ICICI BANK LTD
Form 20-F
September 29, 2010

As filed with the Securities and Exchange Commission on September 29, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

o REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the fiscal year ended March 31, 2010

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

o SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-15002

ICICI BANK LIMITED
(Exact name of registrant as specified in its charter)
Vadodara, Gujarat, India
(Jurisdiction of incorporation or organization)
ICICI Bank Towers
Bandra-Kurla Complex
Mumbai 400051, India
(Address of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Equity Shares of ICICI Bank Limited(1)	New York Stock Exchange
American Depositary Shares, each representing two Equity Shares of ICICI Bank Limited, par value Rs. 10 per share	New York Stock Exchange

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(1) Not for trading, but only in connection with the registration of American Depositary Shares representing such Equity Shares pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

The number of outstanding Equity Shares of ICICI Bank Limited as of March 31, 2010 was 1,114,845,314.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes x No o
If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
Yes o No x
Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.
Large accelerated filer x Accelerated filer o Non-accelerated filer o
Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filling:
U.S. GAAP o International Financial Reporting Standards as issuedOther x
By the International Accounting Standards Board o
Indicate by check mark which financial statement item the registrant has elected to follow.
Item 17 o Item 18 x
If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

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CERTAIN DEFINITIONS

In this annual report, all references to "we", "our" and "us" are to ICICI Bank Limited and its consolidated subsidiaries and other consolidated entities under generally accepted accounting principles in India ("Indian GAAP"). In the financial statements contained in this annual report and the notes thereto, all references to "the Company" are to ICICI Bank Limited and its consolidated subsidiaries and other consolidated entities under Indian GAAP.

References to specific data applicable to particular subsidiaries or other consolidated entities are made by reference to the name of that particular entity. References to the "amalgamation" are to the amalgamation of ICICI, ICICI Personal Financial Services and ICICI Capital Services with ICICI Bank. References to "the Scheme of Amalgamation" are to the Scheme of Amalgamation of ICICI, ICICI Personal Financial Services and ICICI Capital Services with ICICI Bank approved by the High Court of Gujarat at Ahmedabad on March 7, 2002 and by the High Court of Judicature at Bombay on April 11, 2002 and approved by the Reserve Bank of India on April 26, 2002. References to "Sangli Bank" are to The Sangli Bank Limited prior to its amalgamation with ICICI Bank, effective April 19, 2007. References to "Bank of Rajasthan" are to The Bank of Rajasthan Limited prior to its amalgamation with ICICI Bank, effective from the close of business at August 12, 2010.

References to "ICICI Bank" and "the Bank" are, to ICICI Bank Limited on an unconsolidated basis. References to "ICICI" are to ICICI Limited and its consolidated subsidiaries and other consolidated entities under Indian GAAP prior to the amalgamation of ICICI Limited, ICICI Personal Financial Services Limited and ICICI Capital Services Limited with ICICI Bank Limited which was effective March 30, 2002 under Indian GAAP. References to a particular "fiscal" year are to the year ended on March 31 of such a year. Unless otherwise indicated, all references to the "Board of Directors" and the "Board" are to the board of directors of ICICI Bank.

All references to the "Companies Act", the "Banking Regulation Act" and the "Reserve Bank of India Act" are to the Companies Act, 1956, the Banking Regulation Act, 1949 and the Reserve Bank of India Act, 1934 as passed by the Indian Parliament and as amended from time to time. All references to "RBI" and the "Reserve Bank of India" are to the central banking and monetary authority of India.

Pursuant to the issuance and listing of our securities in the United States under registration statements filed with the United States Securities and Exchange Commission, we file annual reports on Form 20-F which must include financial statements prepared under generally accepted accounting principles in the United States (US GAAP), or financial statements prepared according to a comprehensive body of accounting principles with a reconciliation of net income and stockholders' equity to US GAAP. When we first listed our securities in the United States, Indian GAAP was not considered a comprehensive body of accounting principles under the United States securities laws and regulations. Accordingly, our annual reports on Form 20-F for fiscal years 2000 through 2005 included US GAAP financial statements. However, pursuant to a significant expansion of Indian accounting standards, Indian GAAP constitutes a comprehensive body of accounting principles. Accordingly, we have included in this annual report, as in the annual reports for fiscal years 2006, 2007, 2008 and 2009, consolidated financial statements prepared according to Indian GAAP, with a reconciliation of net income and stockholders' equity to US GAAP and a description of significant differences between Indian GAAP and US GAAP.

Our annual report prepared and distributed to our shareholders under Indian law and regulations include unconsolidated Indian GAAP financial statements, management's discussion and analysis of the Bank's results of operations and financial condition based on the Bank's unconsolidated Indian GAAP financial statements and our consolidated Indian GAAP financial statements.

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FORWARD-LOOKING STATEMENTS

We have included statements in this annual report which contain words or phrases such as "will", "would", "aim", "aimed", "will likely result", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will achieve", "anticipate", "e "estimating", "intend", "plan", "contemplate", "seek to", "seeking to", "trying to", "target", "propose to", "future", "objective" "should", "can", "could", "may", "will pursue" and similar expressions or variations of such expressions that may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, the actual growth in demand for banking and other financial products and services in the countries in which we operate or where a material number of our customers reside, our ability to successfully implement our strategy, including our retail deposit growth strategy, our use of the internet and other technology, our rural expansion, our exploration of merger and acquisition opportunities, 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 that we face following our rapid international growth, future levels of non-performing and restructured 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 in which 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 and insurance regulations and other regulatory changes in India and other jurisdictions on us, including on the assets and liabilities of ICICI, a former financial institution not subject to Indian banking regulations, the state of the global financial system and systemic risks, the bond and loan market conditions and availability of liquidity amongst the investor community in these markets, the nature of credit spreads and interest spreads from time to time, including the possibility of increasing credit spreads or interest rates, our ability to roll over our short-term funding sources and our exposure to credit, market and liquidity risks. We undertake no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this annual report include, but are not limited to, the monetary and interest rate policies of India and the other markets in which we operate, natural calamities and environmental issues, general economic and political conditions in India, southeast Asia, and the other countries which have an impact on our business activities or investments, political or financial instability in India or any other country caused by any factor including any terrorist attacks in India, the United States or elsewhere or any other acts of terrorism worldwide, any anti-terrorist or other attacks by the United States, a United States-led coalition or any other country, the monetary and interest rate policies of India, tensions between India and Pakistan related to the Kashmir region or military armament or social unrest in any part of India, inflation, deflation, unanticipated turbulence in interest rates, changes or volatility in the value of the rupee, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in general, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environment in India and regional or general changes in asset valuations. For a further discussion of the factors that could cause actual results to differ, see the discussion under "Risk Factors" contained in this annual report.

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EXCHANGE RATES

Fluctuations in the exchange rate between the Indian rupee and the US dollar will affect the US dollar equivalent of the Indian rupee price of our equity shares on the Indian stock exchanges and, as a result, will affect the market price of our American Depositary Shares, or ADSs, in the United States. These fluctuations will also affect the conversion into US dollars by the depositary of any cash dividends paid in Indian rupees on our equity shares represented by ADSs.

In July 1991, the government adjusted the Indian rupee downward by an aggregate of approximately 20.0% against the US dollar. The adjustment was effected as part of an economic package designed to overcome economic and foreign exchange problems. After the Indian rupee was made convertible on the current account in March 1993, it depreciated on an average annual basis at a rate of approximately 5-6% until fiscal 2003, before appreciating slightly in fiscals 2004 and 2005. The rupee depreciated against the US dollar by 2.0% during fiscal 2006. During fiscal 2007, the rupee appreciated against the US dollar by 3.1%, moving from Rs. 44.48 per US$ 1.00 at March 31, 2006 to Rs. 43.10 per US$ 1.00 at March 30, 2007. During fiscal 2008 the rupee appreciated against the US dollar by 7.1%, moving from Rs. 43.10 per US$ 1.00 at March 30, 2007 to Rs. 40.02 per US$ 1.00 at March 31, 2008 led largely by increased capital flows following strong economic growth. During fiscal 2009 following the onset of the global financial crisis and decline in capital flows, the rupee depreciated against the US dollar by 27.1%, moving from Rs. 40.02 per US$ 1.00 at March 31, 2008 to Rs. 50.87 per US$ 1.00 at March 31, 2009. Given improved domestic economic conditions, during fiscal 2010, the rupee appreciated against the US dollar by 11.6% moving from Rs. 50.87 per US$ 1.00 at March 31, 2009 to Rs. 44.95 at March 31, 2010. During fiscal 2011 (through August 31, 2010), the rupee depreciated against the US dollar by 4.6%, moving from Rs. 44.95 per US$ 1.00 at March 31, 2010 to Rs. 47.02 at August 31, 2010. This was largely on account of increased global risk aversion following the perceived risk of sovereign default in certain European countries.

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Indian rupees and US dollars. For periods prior to January 1, 2009, the exchange rates reflect the noon buying rates as reported by the Federal Reserve Bank of New York. For periods after January 1, 2009, the exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Federal Reserve Board.

Fiscal Year	Period End(1)	Average(1)(2)
2006	44.48	44.20
2007	43.10	45.06
2008	40.02	40.13
2009	50.87	46.32
2010	44.95	47.18
2011 (through August 31, 2010)	47.02	46.06

Month	High	Low
March 2009	51.96	50.21
April 2009	50.48	49.55
May 2009	49.75	46.95
June 2009	48.50	46.78
July 2009	49.16	47.75
August 2009	48.90	47.27
September 2009	49.05	47.75
October 2009	47.72	46.00

November 2009	47.37	46.06
December 2009	46.85	46.00
January 2010	46.35	45.35
February 2010	46.79	45.97
March 2010	46.01	44.94
April 2010	44.79	44.10
May 2010	47.49	44.46
June 2010	47.08	45.64

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Month	High	Low
July 2010	47.23	46.25
August 2010 (through August 31, 2010)	47.02	45.70

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

(2) Represents the average of the exchange rate on the last day of each month during the period.

Although certain rupee amounts in this annual report have been translated into US dollars for convenience, this does not mean that the rupee amounts referred to could have been, or could be, converted into US dollars at any particular rate, the rates stated below, or at all. Except as otherwise stated in this annual report, all translations from rupees to US dollars are based on the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board at March 31, 2010. The Federal Reserve Bank of New York certifies this rate for customs purposes in a weekly version of the H.10 release. The exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board at March 31, 2010 was Rs. 44.95 per US$ 1.00 and at August 31, 2010 was Rs. 47.02 per US$ 1.00.

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MARKET PRICE INFORMATION

Equity Shares

Our outstanding equity shares are currently listed and traded on the Bombay Stock Exchange, or the BSE, and on the National Stock Exchange of India Limited, or the NSE.

At September 3, 2010, 1,147,324,085 equity shares were outstanding. The prices for equity shares as quoted in the official list of each of the Indian stock exchanges are in Indian rupees.

The following table shows:

- the reported high and low closing prices quoted in rupees for our equity shares on the NSE; and
- the reported high and low closing prices for our equity shares, translated into US dollars, based on (i) the noon buying rates as reported by the Federal Reserve Bank of New York for periods prior to January 1, 2009 and (ii) the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board, on the last business day of each period presented.

	Price per equity share(1)			
	High	Low	High	Low
Annual prices:				
Fiscal 2006	Rs.628.75	Rs.359.95	US$ 14.14	US$ 8.09
Fiscal 2007	999.70	451.20	23.19	10.47
Fiscal 2008	1,435.00	759.95	35.86	18.99
Fiscal 2009	942.85	262.95	18.53	5.17
Fiscal 2010	963.65	349.35	21.44	7.77
Quarterly prices:				
Fiscal 2009:				
First Quarter	Rs.942.85	Rs.630.20	US$21.96	US$14.68
Second Quarter	771.15	493.30	16.60	10.62
Third Quarter	550.90	308.50	11.34	6.35
Fourth Quarter	523.45	262.95	10.29	5.17
Fiscal 2010:				
First Quarter	Rs.756.15	Rs.349.35	US$15.84	US$ 7.32
Second Quarter	907.60	628.85	18.87	13.08
Third Quarter	959.10	771.75	20.67	16.63
Fourth Quarter	963.65	787.30	21.44	17.52
Fiscal 2011 (through August 31, 2010):	1,013.00	809.35	21.54	17.21
Monthly prices:				
November 2009	Rs. 924.50	Rs. 786.30	US$ 19.91	US$16.93
December 2009	893.55	809.35	19.26	17.44
January 2010	894.85	787.30	19.42	17.09
February 2010	872.15	798.15	18.94	17.33
March 2010	963.65	897.15	21.44	19.96
April 2010	997.80	918.00	22.57	20.77
May 2010	936.90	809.35	20.23	17.48
June 2010	900.40	817.50	19.40	17.61

July 2010	928.70	840.05	20.04	18.12
August 2010	1,013.00	939.55	21.54	20.16

(1) Data from the NSE. The prices quoted on the BSE may be different.

At August 31, 2010, the closing price of equity shares on the NSE was Rs. 977.70 equivalent to US$ 20.79 per equity share (US$ 41.59 per ADS on an imputed basis) translated at the exchange rate of Rs. 47.02 per US$ 1.00 as set forth in the H.10 statistical release of the Federal Reserve Board on August 31, 2010.

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At year-end fiscal 2010, there were approximately 692,091 holders of record of our equity shares, of which 228 had registered addresses in the United States and held an aggregate of approximately 57,804 equity shares.

ADSs

Our ADSs, each representing two equity shares, were originally issued in March 2000 in a public offering and are listed and trade on the New York Stock Exchange under the symbol IBN. The equity shares underlying the ADSs are listed on the BSE and the NSE.

