**25.72**	**9.2**
Total	**311.84**	**100.0**	**279.62**	**100.0**

1 *Includes home loans, automobile loans, commercial business loans, dealer financing, personal loans, credit cards and loans against securities.*
2 *Other industries primarily include textile, metal and metal products, shipping, food and beverages, chemical and fertilizers, services-finance, cement, drugs and pharmaceuticals, FMCG, automobiles and developer financing.*
3 *All amounts have been rounded off to the nearest ₹ 10.0 million.*

MANAGEMENT DISCUSSION & ANALYSIS

The gross additions to NPAs were ₹ 190.27 billion in fiscal 2024 (₹ 186.41 billion in fiscal 2023). The net additions to NPAs were ₹ 34.04 billion in fiscal 2024 (₹ 20.38 billion in fiscal 2023). In fiscal 2024, the Bank recovered/upgraded non-performing assets amounting to ₹ 156.23 billion (₹ 166.03 billion in fiscal 2023), wrote-off non-performing assets amounting to ₹ 60.92 billion (₹ 44.66 billion in fiscal 2023) and sold non-performing assets amounting to ₹ 5.35 billion (₹ 3.08 billion in fiscal 2023). As a result, gross NPAs (net of write-offs) of the Bank decreased from ₹ 311.84 billion at March 31, 2023 to ₹ 279.62 billion at March 31, 2024.

Net NPAs increased from ₹ 51.55 billion at March 31, 2023 to ₹ 53.78 billion at March 31, 2024. The ratio of net NPAs to net customer assets decreased from 0.48% at March 31, 2023 to 0.42% at March 31, 2024. The provision coverage ratio at March 31, 2024 was 80.3% as compared to 82.8% at March 31, 2023.

At March 31, 2024, gross non-performing loans in the retail portfolio were 1.23% of gross retail loans compared to 1.28% at March 31, 2023 and net non-performing loans in the retail portfolio were 0.47% of net retail loans compared to 0.47% at March 31, 2023.

The total non-fund based outstanding to borrowers classified as non-performing was ₹ 36.71 billion at March 31, 2024 (March 31, 2023: ₹ 37.80 billion). The Bank held a provision of ₹ 20.90 billion at March 31, 2024 (March 31, 2023: ₹ 20.05 billion) against these non-fund based outstanding.

The gross outstanding loans to borrowers whose facilities have been restructured decreased from ₹ 45.08 billion at March 31, 2023 to ₹ 30.59 billion at March 31, 2024. The net outstanding loans to borrowers whose facilities have been restructured decreased from ₹ 43.30 billion at March 31, 2023 to ₹ 29.15 billion at March 31, 2024. The aggregate non-fund based outstanding to borrowers whose loans were restructured was ₹ 2.48 billion at March 31, 2024 (March 31, 2023: ₹ 3.32 billion). Additionally, Bank holds provision of ₹ 8.31 billion on restructured accounts.

At March 31, 2024, the outstanding loans and non-fund facilities to borrowers in the corporate and small and medium enterprises portfolio rated BB and below were ₹ 55.28 billion which includes the outstanding loans and non-funded facilities under resolution amounting to ₹ 6.45 billion.

For a discussion on accounting policy for classification on loans, see "Financial Statement (Schedule 17- Significant Accounting Policies) – Provision/write-offs on loans and other credit facilities".

SEGMENT INFORMATION

RBI in its guidelines on "segmental reporting" has stipulated specified business segments and their definitions, for the purpose of public disclosures on business information for banks in India. The business segments as defined by RBI for standalone segmental report are Retail Banking, Wholesale Banking, Treasury and Other Banking. Additionally, Unallocated includes items such as income tax paid in advance net of provision for tax, deferred tax and provisions to the extent reckoned at entity level.

Framework for transfer pricing

All liabilities are transfer priced to a central treasury unit, which pools all funds and lends to the business units at appropriate rates based on the relevant maturity of assets being funded after adjusting for regulatory reserve requirement and directed lending requirements.

Retail banking segment

The profit before tax of the segment increased from ₹ 175.34 billion in fiscal 2023 to ₹ 188.49 billion in fiscal 2024 primarily due to an increase in net interest income and non-interest income, offset, in part, by an increase in operating expenses and provisions.

Wholesale banking segment

The profit before tax of the segment increased from ₹ 157.85 billion in fiscal 2023 to ₹ 199.72 billion in fiscal 2024 primarily due to an increase in net interest income, non-interest income and higher recoveries on non-performing loans, offset, in part, by an increase in operating expenses.

Treasury segment

The profit before tax of the segment increased from ₹ 142.72 billion in fiscal 2023 to ₹ 148.99 billion in fiscal 2024 primarily due to an increase in net interest income and non-interest income, offset, in part, by an increase in operating expenses and provisions.

