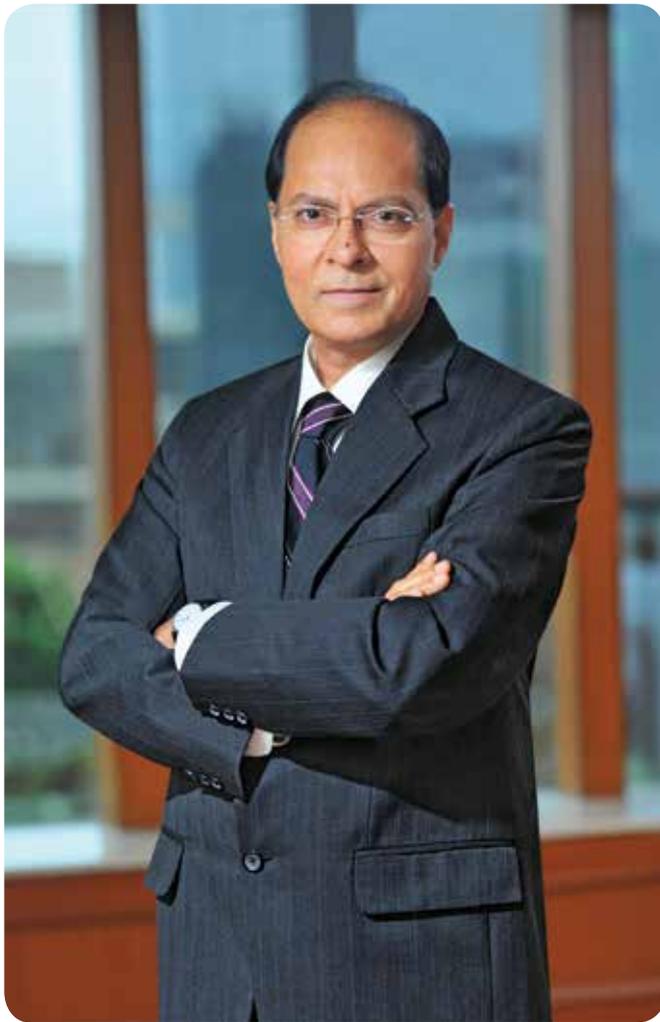


MESSAGE FROM THE CHAIRMAN



I am delighted to join ICICI Bank as the Chairman of the Board of Directors. This esteemed organisation has a rich legacy of partnering India in its growth and development. Founded as a development finance bank in 1955, the institution has taken several pioneering strides in catalysing the growth of the financial industry. As a financial conglomerate, the ICICI Group has been on a continuous journey of transformation, diversification and expansion. It is a pleasure to be addressing my first message to the shareholders of ICICI Bank.

The year 2017 saw positive trends in global growth, across most developed and emerging economies. This was accompanied by the normalisation of monetary policy in major economies. In recent times, differences between

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major economies on trade issues have led to protectionist measures and counter-measures in some countries. The future course of events in this regard and their impact on global trade, growth and capital flows will have to be closely monitored. Geopolitical developments in various regions may also affect the economy and financial markets through their impact on commodity prices, risk appetite and capital flows.

In India, the first half of the fiscal year 2018 was marked by the adjustment to the demonetisation of high value currency notes, and to the introduction of the Goods & Services Tax. Both of them are welcome from a longer term perspective – the first step has provided an impetus to digitisation, much needed in the financial sector, and the second to elimination of the cascading effect of diverse taxes and greater formalisation of the economy. However, in the short term, these reflected in a moderation in economic growth and banking system credit growth, while banking system deposit growth continued to be high on a year-on-year basis. The second half of the year saw an improvement in economic growth. Banking system credit growth also improved from the post-demonetisation lows, while deposit growth normalised. Government spending has played a significant role in boosting growth and demand. The turnaround in industrial production and the capital goods sector is particularly encouraging as it bodes well for revival in investments going forward. The economic growth outlook is positive, with most agencies forecasting higher GDP growth in fiscal 2019. At the same time, oil prices have risen significantly, which has implications for inflation and external sector parameters. The hardening of interest rates also represents a reversal in the declining interest rate environment of recent years.

The corporate lending and resolution landscape underwent a radical shift during fiscal 2018. The Reserve Bank of India mandated the referral of large non-performing borrowers for resolution under the Insolvency and Bankruptcy Code. Judicial decisions as well as legislative amendments are refining the framework and process of insolvency and resolution under the Code. The Reserve Bank of India also issued its revised framework for resolution of stressed assets. These are welcome steps aimed at accelerating resolution of existing stressed loans as well as enhancing credit discipline and proactive resolution on a sustained basis going forward.

Against this backdrop, ICICI Bank has continued to focus on improving its portfolio mix, resolving stressed assets and enhancing its customer franchise. Loan growth was driven by the retail segment, backed by healthy growth in deposits. The Bank's subsidiaries continued to perform well in their respective sectors, maintaining the ICICI Group's position as a leading diversified financial services franchise. The financial sector is the backbone of the economy. As India grows and financial penetration increases, the growth opportunities for various businesses of the Bank and its subsidiaries will be significant. I am sure the teams across the Group are focusing on maximising profitable growth, with the requisite focus on risk management and sustainable performance.

In recent months, the Bank has seen some esteemed members on the Board retiring as they completed the maximum permissible tenure of eight years for independent Directors of banks under the Banking Regulation Act. Consequently, there have been several appointments to the Board to fill these vacancies. While this transition of independent Directors has been well-handled, the Bank is taking steps to ensure that going forward the retirements and induction of independent Directors are more evenly spaced out. ICICI Bank would like to thank the former Board members for their valuable contribution and support. I also take this opportunity to welcome the new Directors who bring diverse and rich experience with them, and I am sure will provide invaluable guidance to the Bank.

ICICI Bank has seen its share of challenges in the recent past due to the elevated levels of NPAs but has been dealing with them in the best interest of all stakeholders. Taking a longer term view of the past, it is indeed remarkable to see how the institution has grown and transformed over these

years, from essentially a development finance institution with a small commercial banking business, to a large and diversified financial conglomerate. Along the way, the Bank has taken many pioneering initiatives that have contributed to the development of the financial sector as a whole. The fledgling retail and insurance businesses of 2003 have grown into leading consumer banking, life insurance and non-life insurance franchises; the Bank has kept pace with developments in technology and consumer preferences; and it has navigated through rapidly evolving operating environments, capitalising on opportunities as they emerged and changing course to address challenges.

In recent months, the Bank has been facing questions with regard to governance. The Board of Directors have instituted an enquiry to examine issues relating to the same. The scope of enquiry will be comprehensive and we hope to conclude the uncertainties relating to this issue at the earliest. It will be my topmost priority to uphold the best governance practices at this esteemed institution.

As the new Chairman of the Bank, I am happy to be a part of this organisation and its illustrious journey. I hope that we continue to see many more innovations and transformational initiatives from ICICI Bank in the years to come.

With best wishes,

Girish Chandra Chaturvedi
Chairman