At year-end fiscal 2010, ICICI Bank had approximately 158 million ADSs, equivalent to about 316 million equity shares, outstanding. At August 25, 2010, there were approximately 69,000 record holders of ICICI Bank's ADSs, out of which 141 have registered addresses in the United States.

The following table sets forth, for the periods indicated, the reported high and low closing prices on the New York Stock Exchange for our outstanding ADSs traded under the symbol IBN.

	Price per ADS	
	High	Low
Annual prices:		
Fiscal 2006	US$ 32.26	US$18.08
Fiscal 2007	46.74	21.25
Fiscal 2008	72.88	35.16
Fiscal 2009	47.20	9.96
Fiscal 2010	43.43	14.36
Quarterly prices:		
Fiscal 2009:		
First Quarter	US$47.20	US$28.76
Second Quarter	36.82	21.83
Third Quarter	24.50	11.33
Fourth Quarter	22.00	9.96
Fiscal 2010:		
First Quarter	US$32.62	US$14.36
Second Quarter	38.56	26.04
Third Quarter	41.24	31.45
Fourth Quarter	43.43	33.47
Fiscal 2011 (through August 31, 2010):	45.79	34.85
Monthly prices:		
November 2009	US$ 40.68	US$ 32.80
December 2009	38.39	34.21
January 2010	39.31	33.47
February 2010	38.25	33.54
March 2010	43.43	38.89
April 2010	45.79	40.81
May 2010	42.43	34.85
June 2010	38.97	34.96
July 2010	39.36	35.77
August 2010	42.68	40.73

See also "Risk Factors — Risks relating to the ADSs and Equity Shares — Conditions in the Indian securities market may adversely affect the price or liquidity of our equity shares and ADSs".

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RISK FACTORS

You should carefully consider the following risk factors as well as other information contained in this annual report in evaluating us and our business.

Risks Relating to India and Other Economic and Market Risks

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

A slowdown in the Indian economy could adversely affect our business and our borrowers and contractual counterparties, especially if such a slowdown were to be continued and prolonged. The growth rate of India's gross domestic product, or GDP, which was 9.0% or higher in each of fiscal years 2006, 2007 and 2008, moderated to 6.7% during fiscal 2009. GDP growth recovered subsequently, reaching 7.4% during fiscal 2010, and 8.8% in the first quarter of fiscal 2011. From 2005, interest rates in the Indian economy increased significantly following monetary measures to control rising inflation, and we experienced a slowdown in disbursements of housing, automobile and other retail loans in fiscal 2007, 2008 and 2009. From October 2008, the Reserve Bank of India significantly reduced policy rates and reserve ratios in response to the global financial crisis. This also led to a decline in deposit and lending rates in the banking system. However, market interest rates remained volatile in fiscal 2010 due to the government's fiscal deficit and borrowing program. Further, inflation as measured by the Wholesale Price Index, after falling to -1.0% in June 2009, increased to 10.0% in July 2010. In response to the rising inflationary pressures and the economic recovery, the Reserve Bank of India began an exit from its accommodative monetary policy, withdrawing special liquidity measures introduced during the financial crisis and raising the repo rate by an aggregate of 125 basis points, the reverse repo rate by an aggregate of 175 basis points and the cash reserve ratio by an aggregate of 100 basis points since February 2010. Any further increase in inflation in the future, due to increases in prices of commodities such as crude oil or otherwise, may result in a further tightening of monetary policy. On June 25, 2010, the government of India announced an increase in fuel prices, including a complete deregulation of petrol prices, which may lead to an increase in inflationary pressures. The uncertainty regarding liquidity and interest rates and any increase in interest rates or reduction in liquidity could adversely impact our business. The Indian economy in general and the agriculture sector in particular may be impacted by the level and timing of monsoon rainfall, which was below average in fiscal 2010.

Further, in light of the increasing linkage of the Indian economy to other economies, the Indian economy is increasingly influenced by economic and market conditions in other countries. As a result, a recession in the United States and other countries in the developed world and a slowdown in economic growth in major emerging markets like China could have an adverse impact on economic growth in India. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults among corporate, retail and rural borrowers, which could adversely impact our business, our financial performance, our stockholders' equity, our ability to implement our strategy and the price of our equity shares and ADSs.

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

Since August 2007, the global financial system experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency on inter-bank lending rates. These adverse trends accelerated sharply following the bankruptcy filing by Lehman Brothers in September 2008, leading to a global financial and economic crisis. In the US (where this particular crisis originated), the government has been forced to bail out leading financial institutions and inject additional capital into other banks. Likewise, in several European countries, the governments have injected capital into banks and have

guaranteed deposits or increased the level of deposit guarantees. More recently, several European governments have struggled to meet their sovereign debt obligations, as reflected in rating agencies´ downgrades of the bonds issued by these governments. Although the proximate cause of this particular financial crisis, which is deeper than other recent financial crises, was the US residential mortgage market, investors should be aware that there is a recent history of financial crises and boom-bust cycles in multiple markets in both the emerging and developed economies which leads to risks for all financial institutions, including us. A loss of investor confidence in the financial systems of India or other markets and countries or any financial instability in India or any

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other market may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector, our business and our future financial performance. See also "— Risks Relating to Our Business — We have experienced rapid international growth in earlier years which has increased the complexity of the risks that we face". The recent financial crisis has had a limited direct impact on us and we have not experienced the same degree of write-downs as banks that were exposed to, or invested in, the US residential mortgage market. However, the widening of credit spreads resulted in mark-to-market and realized losses on our investment and derivative portfolios, constrained our international debt capital market borrowings and adversely impacted our profitability. We remain subject, moreover, to the risks posed by the indirect impact of the global credit crisis on the economy, some of which cannot be anticipated and the vast majority of which are not under our control. We also remain subject to counterparty risk to financial institutions that fail or are otherwise unable to meet their obligations to us.

Any downgrading of India's debt rating by an international rating agency could adversely affect our business, our liquidity and the price of our equity shares and ADSs.

Following expansionary fiscal policies and the increase in India's fiscal deficit, Standard & Poor's, an international rating agency, had revised its outlook for India's debt rating from 'Stable' to 'Negative' in February 2009 before subsequently revising it back to 'Stable' in March 2010. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our business and limit our access to capital markets and adversely impact our liquidity position. See also "— Our inability to effectively manage credit, market and liquidity risk and inaccuracy of our valuation models and accounting estimates may have an adverse effect on our earnings, capitalization, credit ratings and cost of funds".

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

India imports over 75.0% of its requirements for crude oil, which were over 30% of total imports in fiscal 2010. While oil prices have declined sharply from their peak levels, any sharp increases or volatility in oil prices and the pass-through of such increases to Indian consumers could have a material negative impact on the Indian economy and the Indian banking and financial system in particular, including through a rise in inflation and market interest rates and a higher trade deficit. On June 25, 2010, the government of India announced an increase in fuel prices, including a complete deregulation of petrol prices, which may to lead to an increase in inflationary pressures. This could adversely affect our business including our liquidity, the quality of our assets, our financial performance, our stockholders' equity, our ability to implement our strategy and the price of our equity shares and ADSs.

Current account deficits, including trade deficits could adversely affect our business and the price of our equity shares and ADSs.

India's trade relationships with other countries and its trade deficit, driven to a major extent by global crude oil prices, may adversely affect Indian economic conditions. If current account and trade deficits increase, or are no longer manageable because of the rise in global crude oil prices or otherwise, the Indian economy, and therefore our business, our financial performance, our stockholders' equity and the price of our equity shares and ADSs could be adversely affected.

Any volatility in the exchange rate and increased intervention by the Reserve Bank of India in the foreign exchange market may lead to a decline in India's foreign exchange reserves and may affect liquidity and interest rates in the Indian economy, which could adversely impact us.

The direct adverse impact of the global financial crisis on India was felt in the form of reversal of capital inflows and decline in exports, leading to pressures on the balance of payments and a sharp depreciation of the Indian rupee compared to the US dollar. Any increased intervention by the Reserve Bank of India in the foreign exchange market to control the volatility of the exchange rate may result in a decline in India's foreign exchange reserves and reduced liquidity and higher interest rates in the Indian economy, which could adversely affect our business, our future financial performance and the price of our equity shares and ADSs.

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Further, increased volatility in capital flows may also complicate monetary policy, leading to volatility in inflation and interest rates in India, which could adversely impact our business.

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

India has experienced natural calamities such as earthquakes, floods and droughts in the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy. In particular, climatic and weather conditions, such as the level and timing of monsoon rainfall, impact the agricultural sector which constitutes approximately 17% of India's GDP. For example, in fiscal 2003, many parts of India received significantly less than normal rainfall. As a result, the agricultural sector recorded a decline of 7.2%. While the growth rate of the agricultural sector was 10.0% in fiscal 2004, it was negligible in fiscal 2005 due to the erratic progress of the monsoon which adversely affected sowing operations for certain crops. During the third quarter of fiscal 2009, the agricultural sector recorded a decline of 0.8%. In fiscal 2010, the rainfall was below the trend level in several parts of India. Consequently, the agricultural sector recorded an increase of 0.2% during fiscal 2010. Prolonged spells of below or above normal rainfall or other natural calamities, or global or regional climate change, could adversely affect the Indian economy and our business, especially our rural portfolio. Similarly global or regional climate change or natural calamities in other countries where we operate could affect the economies of those countries and our operations in those countries.

Health epidemics could also disrupt our business. From April 2009, there have been outbreaks of swine flu, caused by H1N1 virus, in certain regions of the world, including India and several countries in which we operate. Any future outbreak of health epidemics may restrict the level of business activity in affected areas, which may in turn adversely affect our business.

Financial difficulty and other problems in certain financial institutions in India could adversely affect our business and the price of our equity shares and ADSs.

As an Indian bank, we are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect our business. Our transactions with these financial institutions expose us to credit risk in the event of default by the counterparty, which can be exacerbated during periods of market illiquidity. See also "Overview of the Indian Financial Sector". As the Indian financial system operates within an emerging market, we face risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme. For example, in April 2003, unsubstantiated rumors, believed to have originated in Gujarat, a state in India, alleged that we were facing liquidity problems. Although our liquidity position was sound, we witnessed higher than normal deposit withdrawals on account of these unsubstantiated rumors for several days in April 2003. During September-October 2008, following the disclosure of our exposure to Lehman Brothers and other US and European financial institutions, rumors were circulated about our financial position which resulted in concerns being expressed by depositors and higher than normal transaction levels on a few days. We controlled the situation in these instances, but any failure to control such situations in the future could result in high volumes of deposit withdrawals, which would adversely impact our liquidity position, disrupt our business and, in times of market stress, undermine our financial strength.

A significant change in the Indian government's policies could adversely affect our business and the price of our equity shares and ADSs.

Our business and customers are predominantly located in India or are related to and influenced by the Indian economy. The Indian government has traditionally exercised, and continues to exercise, a dominant influence over many aspects of the economy. Government policies could adversely affect business and economic conditions in India, our ability to implement our strategy, and our future financial performance. Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the

private sector and encouraging the development of the Indian financial sector. India has been governed by coalition governments for the past several years. The leadership of India and the composition of the coalition in power are subject to change, and election results are sometimes not along expected lines. It is therefore difficult to predict the economic policies that will be pursued by governments in the future. The pace of economic liberalization could change, and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. For instance, the government of India has proposed a new direct tax code that could impact our taxation in the future, as well as the investment decisions of individuals, thereby impacting our business. The government of India has also proposed shifting to a uniform goods and service tax structure in India, which may also have an impact on the way in which we are taxed in the future. Any significant change in India's economic policies or any market volatility as a result of uncertainty surrounding India's macroeconomic policies or the future elections of its government could adversely affect business and economic conditions in India generally and our business in particular.

If regional hostilities, terrorist attacks or social unrest in some parts of the country increase, our business and the price of our equity shares and ADSs could be adversely affected.

India has from time to time experienced social and civil unrest and hostilities both internally and with neighboring countries. In the past, there have been military confrontations between India and Pakistan. India has also experienced terrorist attacks in some parts of the country, including in Mumbai, where our headquarters are located, in November 2008. These hostilities and tensions could lead to political or economic instability in India and adversely affect our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

Risks Relating to Our Business

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

As a result of certain reserve requirements of the Reserve Bank of India, we are more structurally exposed to interest rate risk than banks in many other countries. See "Supervision and Regulation — Legal Reserve Requirements". These requirements result in our maintaining a large portfolio of fixed income government of India securities, and we could be materially adversely impacted by a rise in interest rates, especially if the rise were sudden or sharp. Profit on the sale of investments in fixed income securities, including government of India securities, is an important element of our profitability and is impacted by movements in market yields. A rise in yields on government securities, as has taken place since fiscal 2010, reduces our profits from this activity and the value of our fixed income portfolio. We are also exposed to interest rate risk through our treasury operations and our subsidiary, ICICI Securities Primary Dealership, which is a primary dealer in government of India securities. In our asset management business, we manage money market mutual funds whose performance is impacted by a rise in interest rates, which could adversely impact our revenues and profits from this business. These requirements also have a negative impact on our net interest income and net interest margin because we earn interest on a portion of our assets at rates that are generally less favorable than those typically received on our other interest-earning assets.