Other banking segment

Profit before tax of the other banking segment increased from ₹ 4.80 billion in fiscal 2023 to ₹ 7.68 billion in fiscal 2024.

Unallocated

During FY2023, the Bank had made an additional contingency provision ₹ 56.50 billion on a prudent basis as compared to a nil contingency provision during FY2024. The contingency provision was not allocated to any segment and included in unallocated.

MANAGEMENT DISCUSSION & ANALYSIS

CONSOLIDATED FINANCIALS AS PER INDIAN GAAP

The consolidated profit after tax increased from ₹ 340.37 billion in fiscal 2023 to ₹ 442.56 billion in fiscal 2024 primarily due to an increase in the profit of ICICI Bank and subsidiaries namely ICICI Securities, ICICI Prudential Asset Management Company, ICICI Securities Primary Dealership, ICICI Home Finance Company, ICICI Bank Canada, ICICI Bank UK, ICICI Lombard General Insurance Company (ICICI General) and ICICI Prudential Life Insurance Company.

The consolidated assets of the Bank and its subsidiaries and other consolidating entities increased from ₹ 19,584.90 billion at March 31, 2023 to ₹ 23,640.63 billion at March 31, 2024. Consolidated advances increased from ₹ 10,838.66 billion at March 31, 2023 to ₹ 12,607.76 billion at March 31, 2024.

At March 31, 2024, the Bank's consolidated Tier-1 capital adequacy ratio was 15.43% as against the requirement of 9.70% and consolidated total capital adequacy ratio was 16.14% as against the requirement of 11.70%.

During fiscal 2024, the Board of Directors of the Bank approved to increase shareholding in ICICI General in multiple tranches up to 4.0% additional shareholding and make the Company, a subsidiary of the Bank. Post necessary regulatory approval(s), the Bank through stock exchange mechanism had acquired additional stake in ICICI General in multiple tranches, resulting into an increase in shareholding to more than 50.0%. Consequently, ICICI General ceased to be an associate and became a subsidiary of the Bank w.e.f. February 29, 2024.

During fiscal 2024, the Board of Directors of the Bank approved to make I-Process Services (India) Private Limited (I-Process) a wholly-owned subsidiary of the Bank. Post necessary regulatory approval(s), the Bank entered into a share purchase agreement in relation to investment in equity shares of I-Process from off-market transactions. Consequently, I-Process ceased to be an associate and became a subsidiary of the Bank w.e.f. March 20, 2024 and subsequently became a wholly-owned subsidiary of the Bank w.e.f. March 22, 2024.

ICICI Bank Canada

The core operating profit of ICICI Bank Canada increased from CAD 61.2 million in fiscal 2023 to CAD 100.9 million in fiscal 2024 primarily due to an increase in net interest income and fee income, offset, in part, by an increase in operating expenses. The profit after tax of ICICI Bank Canada increased from CAD 46.4 million (₹ 2.82 billion) in fiscal 2023 to CAD 73.3 million (₹ 4.50 billion) in fiscal 2024 primarily due to an increase in core operating profit.

The total assets decreased from CAD 5.98 billion at March 31, 2023 to CAD 5.88 billion at March 31, 2024. Loans and advances increased from CAD 5.17 billion at March 31, 2023 to CAD 5.23 billion at March 31, 2024. The net impairment ratio increased from 0.08% at March 31, 2023 to 0.24% at March 31, 2024 primarily due to change in estimates and revision in macro-economic factors. ICICI Bank Canada had a total capital adequacy ratio of 17.8% at March 31, 2024 as compared to 17.3% at March 31, 2023.

ICICI Bank UK

The core operating profit of ICICI Bank UK increased from USD 18.3 million in fiscal 2023 to USD 34.5 million in fiscal 2024 primarily due to an increase in net interest income and fee income, offset, in part, by an increase in operating expenses. Profit after tax of ICICI Bank UK increased from USD 13.0 million (₹ 1.05 billion) in fiscal 2023 to USD 28.8 million (₹ 2.39 billion) in fiscal 2024 primarily due to higher core operating profit, offset, in part, by an increase in impairment provisions.

Total assets increased from USD 2.14 billion at March 31, 2023 to USD 2.21 billion at March 31, 2024. Net advances increased from USD 0.99 billion at March 31, 2023 to USD 1.04 billion at March 31, 2024. The net impairment ratio decreased from 3.3% at March 31, 2023 to 1.1% at March 31, 2024. ICICI Bank UK had a total capital adequacy ratio of 23.3% at March 31, 2024 compared to 27.1% at March 31, 2023.