If the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or if our cost of funds does not decline at the same time or to the same extent as the decrease in yield on our interest-earning assets, our net interest income and net interest margin may be adversely impacted. During fiscal 2006, 2007, 2008 and the first nine months of fiscal 2009, we experienced an increase in our term deposit costs. The tightening of liquidity and volatility in international markets following the concerns over sub-prime debt in the United States limited our access to international bond markets from the second half of fiscal 2008 and resulted in an increase in our cost of funding for our international business. Continued volatility in international markets could further

constrain and increase the cost of our international market borrowings and our ability to replace maturing borrowings and fund new assets. Our subsidiaries in the United Kingdom and Canada are also exposed to similar risks. For instance, the net interest income of these subsidiaries was negatively impacted in fiscal 2009 by the faster decline in the yields on their loan portfolios, which are linked to LIBOR, relative to the cost of their funding, which comprises mainly fixed rate deposits and borrowings. Limitations on our ability to borrow from international markets affect our funding costs and our ability to grow our business. In April 2010, the Reserve Bank of India

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issued final guidelines on the base rate system that replaced the benchmark prime lending rate system effective July 1, 2010. The base rate system is a new system for loan pricing and its impact on future loan pricing and the alignment of rates on floating rate loans to changes in the cost of funds remains unclear.

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

If we are not able to control the level of non-performing assets in our portfolio, our business will suffer.

Until fiscal 2008, we experienced rapid growth in our retail loan portfolio, including non-collateralized retail loans such as unsecured personal loans and credit card receivables. See "Business — Overview of ICICI Bank's Products and Services — Commercial Banking for Retail Customers". The seasoning of the loan portfolio, an adverse macroeconomic environment and challenges in recovery led to an increase in non-performing loans, especially in the non-collateralized retail loan portfolio. Following higher than anticipated credit losses and difficulties in collections, we discontinued our urban micro-banking unsecured loan product during fiscal 2008, and have, since fiscal 2009, substantially reduced the origination of unsecured personal loans, credit cards and two wheeler loans. Various factors, including a rise in unemployment, prolonged recessionary conditions, our regulators' assessment and review of our loan portfolio, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates and global competition could cause further increase in the level of non-performing assets on account of these retail and other loans and have a material adverse impact on the quality of our loan portfolio. The Reserve Bank of India has issued guidelines relating to the use of recovery agents by banks. Any limitation on our ability to recover outstanding receivables from customers as a result of these guidelines or otherwise may affect our collections and ability to foreclose on existing non-performing assets.

Under the directed lending norms of the Reserve Bank of India, we are required to extend 50.0% of our residual adjusted net bank credit to certain eligible sectors, which are categorized as "priority sectors". In addition to the regulations requiring us to lend a portion of our advances to the priority sectors, the Reserve Bank of India has regulations requiring us to lend a portion of our advances to weaker sections of society. See "Business — Loan Portfolio — Directed Lending". We may experience a significant increase in non-performing assets in our directed lending portfolio, particularly loans to the agricultural sector and small enterprises, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. The government in its budget for fiscal 2009 announced a debt waiver for small and marginal farmers. While the government has borne the cost of the scheme, such schemes may have an adverse impact on future debt servicing on farm loans and may lead to an increase in non-performing loans in the agricultural sector. Any change by the Reserve Bank of India in the directed lending norms may result in our inability to meet the priority sector lending requirements as well as require us to increase our lending to relatively riskier segments and may result in an increase in non-performing assets in the directed lending portfolio. See also "Entry into new businesses or expansions of existing businesses may expose us to increased risks that may adversely affect our business." and "Business — Loan Portfolio — Directed Lending".

Following the recent global and Indian economic slowdown, we saw an increase in the volume of restructured corporate loans. Further economic challenges could result in some of our borrowers not being able to meet their restructured debt obligations, resulting in loans to such borrowers being classified as non-performing. See also "— The level of restructured loans in our portfolio may increase and the failure of our restructured loans to perform as expected could affect our business". The loan portfolio of our international branches and subsidiaries includes foreign currency loans to Indian companies for their Indian operations (as permitted by regulation) as well as for their overseas ventures, including cross-border acquisitions. This exposes us to specific additional risks including the failure of the acquired entities to perform as expected, and our inexperience in various aspects of the economic and legal framework in overseas markets. See also "— We experienced rapid international growth in earlier years which has

increased the complexity of the risks that we face". Further, we expect long-term project finance to be a significant area of growth in our business going forward, and the quality of this portfolio could be adversely impacted by several factors. See "— Our loan portfolio includes long-term project finance loans, which are particularly vulnerable to completion and other risks". We may not be able to control or reduce the level of non-performing assets in our project and corporate finance portfolio.

We also securitize our loan receivables through independent special purpose vehicles from time to time. The loan pools securitized by us are generally rated by independent credit rating agencies. With respect to these transactions, we provide credit enhancements generally in the form of cash collaterals/guarantees/interest spreads. There is no guarantee that these pools will perform as per expectations. In the event that the ratings on these pools are downgraded and/or we are required to increase the credit enhancement, our profitability, reputation and our business could be adversely affected. We also have investments in security receipts arising out of the sale of non-performing assets by us to the Asset Reconstruction Company (India) Limited, a reconstruction company registered with the Reserve Bank of India and other reconstruction companies. See "Business — Classification of Loans". There can be no assurance that Asset Reconstruction Company (India) Limited and other reconstruction companies will be able to recover these assets and redeem our investments in security receipts and that there will be no reduction in the value of these investments.

If we are not able to control or reduce the level of non-performing assets, the overall quality of our loan portfolio may deteriorate, we may become subject to enhanced regulatory oversight and scrutiny, our reputation may be adversely impacted and our profitability and the price of our equity shares and ADSs could be adversely affected.

The level of restructured loans in our portfolio may increase and the failure of our restructured loans to perform as expected could affect our business.

Our standard assets include restructured standard loans. See "Business — Classification of Loans — Restructured Loans". The recent global and Indian economic slowdown and its impact on equity and debt markets have adversely impacted the capacity utilization, profitability and cash accruals of some of our borrowers and their ability to access equity and debt financing. We have seen an increase in the level of restructured assets in fiscal 2009 and fiscal 2010, offset, in part, by upgrades of existing restructured loans based on satisfactory payment performance. A substantial increase in the level of restructured assets and the failure of these borrowers to perform as expected could adversely affect our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

Further deterioration of our non-performing asset portfolio combined with recent Reserve Bank of India requirements that all Indian banks increase their provisioning coverage as a percentage of gross non-performing assets could adversely affect our business.

There can be no assurance that the percentage of non-performing assets that we will be able to recover will be similar to our and ICICI's past experience of recoveries of non-performing assets. Our retail loan portfolio experienced rapid growth between fiscal 2002 and fiscal 2007, and there is limited data on historical loss ratios in retail loans, especially in the event of an economic downturn. During the last two years we have seen an increase in non-performing assets, mainly in our non-collateralized retail loan portfolio. Further, the economic slowdown and the impact of global and Indian economic conditions on equity and debt markets have also led to an increase in the volume of restructured corporate loans, and the failure of these borrowers to perform as per the restructured terms would lead to their classification as non-performing loans. See also "— If we are not able to control the level of non-performing assets in our portfolio, our business will suffer".

At the same time, Indian banks have been required by a new Reserve Bank of India policy to increase their total provisioning coverage ratio, including floating provisions and prudential/technical write-offs, to 70% by September 30, 2010. ICICI Bank has been permitted by the Reserve Bank of India to achieve the stipulated level of provisioning coverage of 70% in a phased manner by March 31, 2011. The combination of the mandated increase in provisions, regulators' assessment of our provisions and any further deterioration or increase in our non-performing asset portfolio could lead to an adverse impact on our business, our future financial performance and the price of our equity shares and ADSs.

We may face greater risks than banks in developed economies.

Our credit risk is higher because most of our borrowers are based in India. Unlike several developed economies, a nation-wide credit bureau has become operational in India only recently. This may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. In

addition, the credit risk of our borrowers, particularly small and middle market companies, is higher than borrowers in more developed economies due to the greater uncertainty in the Indian regulatory, political, economic and industrial environment and the difficulties of many of our corporate borrowers to adapt to global technological advances. The directed lending norms of the Reserve Bank of India require us to lend a certain proportion of our loans to "priority sectors", including agriculture and small enterprises, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. Any shortfall may be required to be allocated to investments yielding sub-market returns. See "Business — Loan Portfolio — Directed Lending". Also, several of our corporate borrowers in the past suffered from low profitability because of increased competition from economic liberalization, a sharp decline in commodity prices, a high debt burden and high interest rates in the Indian economy at the time of their financing, and other factors. An economic slowdown and a general decline in business activity in India could impose further stress on these borrowers' financial soundness and profitability and thus expose us to increased credit risk. This may lead to an increase in the level of our non-performing assets and there could be an adverse impact on our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

In addition to credit risks, we also face additional risks as compared with banks in developed economies. We pursue our banking, insurance and other activities in India in an economy that is a developing economy with all of the risks that come with such an economy. Our activities in India are spread across a large and diverse terrain and involve employees, contractors, counterparties and customers with widely varying levels of education, financial sophistication and wealth. Although we seek to implement policies and procedures to reduce and manage marketplace risks as well as risks within our own organization, some risks remain inherent in doing business in a large, developing country. We cannot eliminate these marketplace and operational risks, which may lead to legal or regulatory actions, negative publicity or other developments that could reduce our profitability.

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

A substantial portion of our loans to corporate and retail customers is secured by collateral. See "Business — Classification of Loans — Non-Performing Asset Strategy". Changes in asset prices may cause the value of our collateral to decline and we may not be able to realize the full value of our collateral as a result of delays in bankruptcy and foreclosure proceedings, delays in the creation of security interests, defects or deficiencies in the perfection of collateral (including due to inability to obtain approvals that may be required from various persons, agencies or authorities), fraudulent transfers by borrowers and other factors, including depreciation in the value of the collateral and illiquid market for disposal of and volatility in the market prices for the collateral, current legislative provisions or changes thereto and past or future judicial pronouncements. Failure to recover the expected value of collateral could expose us to potential losses, which could adversely affect our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

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

We expect significant opportunities in project finance in India and it is our strategy to grow this portfolio. The viability of these projects depends upon a number of factors, including market demand, government policies and the overall economic environment in India and the international markets. These projects are particularly vulnerable to a variety of risks, including risks of delays in regulatory approvals, environmental and social issues, completion risk and counterparty risk, which could adversely impact their ability to generate revenues. We cannot be sure that these projects will perform as anticipated. In the past, ICICI and we experienced a high level of default and restructuring in our project finance loan portfolio as a result of the downturn in certain global commodity markets and increased

competition in India. A slowdown in the Indian and global economy may exacerbate the risks for the projects that we have financed. Future project finance losses or high levels of loan restructuring could have a materially adverse effect on our profitability and the quality of our loan portfolio and the price of our equity shares and ADSs.

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

Our loan portfolio and non-performing asset portfolio have a high concentration in certain customers. See “Business — Loan Portfolio — Loan Concentration”. In the past, certain of our borrowers have been adversely affected by economic conditions to varying degrees. Economic conditions in India and other countries may impose strains on these borrowers’ ability to repay loans to us. Credit losses due to financial difficulties of these borrowers and borrower groups in the future could adversely affect our business, our financial performance, our stockholders’ equity and the price of our equity shares and ADSs.

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

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit, we may assume that a customer’s audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. Our financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or other information that is materially misleading. In addition, unlike several developed economies, a nationwide credit bureau has become operational in India only recently. This may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. As a result, our ability to effectively manage our credit risk may be adversely affected.

Commission, exchange and brokerage income and profit on foreign exchange transactions have become important elements of our profitability and market conditions could cause these income streams to decline and adversely impact our financial performance.

We earn commission, exchange and brokerage income from a variety of activities, including syndication and advisory services for corporate clients in respect of their acquisition and project financing, distribution of retail investment and insurance products, transaction banking and retail credit products. Our commission, exchange and brokerage income is therefore impacted by the level of corporate activity, the demand for retail financial products and the overall level of economic and trade activity. We also earn commission from the distribution of mutual fund and insurance products. Recent regulatory changes capping the charges for distribution of such products, and any similar regulations going forward, would impact our commission, exchange and brokerage income. Similarly, the profit on foreign exchange transactions is dependent on foreign exchange market conditions and the risk management strategies of corporate clients. Volatile market conditions may also have an adverse impact on mergers and acquisitions activity by Indian companies, affecting our fee and other incomes related to such activity. We experienced a decline in these income streams in the second half of fiscal 2009 as a result of the general decline in business activity during the global financial crisis and economic turmoil. The above factors could cause these income streams to decline in the future and adversely impact our financial performance.

We have experienced rapid international growth in earlier years which has increased the complexity of the risks that we face.

Beginning in fiscal 2004, we began a rapid international expansion, opening banking subsidiaries in the United Kingdom, Canada and Russia and branches and representative offices in several countries. We offer retail banking

products and services including remittance services across these markets primarily to non-resident Indians. We deliver products and services, including foreign currency financing and cross-border acquisition financing, to our corporate clients through our international subsidiaries and branches. We also invest in fixed income securities and derivative products with underlying Indian and international credit exposures. In Canada and the United Kingdom, we offer direct banking offerings using the Internet as the access channel. This rapid international expansion into banking in multiple jurisdictions exposes us to a variety of regulatory and business challenges and risks, including cross-cultural risk and has increased the complexity of our risks in a number of areas including price risks, currency

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risks, interest rate risks, compliance risk, regulatory and reputational risk and operational risk. In the aftermath of the financial crisis and in light of enhanced regulations in many countries, we may face additional pressures and scrutiny in all of these areas and in the management of our international operations. We also face risks arising from our ability to manage inconsistent legal and regulatory requirements in the multiple jurisdictions in which we operate.

Our international banking subsidiaries are subject to regulations imposed by their respective overseas regulators, including regulations on capital and liquidity, country exposure and type of business. The loan portfolio of our international branches and subsidiaries includes foreign currency loans to Indian companies for their Indian operations (as permitted by regulation) as well as for their overseas ventures, including cross-border acquisitions. This exposes us to specific additional risks including the failure of the acquired entities to perform as expected, and our inexperience in various aspects of the economic and legal framework in overseas markets. Regulatory changes globally and in specific markets, including increased regulatory oversight following the global financial crisis, may impact our ability to execute our strategy and deliver returns on capital invested in our international subsidiaries See also "— We are subject to legal and regulatory risk which may adversely affect our business and the price of our equity shares and ADSs". Our overseas branches and banking subsidiaries have made investments in bonds, certificates of deposits, mortgage backed securities, treasury bills, credit derivatives and asset backed commercial paper. The global financial and economic crisis has resulted in mark-to-market and realized losses on our overseas and other subsidiaries' investment and derivative portfolios, increased the regulatory scrutiny of our international operations, constrained our international debt capital market borrowings and increased our cost of funding. If we are unable to manage these risks, our business could be adversely affected.

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

Most of our incremental funding requirements are met through short-term funding sources, primarily in the form of deposits including deposits from corporate customers and inter-bank deposits. Our customer deposits generally have a maturity of less than one year. However, a large portion of our assets have medium- or long-term maturities, creating the potential for funding mismatches. Our ability to raise fresh deposits and grow our deposit base depends in part on our ability to expand our network of branches, which requires the approval of the Reserve Bank of India. While we have recently significantly expanded our branch network pursuant to the Reserve Bank of India's authorizations for establishing new branches, there can be no assurance that these authorizations or future authorizations granted by the Reserve Bank of India will meet our requirements for branch expansion to achieve the desired growth in our deposit base. During September–October 2008, following the disclosure of our exposure to Lehman Brothers and other US and European financial institutions, rumors were circulated about our financial position which resulted in concerns being expressed by depositors and higher than normal transaction levels on a few days. High volumes of deposit withdrawals or failure of a substantial number of our depositors to roll over deposited funds upon maturity or to replace deposited funds with fresh deposits as well as our inability to grow our deposit base, could have an adverse effect on our liquidity position, our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

Furthermore, a part of our loan and investment portfolio, comprising primarily the loan and investment portfolios of our international branches and subsidiaries, is denominated in foreign currencies, including the US dollar. Our international branches are primarily funded by debt capital market issuances and syndicated/bilateral loans, while our international subsidiaries generally raise deposits in their local markets. Certain deposits in our Singapore and Hong Kong branches are guaranteed by the government of Singapore and the Hong Kong S.A.R. government's Exchange Fund respectively until the end of 2010. There can be no assurance that the deposits will be rolled over after this period. Volatility in the international debt markets following the concerns over sub-prime debt in the United States has constrained our international capital market borrowings. There can be no assurance that the deposit bases of our international subsidiaries will continue to grow at the current rates or that our international branches and subsidiaries

will be able to obtain alternative funding from the international debt markets or other sources in a timely manner on terms acceptable to them or at all. This may adversely impact our ability to replace maturing borrowings and fund new assets. See also "Risks Relating to India and Other Economic and Market Risks — Financial instability in other countries, particularly emerging market countries and countries where we have established operations, could adversely affect our business and the price of our equity shares and ADSs", "Risks

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Relating to India and Other Economic and Market Risks — Financial difficulty and other problems in certain financial institutions in India could adversely affect our business and the price of our equity shares and ADSs" and "—We have experienced rapid international growth in earlier years, which has increased the complexity of the risks that we face".

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

The global financial crisis has led to significant and unprecedented changes in the laws, regulations and regulatory policies of India and the other jurisdictions in which we operate. Changes in laws, regulations or regulatory policies, including changes in the interpretation or application of such laws, regulations and regulatory policies, may adversely affect the products and services we offer, the value of our assets or the collateral available for our loans or our business in general. Such changes may include changes with respect to capital requirement, leverage and liquidity ratios, cross-border capital flows, local lending obligations, management compensation, consumer protection and risk management, among other areas. Changes in laws, regulations and regulatory policies, or the interpretation or application thereof, could lead to enhanced regulatory oversight and scrutiny and increased compliance costs. Our ability to predict future legal or regulatory changes is limited and we may face greatly enhanced legal or regulatory burdens without advanced notice. Any such changes may result in increased expenses, operational restrictions or revisions to our business operations, which may reduce our profitability or force us to forgo potentially profitable business opportunities. See also "The increased supervisory and compliance environment in the financial sector leads to increased risks of regulatory action, whether formal or informal".

The increased supervisory and compliance environment in the financial sector leads to increased risks of regulatory action, whether formal or informal.

We are subject to a wide variety of banking, insurance and financial services laws, regulations and regulatory policies and a large number of regulatory and enforcement authorities in each of the jurisdictions in which we operate. Since the onset of the global financial crisis in 2007, regulators in India and in the other the jurisdictions in which we operate have intensified their review and scrutiny of many financial institutions, including us. This increased review and scrutiny increases the possibility that we will face adverse legal or regulatory actions. The Reserve Bank of India and other regulators regularly review our operations, and there can be no guarantee that any regulator will agree with our internal assessments of asset quality, provisions, risk management, capital adequacy, management functioning or other measures of the safety and soundness of our operations. Regulators may find that we are not in compliance with applicable laws, regulations or regulatory policies, or with the regulators' revised interpretations or such laws, regulations or regulatory policies, and may take formal or informal actions against us. If taken, such formal or informal actions might forces us to divest of assets, adopt new compliance programs or policies, remove personnel, reduce dividend or executive compensation or undertake other changes to our business operations. Any of these changes, if required, could reduce our profitability by restricting our operations, imposing new costs or harming our reputation. See also "The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment" and "Supervision and Regulation".

In addition to oversight by the Reserve Bank of India, our insurance subsidiaries are also subject to extensive regulation and supervision by India's insurance regulators. The Insurance Regulatory and Development Authority has the authority to modify and interpret regulations regarding the insurance industry, including regulations governing products, selling commissions, solvency margins and reserving, which can also lead to additional costs or restrictions on the insurance subsidiaries' activities. Similarly our asset management subsidiary is subject to supervision and regulation by the Securities and Exchange Board of India.

Failure to comply with applicable regulations in various jurisdictions, including unauthorized actions by employees, representatives, agents and third parties, suspected or perceived failures and media reports, and ensuing inquiries or

investigations by regulatory and enforcement authorities, has resulted, and may result in regulatory action including financial penalties and restrictions on or suspension of the related business operations.

In addition, a failure to comply with the applicable regulations in various jurisdictions by our employees, representatives, agents and third-party service providers either in or outside the course of their services, or suspected or perceived failures by them, may result in inquiries or investigations by regulatory and enforcement authorities, in

regulatory or enforcement action against either us, or such employees, representatives, agents and third-party service providers. Such actions may impact our reputation, result in adverse media reports, lead to increased or enhanced regulatory or supervisory concerns, additional costs, penalties, claims and expenses being incurred by us or impact adversely our ability to conduct business.

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

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

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

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

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

our critical accounting estimates and the adequacy of our allowances for loan losses.

To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses and enhanced regulatory scrutiny . See also "— Further deterioration of our non-performing asset portfolio combined with recent Reserve Bank of India requirements that all Indian banks

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increase their provisioning coverage as a percentage of gross non-performing assets could adversely affect our business". The successful management of credit, market and operational risk is an important consideration in managing our liquidity risk because it affects the evaluation of our credit ratings by rating agencies. Rating agencies may reduce or indicate their intention to reduce the ratings at any time. See also "Risks Relating to India and Other Economic and Market Risks — Any downgrading of India's debt rating by an international rating agency could adversely affect our business, our liquidity and the price of our equity shares and ADSs". The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in our ratings. Any reduction in our ratings (or withdrawal of ratings) may increase our borrowing costs, limit our access to capital markets and adversely affect our ability to sell or market our products, engage in business transactions particularly longer-term, and derivatives transactions, or retain our customers. Conditions in the international and Indian debt markets may adversely impact our access to financing and liquidity. This, in turn, could reduce our liquidity and negatively impact our operating results and financial condition. For more information relating to our ratings, see "Business — Risk Management — Quantitative and Qualitative Disclosures about Market Risk — Liquidity Risk".

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

We may seek opportunities for growth through acquisitions or be required to undertake mergers mandated by the Reserve Bank of India under its statutory powers. In the past, the Reserve Bank of India has ordered mergers of weak banks with other banks primarily in the interest of depositors of the weak banks. While we do not currently expect to expand our international business, other than continuing to focus on growing our international deposit base and seeking India-linked business opportunities, we may in the future examine and seek opportunities for acquisitions in countries where we currently operate and in other countries.

The Bank of Rajasthan, a private sector bank, merged with us effective from the close of business at August 12, 2010. This acquisition and any future acquisitions or mergers, both Indian or international, may involve a number of risks, including the possibility of a deterioration of asset quality, financial impact of employee pension related liability, diversion of our management's attention required to integrate the acquired business and the failure to retain key acquired personnel and clients, leverage synergies or rationalize operations, or develop the skills required for new businesses and markets, or unknown and known liabilities including any ongoing litigation, claims or disputes concerning such acquisition, merger, its shareholders, share capital or its legal and regulatory compliance obligations or practices, some or all of which could have an adverse effect on our business.

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

As a financial intermediary, we are exposed to exchange rate risk. See "Business — Risk Management — Quantitative and Qualitative Disclosures about Market Risk — Exchange Rate Risk". Several of our borrowers enter into derivative contracts to manage their foreign exchange risk exposures. During fiscal 2009, due to high exchange rate volatility as a result of the financial crisis, a number of clients experienced significant mark-to-market losses in derivative transactions. On a maturity or premature termination of the derivative contracts, these mark-to market losses became receivables owed to us. Some clients did not pay their derivative contract obligations to us in a timely manner, and in some cases have initiated legal proceedings challenging the validity of these contracts and their obligations to us. Any increase in such instances and any decision against us in these proceedings may have an adverse impact on our profitability and business. The failure of our borrowers to manage their exposures to foreign exchange, derivative risk, adverse movements and volatility in foreign exchange rates may adversely affect our borrowers and the quality of our exposure to our borrowers and our business volumes and profitability. In October 2008, the Reserve Bank of India issued guidelines requiring banks to classify receivables representing crystallized positive mark-to-market value of a derivative contract overdue for 90 days or more as a non-performing asset. Defaults by our clients on their derivative contracts and their subsequent classification as non-performing assets may have an adverse impact on our

profitability, business and the price of our equity shares and ADSs.

Entry into new businesses or expansions of existing businesses may expose us to increased risks that may adversely affect our business.

We experienced rapid growth in our retail loan portfolio between fiscal 2002 and fiscal 2007. See "Business — Loan Portfolio". In addition, we undertook a rural initiative designed to bring our products and services into many

rural areas. This rapid growth of the retail loan business and the rural initiative exposed us to increased risks within India including higher levels of non-performing loans in our unsecured retail credit portfolio, increased operational risk, increased fraud risk and increased regulatory and legal risk. For example, during fiscal 2007, we made a provision of Rs. 0.9 billion for losses from frauds pertaining to the warehouse receipt-based financing product for agricultural credit. See also "— We are subject to legal and regulatory risk which may adversely affect our business and the price of our equity shares and ADSs" – "We may face greater risks than banks in developed economies".

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

Within the Indian market, we face intense competition from other commercial banks, investment banks, insurance companies and non-bank finance companies. Some Indian public and private sector banks have recently experienced higher growth, achieved better profitability and increased their market shares relative to us. Further liberalization of the Indian financial sector could lead to a greater presence or new entries of Indian and foreign banks offering a wider range of products and services, which could adversely impact our competitive environment. The government of India's budget for fiscal 2011 stated that the Reserve Bank of India is considering issuing additional banking licenses to private sector players, including to non-bank finance companies, if they meet the Reserve Bank of India's eligibility criteria. In August 2010, the Reserve Bank of India issued a discussion paper for public comment on the entry of new banks in the private sector. In addition, the Indian financial sector may experience further consolidation, resulting in fewer banks and financial institutions, some of which may have greater resources than us. See "Business — Competition" and "Overview of the Indian Financial Sector — Commercial Banks — Foreign Banks". Due to competitive pressures, we may be unable to successfully execute our growth strategy and offer products and services at reasonable returns and this may adversely impact our business.

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

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

The Indian financial markets have in recent years experienced, and continue to experience, changes and developments aimed at reducing the cost and improving the quality of service delivery to users of financial services. In 2005, the Reserve Bank of India introduced the Real Time Gross Settlement System, an inter-bank settlement system which facilitates real time settlements primarily between banks. Recent examples of such changes include free access for a customer of any bank to ATMs of all other banks with restrictions on the amount and number of transactions. Such developments impact the profitability of banks, by reduction in float balances and fee incomes, and an increase in costs. See also "—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment".

The additional capital required by our insurance subsidiaries may adversely impact our business and the price of our equity shares and ADSs.

While our life insurance business recorded accounting profits in fiscal 2010 and the growth of our life and general insurance subsidiaries has moderated, additional capital may be required to support the insurance business. Our ability to invest additional capital in these businesses is subject to the Reserve Bank of India's regulations on capital adequacy and its para-banking guidelines that prescribe limits for our aggregate investment in financial sector enterprises. All such investments require prior approval of the Reserve Bank of India. See "Business — Insurance" and "Supervision and Regulation — Reserve Bank of India Regulation — Holding Companies". The capital requirements of our insurance subsidiaries and restrictions on our ability to capitalize them could adversely impact their growth, our future capital adequacy, our financial performance and the price of our equity shares and ADSs.