ICICI Prudential Life Insurance Company (ICICI Life)

The Annualised Premium Equivalent of ICICI Life increased by 4.7% from ₹ 86.40 billion for fiscal 2023 to ₹ 90.46 billion for fiscal 2024. The Value of New Business (VNB) decreased by 19.5% from ₹ 27.65 billion for fiscal 2023 to ₹ 22.27 billion for fiscal 2024. The VNB margin decreased from 32.0% for fiscal 2023 to 24.6% in fiscal 2024. The total premium earned increased by 8.3% from ₹ 399.33 billion in fiscal 2023 to ₹ 432.36 billion in fiscal 2024. The total assets under management increased from ₹ 2,511.91 billion at March 31, 2023 to ₹ 2,941.40 billion at March 31, 2024.

Net premium earned increased by 8.3% from ₹ 385.60 billion in fiscal 2023 to ₹ 417.60 billion in fiscal 2024. The profit after tax increased from ₹ 8.11 billion in fiscal 2023 to ₹ 8.52 billion in fiscal 2024 primarily due to an increase in investment income in the shareholder segment due to favourable market conditions, offset, in part, by higher new business strain in annuity and non-participating protection segments.

ICICI Lombard General Insurance Company (ICICI General)

The Gross Domestic Premium Income of ICICI General increased by 17.8% year-on-year from ₹ 210.25 billion in fiscal 2023 to ₹ 247.76 billion in fiscal 2024. The profit after tax increased from ₹ 17.29 billion in fiscal 2023 to ₹ 19.19 billion in fiscal 2024 primarily due to an increase in premium income and reversal of tax provision, offset, in part, by an increase in claims and benefits paid.

ICICI Prudential Asset Management Company (ICICI AMC)

As per Indian GAAP, the profit after tax of ICICI AMC increased from ₹ 15.08 billion in fiscal 2023 to ₹ 18.15 billion in fiscal 2024 primarily due to an increase in fee income, offset, in part, by an increase in operating expenses.

ICICI Securities

As per Indian GAAP, the consolidated profit after tax of ICICI Securities increased from ₹ 11.40 billion in fiscal 2023 to ₹ 17.33 billion in fiscal 2024 primarily due to an increase in fee income and net interest income, offset, in part, by an increase in staff cost and other administrative expenses.

ICICI Securities Primary Dealership (I-Sec PD)

As per Indian GAAP, the profit after tax of I-Sec PD increased from ₹ 1.28 billion in fiscal 2023 to ₹ 4.14 billion in fiscal 2024 primarily due to an increase in net interest income and higher trading gains.

ICICI Home Finance Company Limited (ICICI HFC)

As per Indian GAAP, profit after tax increased from ₹ 3.65 billion in fiscal 2023 to ₹ 5.32 billion in fiscal 2024 primarily due to an increase in core operating profit and release in provisions. The core operating profit increased primarily due to an increase in net interest income and fee income, offset, in part, by an increase in operating expenses. Provision decreased from a charge of ₹ 0.56 billion in fiscal 2023 to a write back of ₹ 0.10 billion in fiscal 2024 primarily due to recovery.

Net NPAs decreased from ₹ 3.53 billion at March 31, 2023 to ₹ 2.88 billion at March 31, 2024.

ICICI Venture Funds Management Company (ICICI Venture)

The profit after tax of ICICI Venture increased from ₹ 61.9 million in fiscal 2023 to ₹ 110.3 million in fiscal 2024 primarily due to an increase in management fees received from launch of new funds, offset, in part, by an increase in operating expenses.

The following table sets forth, for the periods and at the dates indicated, the profit/(loss) and total assets of our principal subsidiaries as per Indian GAAP.

₹ in billion

Company	Profit after tax		Total assets[1]	
	Fiscal 2023	Fiscal 2024	At March 31, 2023	At March 31, 2024
ICICI Bank Canada	2.82	**4.50**	363.46	**361.00**
ICICI Bank UK PLC	1.05	**2.39**	176.13	**184.10**
ICICI Prudential Life Insurance Company Limited	8.11	**8.52**	2,558.47	**2,990.00**
ICICI Lombard General Insurance Company Limited[2]	17.29	**19.19**	550.86[3]	**633.08**
ICICI Prudential Asset Management Company Limited	15.08	**18.15**	24.89	**29.18**
ICICI Securities Limited (consolidated)	11.40	**17.33**	154.71	**253.65**
ICICI Securities Primary Dealership Limited	1.28	**4.14**	344.01	**357.43**
ICICI Home Finance Company Limited	3.65	**5.32**	187.01	**235.82**
ICICI Venture Funds Management Company Limited	0.06	**0.11**	3.02	**3.08**

1 *Total assets are as per classification used in the consolidated financial statements and hence the total assets as per subsidiary's financial statements may differ.*

2 *Entity ceased to be an accounted as per the equity method as prescribed by Accounting Standard – 23 – "Accounting for Investments in Associates in Consolidated Financial Statements" and became subsidiary of Bank w.e.f. February 29, 2024 and consolidated as per Accounting Standard-21- "Consolidated Financial Statements".*

3 *Total assets as per financial statements of ICICI Lombard General Insurance Company Limited.*

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

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