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

Our life insurance and general insurance joint ventures are becoming an increasingly important part of our business. See “Business — Overview of Our Products and Services — Insurance”. These businesses have seen sharp

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moderation in growth since fiscal 2009. There can be no assurance of their future rates of growth. Our life insurance business primarily comprises unit-linked life insurance and pension products. Reduction in capital market valuations and volatility in capital markets have had an adverse impact on the demand for these products. Our life insurance subsidiary is also expected to be impacted by the substantial changes in regulations specified by the Insurance Regulatory and Development Authority effective September 1, 2010. The changes include a cap on surrender charges, a cap on charges applicable from the sixth year of policy, an increase in minimum premium paying term and the introduction of minimum guaranteed returns on pension products. The growth of our general insurance business has been adversely impacted by the deregulation of pricing on certain products, which has resulted in a reduction in premiums for those products. See also "Supervision and Regulation — Regulations Governing Insurance Companies". A slowdown in the Indian economy, further regulatory changes or customer dissatisfaction with our insurance products, could adversely impact the future growth of these businesses. See also "— The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment". Any slowdown in these businesses and in particular in the life insurance business could have an adverse impact on our business and the price of our equity shares and ADSs.

Our life insurance business has reported statutory losses since inception until fiscal 2009.

We and our joint venture partner have made significant investments in our life insurance joint venture, ICICI Prudential Life Insurance Company. See "Business — Overview of Our Products and Services — Insurance". As is normal in the start-up phase of any life insurance business, this business reported statutory losses from inception until fiscal 2009. Although the company achieved statutory profits during fiscal 2010, there can be no assurance that the ultimate actual profitability of the life insurance business will be in line with current assumptions and expectations. The substantial changes in regulations introduced by the Insurance Regulatory and Development Authority are likely to impact growth in business and the profitability of our life insurance business.

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

The assumptions our life insurance subsidiary makes in assessing its life insurance reserves may differ from what it experiences in the future. Our life insurance subsidiary derives its life insurance reserves using "best estimate" actuarial policies and assumptions. These assumptions include the assessment of the long-term development of interest rates, investment returns, the allocation of investments between equity, fixed income and other categories, mortality and morbidity rates, policyholder lapses and future expense levels. Our life insurance subsidiary monitors its actual experience of these assumptions and to the extent that it considers that this experience will continue in the longer term, it refines its long-term assumptions. Changes in any such assumptions may lead to changes in the estimates of life and health insurance reserves.

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

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

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

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such liabilities, it may be required to increase its reserves, which may materially adversely affect its results of operations.

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

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

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

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

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

We, like all financial institutions, are exposed to many types of operational risk, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees and third parties (including violation of regulations for prevention of corrupt practices, and other regulations governing our business activities), misreporting or non-reporting with respect to statutory, legal or regulatory reporting and disclosure obligations, or operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. Our growth, particularly in the rural initiative, international arena and insurance businesses exposes us to additional operational and control risks. The increasing size of our treasury operations, which use automated control and recording systems as well as manual checks and record keeping, exposes us to the risk of errors in control and record keeping. The increasing size of our insurance business and the complexities of the products expose us to the risk that the models set up on actuarial software to compute the actuarial liabilities and deferred acquisition cost may contain errors or may be continuously improved over a period of time. We also outsource some functions, like collections, to other agencies. Given our high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. In addition, our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect. We may also be subject to disruptions of our operating systems, arising from events that are wholly or partially beyond our control (including, for example, computer viruses or electrical or telecommunication outages), which may give rise to deterioration in customer service and to loss or liability to us. We are further exposed to the risk that external vendors

may be unable to fulfill their contractual obligations to us (or will be subject to the same risk of fraud or operational errors by their respective employees as we are), and to the risk that our (or our vendors') business continuity and data security systems prove not to be sufficiently adequate. We also face the risk that the design of our controls and procedures prove inadequate, or are circumvented, thereby causing delays in detection or errors in information. Although we maintain a system of controls designed to keep operational risk at appropriate levels, like all banks and insurance companies we have suffered losses from operational risk and there can be no assurance that we will not suffer losses from operational risks in the future that may be material in amount, and our reputation

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could be adversely affected by the occurrence of any such events involving our employees, customers or third parties. If we are unable to manage operational risk in India and in the other jurisdictions in which we operate, or if we are perceived as being unable to manage such risk, we may be subject to enhanced regulatory oversight and scrutiny. For a discussion of how operational risk is managed, see "Business — Risk Management — Operational Risk".

Fraud and significant security breaches in our computer system and network infrastructure could adversely impact our business.

Our business operations are based on a high volume of transactions. Although we take adequate measures to safeguard against system-related and other fraud, there can be no assurance that we would be able to prevent fraud. Our reputation could be adversely affected by fraud committed by employees, customers or outsiders, or by our perceived inability to properly manage fraud-related risks. Our inability or perceived inability to manage these risks could lead to enhanced regulatory oversight and scrutiny. Our rural initiative, our international growth and our expansion to new product lines such as insurance may create additional challenges with respect to managing the risk of frauds due to the increased geographical dispersion and use of intermediaries. For example, during fiscal 2007, we made a provision of Rs. 0.9 billion for losses from frauds pertaining to the warehouse receipt-based financing product for agricultural credit. See "Operating and Financial Review and Prospects — Provisions for Non-performing Assets and Restructured Loans" and "Business — Risk Management — Operational Risk". Physical or electronic break-ins, security breaches, other disruptive problems caused by our increased use of the internet or power disruptions could also affect the security of information stored in and transmitted through our computer systems and network infrastructure. Although we have implemented security technology and operational procedures to prevent such occurrences, there can be no assurance that these security measures will be successful. A significant failure in security measures could have a material adverse effect on our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

System failures could adversely impact our business.

Given the large share of retail products and services and transaction banking services in our total business, the importance of systems technology to our business has increased significantly. We have recently launched delivery of banking services through mobile telephones. Our principal delivery channels include ATMs, call centers and the Internet. While we have procedures to monitor for and prevent system failures, and to recover from system failures in the event they occur, there is no guarantee that these procedures will successfully prevent a system failure or allow us to recover quickly from a system failure. Any failure in our systems, particularly for retail products and services and transaction banking, could significantly affect our operations and the quality of our customer service and could result in enhanced regulatory scrutiny and business and financial losses that would adversely affect the price of our equity shares and ADSs.

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

We have been assessed a significant amount in additional taxes by the government of India's tax authorities in excess of our provisions. See "Business — Legal and Regulatory Proceedings". We have appealed all of these demands. While we expect that no additional liability will arise out of these disputed demands, there can be no assurance that these matters will be settled in our favor or that no further liability will arise out of these demands. Any additional tax liability may adversely impact our financial performance and the price of our equity shares and ADSs.

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

We and our group companies, or our or their directors or officers, are often involved in litigations (including civil or criminal) in India and in the other jurisdictions in which we operate for a variety of reasons, which generally arise because we seek to recover our dues from borrowers or because customers seek claims against us. The majority of these cases arise in the normal course of business and we believe, based on the facts of the cases and consultation

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with counsel, that these cases generally do not involve the risk of a material adverse impact on our financial performance or stockholders' equity. We estimate the probability of losses that may be incurred in connection with legal and regulatory proceedings as of the date on which our consolidated financial statements are prepared. We recognize a provision when we have a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. We determine the amount of provision based on our estimate of the amount required to settle the obligation at the balance sheet date, supplemented by our experience in similar situations. We review provisions at each balance sheet date and adjust them to reflect current estimates. In cases where the available information indicates that a loss is reasonably possible but the amount of such loss cannot be reasonably estimated, we make a disclosure to this effect in the consolidated financial statements. In certain instances, present and former employees have instituted legal and other proceedings against us alleging irregularities. When there is only a remote risk of loss we do not recognize a provision nor do we include a disclosure in the consolidated financial statements. See "Business — Legal and Regulatory Proceedings". We cannot guarantee that the judgments in any of the litigation in which we are involved would be favorable to us and if our assessment of the risk changes, our view on provisions will also change.

Any inability to attract and retain talented professionals may adversely impact our business.

Our business is growing more complex with both product line expansion into the insurance area and geographic expansion internationally and via the rural initiatives. Our continued success depends in part on the continued service of key members of our management team and our ability to continue to attract, train, motivate and retain highly qualified professionals is a key element of our strategy and we believe it to be a significant source of competitive advantage. The successful implementation of our strategy depends on the availability of skilled management, both at our head office and at each of our business units and international locations and on our ability to attract and train young professionals. In fiscal 2009, our compensation levels reduced as we did not award performance bonuses to employees. While a substantial portion of our compensation structure for middle and senior management has for several years been in the form of employee stock options, the market price of our equity shares declined significantly during the year. Depending on market and business conditions, we may decide to reduce our employee strength in certain of our businesses. The combination of these factors could adversely affect our ability to hire and retain qualified employees. If we or one of our business units or other functions fail to staff their operations appropriately, or lose one or more of our key senior executives or qualified young professionals and fail to replace them in a satisfactory and timely manner, our business, financial condition and results of operations, including our control and operational risks, may be adversely affected. Likewise, if we fail to attract and appropriately train, motivate and retain young professionals or other talent, our business may likewise be affected. See "Business — Employees".

Risks Relating to the ADSs and Equity Shares

You will not be able to vote your ADSs and your ability to withdraw equity shares from the depositary facility is uncertain and may be subject to delays.

Our ADS holders have no voting rights unlike holders of our equity shares who have voting rights. For certain information regarding the voting rights of the equity shares underlying our ADSs, see "Business — Shareholding Structure and Relationship with the Government of India". If you wish, you may withdraw the equity shares underlying your ADSs and seek to exercise your voting rights under the equity shares you obtain from the withdrawal. However, for foreign investors, this withdrawal process may be subject to delays and is subject to a cap of 49% in the total shares foreign institutional investors and non-resident Indians may hold in us. For a discussion of the legal restrictions triggered by a withdrawal of the equity shares from the depositary facility upon surrender of ADSs, see "Restriction on Foreign Ownership of Indian Securities".

Your holdings may be diluted by additional issuances of equity and any dilution may adversely affect the market price of our equity shares and ADSs.

In fiscal 2008, we concluded a capital raising exercise comprising a public offering in India and an ADS offering aggregating Rs. 199.7 billion. We may conduct additional equity offerings to fund the growth of our business, including our international operations, our insurance business or our other subsidiaries. In addition, up to

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5.0% of our issued equity shares from time to time, may be granted in accordance with our Employee Stock Option Scheme. Any future issuance of equity shares or ADSs or exercise of employee stock options would dilute the positions of investors in equity shares and ADSs and could adversely affect the market price of our equity shares and ADSs.

You may be unable to exercise preemptive rights available to other shareholders.

A company incorporated in India must offer its holders of equity shares preemptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless these rights have been waived by at least 75.0% of the company's shareholders present and voting at a shareholders' general meeting. United States investors in ADSs may be unable to exercise these preemptive rights for equity shares underlying ADSs unless a registration statement under the Securities Act of 1933, as amended (the "Securities Act") is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. Our decision to file a registration statement will depend on the costs and potential liabilities associated with any such registration as well as the perceived benefits of enabling investors in ADSs to exercise their preemptive rights and any other factors we consider appropriate at such time. To the extent that investors in ADSs are unable to exercise preemptive rights, their proportional ownership interests in us would be reduced.

Your ability to sell in India any equity shares withdrawn from the depositary facility, the conversion of rupee proceeds from such sale into a foreign currency and the repatriation of such foreign currency may be subject to delays if specific approval of the Reserve Bank of India is required.

ADS holders seeking to sell in India any equity shares withdrawn upon surrender of ADSs, convert the rupee proceeds from such sale into a foreign currency or repatriate such foreign currency may need the Reserve Bank of India's approval for each such transaction. See "Restriction on Foreign Ownership of Indian Securities". We cannot guarantee that any such approval will be obtained in a timely manner or at terms favorable to the investor. Because of possible delays in obtaining the requisite approvals, investors in equity shares may be prevented from realizing gains during periods of price increases or limiting losses during periods of price declines.

Restrictions on deposit of equity shares in the depositary facility could adversely affect the price of our ADSs.

Under current Indian regulations, an ADS holder who surrenders ADSs and withdraws equity shares may deposit those equity shares again in the depositary facility in exchange for ADSs. An investor who has purchased equity shares in the Indian market may also deposit those equity shares in the ADS program. However, the deposit of equity shares may be subject to securities law restrictions and the restriction that the cumulative aggregate number of equity shares that can be deposited as of any time cannot exceed the cumulative aggregate number represented by ADSs converted into underlying equity shares as of such time. These restrictions increase the risk that the market price of our ADSs will be below that of the equity shares.

Certain shareholders own a large percentage of our equity shares and their actions could adversely affect the price of our equity shares and ADSs.

Life Insurance Corporation of India, General Insurance Corporation of India and public sector general insurance companies, each of which is directly controlled by the Indian government, are among our principal shareholders. See "Business — Shareholding Structure and Relationship with the Government of India". Our other large shareholders include Allamanda Investments Pte. Limited, a subsidiary of Temasek Holdings Pte. Limited and Bajaj Holding and Investment Limited, an Indian private sector company. Any substantial sale of our equity shares by these or other

large shareholders could adversely affect the price of our equity shares and ADSs.

Conditions in the Indian securities market may adversely affect the price or liquidity of our equity shares and ADSs.

The Indian securities markets are smaller and more volatile than securities markets in developed economies. In the past, the Indian stock exchanges have experienced high volatility and other problems that have affected the market price and liquidity of the listed securities, including temporary exchange closures, broker defaults, settlement

delays and strikes by brokers. In April 2003, the decline in the price of the equity shares of a leading Indian software company created volatility in the Indian stock markets and created temporary concerns regarding our exposure to the equity markets. On May 17, 2004, the Bombay Stock Exchange Sensex fell by 565 points from 5,070 to 4,505, creating temporary concerns regarding our exposure to the equity markets. Both the BSE and the NSE halted trading on the exchanges on May 17, 2004 in view of the sharp fall in prices of securities. The Indian securities markets experienced rapid appreciation during fiscal 2006 but underwent a sharp correction in May 2006. The markets experienced a recovery thereafter and the BSE Sensex reached an all time high of 20,873 on January 8, 2008 but have subsequently experienced a sharp correction since January 2008, with the BSE Sensex declining to 8,160 on March 9, 2009. In the eighteen months since then, the equity markets have recovered with the BSE Sensex at 18,179 at August 25, 2010. In recent years, there have been changes in laws and regulations for the taxation of dividend income, which have impacted the Indian equity capital markets. See "Dividends". Similar problems or changes in the future could adversely affect the market price and liquidity of our equity shares and ADSs.

Settlement of trades of equity shares on Indian stock exchanges may be subject to delays.

The equity shares represented by the ADSs are currently listed on the BSE and the NSE. Settlement on those stock exchanges may be subject to delays and an investor in equity shares withdrawn from the depositary facility upon surrender of ADSs may not be able to settle trades on such stock exchanges in a timely manner. See "— Conditions in the Indian securities market may adversely affect the price or liquidity of our equity shares and ADSs".

Changes in Indian regulations on foreign ownership, a change in investor preferences or an increase in the number of ADSs outstanding could adversely affect the price of our equity shares and ADSs.

ADSs issued by companies in certain emerging markets, including India, may trade at a discount or a premium to the underlying equity shares, in part because of the restrictions on foreign ownership of the underlying equity shares. See "Restriction on Foreign Ownership of Indian Securities". Historically, our ADSs have generally traded at a small premium to the trading price of our underlying equity shares on the Indian stock exchanges. See "Market Price Information". We believe that this price premium resulted from the limited portion of our market capitalization represented by ADSs, restrictions imposed by Indian law on the conversion of equity shares into ADSs and an apparent preference among some investors to trade dollar-denominated securities. In fiscal 2006 and fiscal 2008, we conducted offerings of ADSs which increased the number of outstanding ADSs and we may conduct similar offerings in the future. Also, over time, some of the restrictions on the issuance of ADSs imposed by Indian law have been relaxed. As a result, any premium enjoyed by the ADSs as compared to the equity shares may be reduced or eliminated as a result of offerings made or sponsored by us, changes in Indian law permitting further conversion of equity shares into ADSs or a change in investor preferences.

Because the equity shares underlying the ADSs are quoted in rupees in India, you may be subject to potential losses arising out of exchange rate risk on the Indian rupee.

Investors who purchase ADSs are required to pay for the ADSs in US dollars and are subject to currency fluctuation risk and convertibility risks since the equity shares underlying the ADSs are quoted in rupees on the Indian stock exchanges on which they are listed. Dividends on the equity shares will also be paid in rupees and then converted into US dollars for distribution to ADS investors. Investors who seek to convert the rupee proceeds of a sale of equity shares withdrawn upon surrender of ADSs into foreign currency and repatriate the foreign currency may need to obtain the approval of the Reserve Bank of India for each such transaction. See also "— Your ability to sell in India any equity shares withdrawn from the depositary facility, the conversion of rupee proceeds from such sale into a foreign currency and the repatriation of such foreign currency may be subject to delays if specific approval of the Reserve Bank of India is required" and "Exchange Rates".

You may be subject to Indian taxes arising out of capital gains.

Generally, capital gains, whether short-term or long-term, arising on the sale of the underlying equity shares in India are subject to Indian capital gains tax. Investors are advised to consult their own tax advisers and to carefully consider the potential tax consequences of an investment in the ADSs. See “Taxation — Indian Tax”.

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There may be less company information available in Indian securities markets than in securities markets in the United States.

There is a difference between India and the United States in the level of regulation and monitoring of the securities markets and the activities of investors, brokers and other market participants. The Securities and Exchange Board of India is responsible for improving disclosure and regulating insider trading and other matters for the Indian securities markets. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in the United States.

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BUSINESS

Overview

We are a diversified financial services group, offering a wide range of banking and financial services to corporate and retail customers through a variety of delivery channels. ICICI Bank is the largest private sector bank in India and the second largest bank in India in terms of total assets. Apart from banking products and services, we offer life and general insurance, asset management, securities brokering and private equity through specialized subsidiaries. Our total assets at March 31, 2010 were Rs. 4,893.5 billion. Our net worth at March 31, 2010 was Rs. 501.6 billion. During fiscal 2010, we earned a net profit of Rs. 46.7 billion compared to Rs. 35.8 billion during fiscal 2009.

Our primary business consists of commercial banking operations for corporate and retail customers. We provide a range of commercial banking and project finance products and services, including loan products, fee and commission-based products and services, deposit products and foreign exchange and derivatives products to India's leading corporations, middle market companies and small and medium enterprises. Our commercial banking operations for retail customers consist of retail lending and deposit taking and distribution of third party investment products. We deliver our products and services through a variety of channels, including bank branches, ATMs, call centers, the internet and mobile phones. We had a network of 2,501 branches and 5,665 ATMs in India at August 19, 2010. This includes 463 branches and 127 ATMs of the Bank of Rajasthan, a private sector bank that merged with us effective from the close of business at August 12, 2010. We also offer agricultural and rural banking products.

In our international banking operations our primary focus is on persons of Indian origin and Indian businesses. Our international branches and banking subsidiaries take deposits, raise borrowings and make loans primarily to Indian companies for their overseas operations as well as for their foreign currency requirements in India. They also engage in advisory and syndication activities for fund-raising by Indian companies and their overseas operations. We currently have banking subsidiaries in the United Kingdom, Canada and Russia, branches in Singapore, Dubai, Sri Lanka, Hong Kong, Qatar, United States and Bahrain and representative offices in China, the United Arab Emirates, Bangladesh, South Africa, Malaysia, Thailand and Indonesia. Our subsidiary in the United Kingdom has established a branch in Antwerp, Belgium and a branch in Frankfurt, Germany. Our subsidiaries in the United Kingdom and Canada and our branches in Bahrain, Singapore and Hong Kong have the largest share of our international assets and liabilities.

Our treasury operations include the maintenance and management of regulatory reserves, proprietary trading in equity and fixed income and a range of foreign exchange and derivatives products and services for corporate customers, such as forward contracts and interest rate and currency swaps. We take advantage of movements in markets to earn treasury income. Our international branches and subsidiaries also have investments in credit derivatives, bonds of non-India financial institutions and asset backed securities.

We are also engaged in insurance, asset management, securities business and private equity fund management through specialized subsidiaries. Our subsidiaries, ICICI Prudential Life Insurance Company, ICICI Lombard General Insurance Company and ICICI Prudential Asset Management Company, provide a wide range of life and general insurance and asset management products and services to retail and corporate customers. ICICI Prudential Life Insurance Company was the largest private sector life insurance company in India during fiscal 2010, with a market share of 9.3% in new business written (on a retail weighted received premium basis). ICICI Lombard General Insurance Company was the largest private sector general insurance company in India during fiscal 2010, with a market share of 9.5% in gross written premium. ICICI Prudential Asset Management Company manages the ICICI Prudential Mutual Fund, which was among the top three mutual funds in India in terms of average funds under management in March 2010, with a market share of 10.8%. We cross-sell the products of our insurance and asset

management subsidiaries and of other asset management companies to our corporate and retail customers. Our subsidiaries ICICI Securities Limited and ICICI Securities Primary Dealership Limited, are engaged in equity underwriting and brokerage and primary dealership in government securities respectively. ICICI Securities owns icicidirect.com, a leading online brokerage platform. ICICI Securities Limited has a subsidiary in the United States, ICICI Securities Holdings Inc. which in turn has an operating subsidiary in the United States, ICICI Securities Inc.,

engaged in brokerage services. Our private equity fund management subsidiary ICICI Venture Funds Management Company manages funds that undertake private equity investments.

The Pension Fund Regulatory and Development Authority had selected ICICI Prudential Life Insurance Company as one of the six entities to manage the pension assets of Indian citizens (other than mandated pension funds of government employees) under the New Pension System. The Pension Fund Regulatory and Development Authority required the sponsor, ICICI Prudential Life Insurance Company, to set up a separate entity for managing such pension funds and maintain a minimum net worth of Rs. 100 million. ICICI Prudential Pension Funds Management Company Limited was thus incorporated on April 22, 2009 as a 100% subsidiary of ICICI Prudential Life Insurance Company, which in turn is our subsidiary.

Our legal name is ICICI Bank Limited but we are known commercially as ICICI Bank. We were incorporated on January 5, 1994 under the laws of India as a limited liability corporation. The duration of ICICI Bank is unlimited. Our principal corporate office is located at ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051, India, our telephone number is +91 22 2653 1414 and our web site address is www.icicibank.com. None of the contents of our and our subsidiaries' websites are incorporated in this annual report. Our agent for service of process in the United States is Mr. G.V.S Ramesh, Joint General Manager, ICICI Bank Limited, New York Branch, 500 Fifth Avenue, Suite 2830, New York, New York 10110.

History

ICICI was formed in 1955 at the initiative of the World Bank, the government of India and Indian industry representatives. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses. Until the late 1980s, ICICI primarily focused its activities on project finance, providing long-term funds to a variety of industrial projects. With the liberalization of the financial sector in India in the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services provider that, along with its subsidiaries and other group companies, offered a wide variety of products and services. As India's economy became more market oriented and integrated with the world economy, ICICI capitalized on the new opportunities to provide a wider range of financial products and services to a broader spectrum of clients.

ICICI Bank was incorporated in 1994 as a part of the ICICI group. ICICI Bank's initial equity capital was contributed 75.0% by ICICI and 25.0% by SCICI Limited, a diversified finance and shipping finance lender of which ICICI owned 19.9% at December 1996. Pursuant to the merger of SCICI into ICICI, ICICI Bank became a wholly owned subsidiary of ICICI. Effective March 10, 2001, ICICI Bank acquired Bank of Madura, a private sector bank, in an all-stock merger.

The issue of universal banking, which in the Indian context means conversion of long-term lending institutions such as ICICI into commercial banks, had been discussed at length in the late 1990s. Conversion into a bank offered ICICI the ability to accept low-cost demand deposits and offer a wider range of products and services, and greater opportunities for earning non-fund based income in the form of banking fees and commissions. ICICI Bank also considered various strategic alternatives in the context of the emerging competitive scenario in the Indian banking industry. ICICI Bank identified a large capital base and size and scale of operations as key success factors in the Indian banking industry. In view of the benefits of transformation into a bank and the Reserve Bank of India's pronouncements on universal banking, ICICI and ICICI Bank decided to merge.

At the time of the merger, both ICICI Bank and ICICI were publicly listed in India and on the New York Stock Exchange. The amalgamation was approved by each of the boards of directors of ICICI, ICICI Personal Financial Services, ICICI Capital Services and ICICI Bank at their respective board meetings held on October 25, 2001. The

amalgamation was approved by ICICI Bank's and ICICI's shareholders at their extraordinary general meetings held on January 25, 2002 and January 30, 2002, respectively. The amalgamation was approved by the High Court of Gujarat at Ahmedabad on March 7, 2002 and by the High Court of Judicature at Bombay on April 11, 2002. The amalgamation was approved by the Reserve Bank of India on April 26, 2002. The amalgamation became effective on May 3, 2002. The date of the amalgamation for accounting purposes under Indian GAAP was March 30, 2002.

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The Sangli Bank Limited, an unlisted private sector bank, merged with ICICI Bank with effect from April 19, 2007. On the date of acquisition, the Sangli Bank had over 190 branches and extension counters, total assets of Rs. 17.6 billion, total deposits of Rs. 13.2 billion and total loans of Rs. 2.0 billion.

The Bank of Rajasthan, a listed Indian private sector bank, merged with ICICI Bank with effect from close of business of August 12, 2010 and we are in the process of integrating its operations with ours. At year-end fiscal 2010, the Bank of Rajasthan had 463 branches and 127 ATMs. It had total assets of Rs. 173.0 billion, total deposits of Rs. 150.6 billion and total advances of Rs. 83.3 billion. It made a net profit of Rs. 1.2 billion in fiscal 2009 and a net loss of Rs. 1.0 billion in fiscal 2010. The Bank of Rajasthan was also a sponsoring entity of a regional rural bank called the Mewar Anchalik Gramin Bank, with a holding of 35%. The Mewar Anchalik Gramin Bank had 58 branches with total deposits of Rs. 4.3 billion and total loans of Rs. 1.5 billion at year-end fiscal 2010. It made a profit of Rs. 21 million in fiscal 2010 but due to prior years losses had accumulated losses of Rs. 0.1 billion at year-end fiscal 2010.

Shareholding Structure and Relationship with the Government of India

The following table sets forth, at September 3, 2010, certain information regarding the ownership of our equity shares.

	Percentage of total equity shares outstanding		Number of equity shares held
Government-controlled shareholders:			
Life Insurance Corporation of India	10.3	%	118,269,760
General Insurance Corporation of India and government-owned general insurance companies	2.5		28,853,689
UTI and UTI Mutual Fund	0.9		9,724,684
Other government-controlled institutions, mutual funds, corporations and banks	0.1		994,857
Total government-controlled shareholders	13.8		157,842,990
Other Indian investors:			
Individual domestic investors(1)(2)	5.8		67,034,254
Mutual funds and banks (other than government-controlled mutual funds and banks)	5.4		62,212,241
Indian corporates and others	7.9		90,033,680
Total other Indian investors	19.1		219,280,175
Total Indian investors	32.9		377,123,165
Foreign investors:	—		
Deutsche Bank Trust Company Americas, as depositary for American Depositary Share holders	27.8		318,965,232
Allamanda Investments Pvt. Limited(3)	5.6		64,113,201
Other foreign institutional investors, foreign banks, overseas corporate bodies, foreign companies, foreign nationals, foreign institutional investors and non-resident Indians(1)(2)	33.7		387,122,487
Total foreign investors	67.1		770,200,920
Total	100.0		1,147,324,085

(1) Executive officers and directors as a group held around 0.1% of the equity shares as of this date.

(2) No single shareholder in this group owned 5.0% or more of ICICI Bank's equity shares as of this date.

(3) A subsidiary of Temasek Holdings Private Limited, Singapore.

(4) Shareholding as on September 3, 2010 includes shares allotted to shareholders of the erstwhile Bank of Rajasthan.

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In fiscal 2006, we concluded a capital raising exercise issuing 148,204,556 equity shares, raising a total of Rs. 80.0 billion through a simultaneous public offering in India and American Depositary Shares offering in the United States, with a Public Offering Without Listing of American Depositary Shares in Japan. The offering was priced at Rs. 498.75 per share for retail investors in India, Rs. 525 per share for other investors in the Indian offering and US$ 26.75 per American Depositary Share. In June 2007, we undertook a capital raising exercise through a simultaneous public offering in India and American Depositary Shares offering in the United States resulting in aggregate the issuance of 208,497,102 equity shares (including partly paid equity shares), raising a total of Rs. 199.7 billion. The offering was priced at Rs. 890 per share for retail investors in India, Rs. 940 per share for other investors in the Indian offering and US$ 49.25 per American Depositary Share.

The holding of government-controlled shareholders was 13.8% at September 3, 2010 against 14.5% at September 4, 2009 and 12.2% at September 5, 2008. The holding of the Life Insurance Corporation of India was 10.3% at September 3, 2010 against 10.3% at September 4, 2009, and 8.4% at September 5, 2008.

We operate as an autonomous and commercial enterprise and the Indian government has never directly held any of our shares. We are not aware of or a party to any shareholders' agreement or voting trust relating to the ownership of the shares held by the government-controlled shareholders. We do not have any agreement with our government-controlled shareholders regarding management control, voting rights, anti-dilution or any other matter. Our Articles of Association provide that the government of India is entitled, pursuant to the provisions of guarantee agreements between the government of India and ICICI, to appoint a representative to our board. We have traditionally invited a representative of each of the government-controlled insurance companies that are among our principal institutional shareholders, the Life Insurance Corporation of India Limited and the General Insurance Corporation of India Limited to join our board. There is currently no representative of the Life Insurance Corporation of India and the General Insurance Corporation of India on our board. See "Management — Directors and Executive Officers" for a discussion of the composition of our board of directors.

The holding of other Indian investors was 19.1% at September 3, 2010 against 20.4% at September 4, 2009 and 20.7% at September 5, 2008. The total holding of Indian investors was 32.9% at September 3, 2010 against 34.8% at September 4, 2009 and 33.0% at September 5, 2008. The holding of foreign investors was 67.1% at September 3, 2010 against 65.2% at September 4, 2009 and 67.0% at September 5, 2008. See "Supervision and Regulation — Reserve Bank of India Regulations — Ownership Restrictions".

Deutsche Bank Trust Company Americas holds the equity shares represented by 159 million American Depositary Shares outstanding as depositary on behalf of the holders of the American Depositary Shares. The American Depositary Shares are listed on the New York Stock Exchange. Under the Indian Banking Regulation Act, no person holding shares in a banking company can exercise more than 10.0% of the total voting power. This means that Deutsche Bank Trust Company Americas (as depositary), which held approximately 27.8% of our equity shares at September 3, 2010 against 29.6% at September 4, 2009 and 28.2% at September 5, 2008 could only vote 10.0% of our equity shares, in accordance with the directions of our board of directors. See "Overview of the Indian Financial Sector — Recent Structural Reforms — Proposed Amendments to the Banking Regulation Act". Except as stated above, no shareholder has differential voting rights. For a discussion of fees and charges that a holder of ADSs may have to pay, see "— American Depositary Receipt Fees and Payments".

Strategy

The key elements of our business strategy are to:

- focus on quality growth opportunities by:

- enhancing our retail and corporate franchise in both domestic and international markets;
- increasing the proportion of current and savings account and retail term deposits in our domestic deposit base;
- building a rural banking franchise; and
- strengthening our insurance, asset management and securities businesses,

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- emphasize conservative risk management practices and enhance asset quality;
- use technology for competitive advantage; and
- attract and retain talented professionals.

Given the volatile economic environment in fiscal 2009, we focused on capital conservation, liquidity management and risk containment. We tightened our lending norms, especially in the unsecured retail segment and moderated our credit growth. We expanded our branch network with a focus on increasing our low cost and retail deposit base. At the same time, we maintained a strict control on operating expenses.

In fiscal 2010, we focused on repositioning our balance sheet for the next phase of growth. We increased the proportion of current and savings account deposits; reduced the rate of growth of non-performing loans; continued to keep stringent control on operating expenses; and maintained a high level of capital adequacy, relative to the regulatory requirement. Our non-banking subsidiaries engaged in asset management, securities brokering and life insurance have benefited from the recent stabilization and improvement in economic conditions and revival of the equity markets in India. In the near term we expect to grow our loan book by capitalizing on selected credit segments including home loans, other secured retail loans and project finance and growing our commercial banking activities.

Over the last two years we have rebalanced our deposit profile, reduced costs, reduced net non-performing loans and maintained high levels of capital adequacy. Our objective going forward will be to leverage our capital base for profitable growth, while sustaining the improvements in our deposit profile, cost ratios and credit quality. As we grow our businesses, meeting customer expectations on service quality will be a critical element of our strategy.

Overview of Our Products and Services

We offer products and services in the commercial banking area to corporate and retail customers, both domestic and international. We also undertake treasury operations and offer treasury-related products and services to our customers. We are also engaged in insurance, asset management, securities business venture capital and private equity fund management through specialized subsidiaries.

Commercial Banking for Retail Customers

Our commercial banking operations for retail customers consist of retail lending and deposits, credit cards, depositary share accounts, distribution of third-party investment and insurance products and other fee-based products and services.

Retail Lending Activities

Given the favorable demographics of the country and the under-penetration of retail credit, we identified retail credit as a key opportunity in early 2000. We capitalized on the retail opportunity offering home loans, automobile loans, commercial business loans (including primarily commercial vehicle loans), personal loans, credit cards, loans against time deposits and loans against securities. We also funded dealers who sell automobiles, consumer durables and commercial vehicles. Our retail portfolio was Rs. 1,457.6 billion, constituting 57.0% of gross loans at year-end fiscal 2008. Due to the increase in interest rates, the tightening of liquidity, the increase in asset prices and challenges in collections, we reduced our disbursements of retail loans, especially unsecured loans, from fiscal 2008 and, as a result, the retail portfolio declined to Rs. 1,259.9 billion, constituting 46.4 % of gross loans at year end-fiscal 2009, and further to Rs. 976.5 billion, constituting 42.1% of gross loans at year-end fiscal 2010. However, we continue to

believe that retail credit has a robust long-term potential due to rising income levels and expansion of the middle class. We will continue to focus on secured retail products like home loans, car loans and commercial vehicle loans. We will selectively offer unsecured products such as personal loans and credit cards to our existing customers.

Our retail asset products are generally fixed rate products repayable in equated monthly installments other than our floating rate home loan portfolio, where any change in the benchmark rate to which the rate of interest on the loan is referenced is passed on to the borrower on the first day of the succeeding quarter or succeeding month, as

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applicable. Any decrease in the rate of interest payable on floating rate home loans is generally effected by an acceleration of the repayment schedule, keeping the monthly installment amount unchanged. Any increase in the rate of interest payable on floating rate home loans is generally effected in the first instance by an extension of the repayment schedule, keeping the monthly installment amount unchanged, and based on certain criteria, by changing the monthly installment amount. See also "Risk Factors — Risks Relating to Our Business — Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance".

The following table sets forth, at the dates indicated, the breakdown of our gross (net of write-offs) retail finance portfolio.

	At March 31,			
	2008	2009	2010	2010
	(Rupees in billions)			(US$ in millions)
Home loans(1)	Rs. 773.7	Rs. 733.3	Rs. 619.8	US$ 13,788
Automobile loans	174.8	133.2	85.2	1,895
Commercial business	203.9	164.4	136.8	3,043
Personal loans	144.3	108.8	57.2	1,273
Credit card receivables	96.5	90.2	59.4	1,321
Two-wheeler loans	29.8	16.9	4.6	102
Others(2)	34.6	13.1	13.5	300
Total retail finance portfolio	Rs. 1,457.6	Rs. 1,259.9	Rs. 976.5	US$ 21,722

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(1) Includes developer financing of Rs. 40.7 billion at year-end fiscal 2010, Rs. 39.5 billion at year-end fiscal 2009 and Rs. 27.8 billion at year-end fiscal 2008.

(2) Includes dealer financing of Rs. 7.7 billion at year-end fiscal 2010, Rs. 8.8 billion at year-end fiscal 2009 and Rs. 24.1 billion at year-end fiscal 2008.

The proportion of personal loans and credit card receivables in the total retail portfolio decreased from 16.5% at year-end fiscal 2008 to 15.8% at year-end fiscal 2009 and further to 11.9% at year-end fiscal 2010.

We offer retail lending products primarily in India through ICICI Bank and our wholly owned subsidiary, ICICI Home Finance Company Limited. Our home loan portfolio includes both loans for the purchase and construction of homes as well as loans against property. Our policies for such loans are based on certain stipulated ratios such as the loan-to-value ratio and the ratio of fixed debt obligations to a borrower's income. The initial repayment term of such loans is fifteen to twenty years with payments in the form of equated monthly installments. We conduct a part of our housing loan business through ICICI Home Finance Company.

We also undertake retail lending activities to a very limited extent in certain of our international branches and subsidiaries.

Lending to Small and Medium Enterprises

We have segmented offerings for the small and medium enterprises sector while adopting a cluster based financing approach to fund small enterprises that have a homogeneous profile such as engineering, information technology, transportation and logistics and pharmaceuticals. We also offer supply chain financing solutions to the channel partners of corporate clients and business loans (in the form of cash credit/overdraft/term loans) to meet the working capital needs of small businesses. We are also proactively reaching out to small and medium enterprises through various initiatives such as the small and medium enterprises CEO Knowledge Series — a platform to mentor and assist entrepreneurs; small and medium enterprises toolkit — an online business and advisory resource for small and medium enterprises; and the “Emerging India Awards” — a small and medium enterprises recognition platform.

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Retail Deposits

Our retail deposit products include time deposits and savings accounts. We also offer targeted products to specific customer segments such as high net worth individuals, defense personnel, trusts and businessmen, and have corporate salary account products. We offer current account (i.e., checking accounts for businesses) products to our small enterprises customers, who maintain balances with us. Further, we offer an international debit card in association with VISA International. At year-end fiscal 2010, we had a debit card base in excess of 15 million cards.

We are currently placing enhanced emphasis on increasing our current and savings account deposit base and improving the proportion of current and savings accounts in our total deposits. Expansion of our branch network in India is a critical element of this strategy.

For a description of Reserve Bank of India's regulations applicable to deposits in India and required deposit insurance, see "Supervision and Regulation — Reserve Bank of India Regulations — Regulations Relating to Deposits" and "Supervision and Regulation — Deposit Insurance". For more information on the type, cost and maturity profile of our deposits, see "— Funding".

Fee-Based Products and Services

Through our distribution network, we offer government of India savings bonds, insurance policies from ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company and distribute public offerings of equity shares by Indian companies. We offer several card-based products such as credit cards, debit cards, prepaid cards, travel cards, and commercial cards. We also offer a variety of mutual fund products from ICICI Prudential Asset Management Company and other select mutual funds. We sell gold coins through our branches. We also levy services charges on deposit accounts.

We also offer fee-based products and services including transaction banking services, documentary credits and guarantees to small and medium enterprises.

As a depositary participant of the National Securities Depository Limited and Central Depository Services (India) Limited, we offer depositary share accounts to settle securities transactions in a dematerialized mode. Further, we are one of the banks designated by the Reserve Bank of India for issuing approvals to non-resident Indians and overseas corporate bodies to trade in shares and convertible debentures on the Indian stock exchanges.

Commercial Banking for Corporate Customers

We provide a range of commercial and investment banking products and services to India's leading corporations and middle market companies. Our product suite includes working capital and term loan products, fee and commission-based products and services, deposits and foreign exchange and derivatives products. The Corporate Banking Group focuses on origination and coverage of all corporate clients. The Corporate Banking Group comprises relationship and credit teams. The Investment Banking Group focuses on execution of investment banking mandates. The Commercial Banking Group is responsible for growing the trade services and transaction banking business through identified branches, while working closely with the corporate relationship teams. The Global Markets Group provides foreign exchange and other treasury products to corporates. The Project Finance Group focuses on origination of large project finance mandates. We seek to syndicate corporate and project financing among domestic and international banks and institutions.

Corporate Loan Portfolio

Our corporate loan portfolio consists of project and corporate finance (including structured finance and cross-border acquisition financing) and working capital financing. For further details on our loan portfolio, see "— Loan Portfolio — Loan Concentration". For a description of our credit rating and approval system, see "— Risk Management — Credit Risk".

Our project finance business consists principally of extending medium-term and long-term rupee and foreign currency loans to the manufacturing and infrastructure sectors. We also provide financing by way of investment in

marketable instruments such as fixed rate and floating rate debentures. We generally have a security interest and first charge on the fixed assets of the borrower.

Our working capital financing consists mainly of cash credit facilities and non-fund based facilities including letters of credit and guarantees. For more details on our credit risk procedures, see "— Risk Management — Credit Risk".

Fee and Commission-Based Activities

We generate fee income from our syndication, structured financing and project financing activities. We seek to leverage our project financing and structuring skills and our relationships with companies and financial institutions and banks to earn fee incomes from structuring and syndication.

We offer our corporate customers a wide variety of fee and commission-based products and services including documentary credits and standby letters of credit (called guarantees in India).

We also offer commercial banking services such as cash management services (such as collection, payment and remittance services), escrow, trust and retention account facilities, online payment facilities, custodial services and tax collection services on behalf of the government of India and the governments of Indian states. At year-end fiscal 2010, total assets held in custody on behalf of our clients (mainly foreign institutional investors, offshore funds, overseas corporate bodies and depositary banks for GDR investors) were Rs. 1,700.1 billion. As a registered depositary participant of National Securities Depository Limited and Central Depository Services (India) Limited, the two securities depositaries operating in India, we also provide electronic depositary facilities to investors.

Corporate Deposits

We offer a variety of deposit products to our corporate customers including current accounts, time deposits and certificates of deposits. For more information on the type, cost and maturity profile of our deposits, see "— Funding".

Foreign Exchange and Derivatives

We provide customer specific products and services, which cater to risk hedging needs of corporates at domestic and international locations, arising out of currency and interest rate fluctuations. The products and services include:

Foreign Exchange Products

Products include cash, spot and forwards transactions. We offer customized hedging and trading solutions to clients, on the basis of their business needs. These products are offered in India and across our international locations covering a number of time zones.

Retail Foreign Exchange Products

Products for retail customers include sale of currency notes, traveler's checks and travel cards. These mainly cater to the segments of outbound tourism and education. We also facilitate retail inward remittances from foreign geographies.

Derivatives

Products include interest rate swaps, currency swaps, options and currency futures. We run one of the largest US dollar/Indian rupee option books in India and provide market making in interest rate and currency derivatives in all G7 currencies.

Commercial Banking for Rural and Agricultural Customers

We believe that rural India is key to sustaining India's current growth momentum and our rural banking strategy seeks to match the growing demand for financial services in rural areas. The Reserve Bank of India's directed

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lending norms also require us to lend a portion of advances to the rural and agricultural sector. See "— Loan Portfolio — Directed Lending". We provide corporate banking products and services to corporate clients engaged in agriculture-linked businesses. We finance suppliers and vendors of corporates and medium enterprises engaged in agriculture-linked businesses. We have also strengthened our relationships with co-operatives that are constituted by farmers. We offer financial solutions to farmers, commodity traders and processors and to micro-finance institutions. Rural banking presents significant challenges in terms of geographical coverage and high unit transaction costs. See also "Risk Factors — Risks Relating to Our Business — Entry into new businesses or expansions of existing businesses may expose us to increased risks that may adversely affect our business".

Commercial Banking for International Customers

Our strategy for growth in international markets is based on leveraging home country links, technology and infrastructure for international expansion by capturing market share in selected international markets. Our international strategy is focused on building a retail deposit franchise in geographies where we have such licenses, meeting the foreign currency needs of our Indian corporate clients, taking select non-India trade finance exposures linked to imports to India, carrying out select local lending as required by regulations, and achieving the status of the preferred non-resident Indian 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.

We currently have subsidiaries in the United Kingdom, Canada and Russia, branches in the United States, Singapore, Dubai International Finance Center, Sri Lanka, Hong Kong, Qatar and Bahrain and representative offices in China, United Arab Emirates, Bangladesh, South Africa, Thailand, Indonesia and Malaysia. Our subsidiary in United Kingdom has established a branch in Antwerp, Belgium and a branch in Frankfurt, Germany.

Many of the commercial banking products that we offer through our international branches and subsidiaries, as well as to international customers from our domestic network, such as debt financing, trade finance and letters of credit, are similar to the products offered to our customers in India. Some of the products and services that are unique to international customers are:

- Money2India remittance services: Remittances into India increased during this decade, from US$ 13 billion in fiscal 2001 to US$ 47 billion in fiscal 2009. We recognized the remittance opportunity early on in the decade and started offering a host of remittance services tailored to meet the needs of diverse customer segments. We have a market share of over 15% of the migrant remittances into India. To facilitate easy transfer of funds to India, we offer a suite of online as well as offline money transfer products as featured on our website www.money2India.com. These innovative, cost effective and convenient products enable non-resident Indians to send money to any beneficiary in India with a wide choice of delivery channels like electronic transfers to accounts with over 50,000 bank branches. None of the content of the website www.money2India.com is incorporated in this annual report.

- TradeWay: an Internet-based document collection product to provide correspondent banks access to real-time online information on the status of their export bills collections routed through us.

- Remittance Tracker: an Internet-based application that allows a correspondent bank to check on the status of its payment instructions and to get various information reports online.

- Offshore banking deposits: multi-currency deposit products in US dollar, pound sterling and euro.

- Foreign currency non-resident deposits: foreign currency deposits offered in six main currencies — US dollar, pound sterling, euro, yen, Canadian dollar and Australian dollar.

- Non-resident external fixed deposits: deposits maintained in Indian rupees.
- Non-resident external savings account: savings accounts maintained in Indian rupees.
- Non-resident ordinary savings accounts and non-resident ordinary fixed deposits.

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Our international branches had total assets of Rs. 611.2 billion and total advances of Rs. 451.2 billion at year-end fiscal 2010 as compared to total assets of Rs. 733.3 billion and total advances of Rs. 542.9 billion at year-end fiscal 2009. Our international branches are primarily funded by debt capital market borrowings and syndicated/ bilateral loans and the volatility in the international debt capital markets has constrained our debt capital market borrowings and increased our cost of funding. Given the higher cost of borrowings in the debt capital markets, we have relied on bank/multilateral lines, deposits from high net worth customers and money market borrowings to meet our re-financing requirements. There are higher liability maturities than asset maturities in the near term in our international branches and volatility and liquidity constraints in the international markets may adversely impact our liquidity position.

Our subsidiaries in the United Kingdom and Canada are full service banks offering retail and corporate banking services. In Canada and United Kingdom, our subsidiaries offer direct banking using the internet as the access channel.

At year-end fiscal 2010, ICICI Bank UK PLC had 13 branches, including one in Belgium and one in Germany and assets including cash and liquid securities, loans and advances, bonds and notes of financial institutions, India-linked investments and asset backed securities. Until fiscal 2008, ICICI Bank UK's retail deposits were primarily in the nature of demand deposits through the internet channel. As a prudent asset liability management strategy, ICICI Bank UK invested these deposits mainly into the bonds of financial institutions with generally strong credit ratings. Since fiscal 2009, ICICI Bank UK has focused on re-balancing its deposit base towards retail term deposits and the proportion of retail term deposits in total deposits has increased significantly, from 16% at year-end fiscal 2008 to 66% at year-end fiscal 2010. ICICI Bank UK made a profit of US$ 37 million during fiscal 2010, as compared to US$ 7 million during fiscal 2009. ICICI Bank UK had total assets of US$ 7,419 at year-end fiscal 2010, as compared to US$ 7,321 million at year-end fiscal 2009.

At year-end fiscal 2010, ICICI Bank Canada had nine branches and assets including cash and liquid securities, loans and advances, federally insured mortgages, India-linked investments and asset backed securities. ICICI Bank Canada made a profit of CAD 35 million during fiscal 2010, as compared to CAD 34 million during fiscal 2009. ICICI Bank Canada had total assets of CAD 5,691 million at year-end fiscal 2010 as compared to CAD 6,433 million at year-end fiscal 2009.

At year-end fiscal 2010, ICICI Bank Eurasia had two branches and total assets of US$ 406 million as compared to total assets of US$ 441 million at year-end fiscal 2009. ICICI Bank Eurasia made a profit of US$ 11 million during fiscal 2010, as compared to USD 2 million during fiscal 2009.

During fiscal 2009, the global financial system experienced difficult credit and liquidity conditions and disruptions leading to decrease in liquidity, greater volatility and the widening of credit spreads. The widening of the credit spreads had resulted in mark-to-market losses on our credit derivatives portfolio. Our international branches and banking subsidiaries have made investments in credit derivatives including credit default swaps, credit linked notes and collateralized debt obligations. At year-end fiscal 2010, the outstanding investments in credit derivatives included Rs. 28.0 billion in funded instruments and Rs. 32.9 billion of notional principal amount in unfunded instruments. The assets underlying the credit derivative investments are Indian corporate exposures as we exited our entire exposure to non-India-linked credit derivatives in fiscal 2009.

See "Risk Factors — Risks Relating to India and Other Economic and Market Risks — Financial instability in other countries, particularly emerging market countries and countries where we have established operations, could adversely affect our business and the price of the American Depositary Shares" and "Risk Factors — Risks Relating to Our Business — We have experienced rapid international growth in earlier years, which has increased the complexity of the risks that

we face".

Delivery Channels

We deliver our products and services through a variety of channels, ranging from traditional bank branches to ATMs, call centers and the Internet. At year-end fiscal 2010, we had a network of 1,707 branches across several Indian states.

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As a part of its branch licensing conditions, Reserve Bank of India has stipulated that at least 25.0% of our branches must be located in semi-urban and rural areas. The following table sets forth the number of branches broken down by area at year-end fiscal 2010.

	At March 31, 2010	
	Number of branches and extension counters	% of total
Metropolitan/urban	976	57.2 %
Semi-urban/rural	731	42.8 %
Total branches and extension counters	1,707	100.0 %

At year-end fiscal 2010, we had 5,219 ATMs, of which 2,149 were located at our branches. Our network has further increased to 2,501 branches and 5,665 ATMs at August 19, 2010. This includes 463 branches and 127 ATMs of the Bank of Rajasthan, a private sector bank that merged with us effective from the close of business at August 12, 2010. In addition, the Bank of Rajasthan was also the sponsoring entity of a regional rural bank called the Mewar Anchalik Gramin Bank which had 58 branches at March 31, 2010.

We expect our branch network to become key points of customer acquisition and service. Accordingly, during fiscal 2010, we changed our organization structure to provide greater autonomy to our branches. The branch network is expected to serve as an integrated channel for deposit mobilization and selected retail asset origination. Through our website, www.icicibank.com, we offer our customers online access to account information, payment and fund transfer facilities and internet banking business for our corporate clients. We provide telephone banking services through our call center. At year-end fiscal 2010, our call centers in India had over 3,700 workstations. We offer mobile phone banking services to our customers using any cellular telephone service operator in India.

Investment Banking

Our investment banking operations principally consist of ICICI Bank's treasury operations and the operations of ICICI Securities Primary Dealership Limited and ICICI Securities Limited.

Treasury

Through our treasury operations, we seek to manage our balance sheet, including the maintenance of required regulatory reserves, and to optimize profits from our trading portfolio by taking advantage of market opportunities. Our domestic trading and securities portfolio includes our regulatory reserve portfolio, as there is no restriction on active management of our regulatory reserve portfolio. Our treasury operations include a range of products and services for corporate and small enterprise customers, such as forward contracts and interest rate and currency swaps, and foreign exchange products and services. See "— Commercial Banking for Corporate Customers —Foreign Exchange and Derivatives".

Our treasury undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the cash reserve ratio requirement and ensuring the smooth functioning of all our branches. We maintain a balance between interest-earning liquid assets and cash to optimize earnings and undertake reserve management by

maintaining statutory reserves, including the cash reserve ratio and the statutory liquidity ratio. Under Reserve Bank of India's statutory liquidity ratio requirement, ICICI Bank is required to maintain a minimum of 25.0% of its domestic net demand and time liabilities by way of approved securities such as government of India securities and state government securities. ICICI Bank maintains the statutory liquidity ratio through a portfolio of government of India securities that it actively manages to optimize the yield and benefit from price movements. Further, as a prudent liquidity management strategy, ICICI Bank generally maintains excess investments in securities eligible for classification under the statutory liquidity ratio requirement. See "Supervision and Regulation — Legal Reserve Requirements".

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Further, we engage in domestic investments and foreign exchange operations from a centralized trading floor in Mumbai. As part of our treasury activities, we also maintain proprietary trading portfolios in domestic debt and equity securities and in foreign currency assets. Our treasury manages our foreign currency exposures and the foreign exchange and risk hedging derivative products offered to our customers and engages in proprietary trading in currencies. Our investment and market risk policies are approved by the board of directors.

ICICI Bank's domestic investment portfolio is classified into three categories — held to maturity, available for sale and held for trading. Investments are classified as held to maturity subject to the current regulation issued by the Reserve Bank of India. Investments acquired by us with the intention to trade by taking advantage of the short-term price/interest rate movements are classified as held for trading. The investments which do not fall in the above two categories are classified as available for sale. Investments under the held for trading category should be sold within 90 days; in the event of inability to sell due to adverse factors including tight liquidity, extreme volatility or a unidirectional movement in the market, the unsold securities should be shifted to the available for sale category. Under each category the investments are classified under (a) government securities (b) other approved securities (c) shares (d) bonds and debentures (e) subsidiaries and joint ventures and (f) others. Investments classified under the held to maturity category are not marked to market and are carried at acquisition cost, unless the acquisition cost is more than the face value, in which case the premium is amortized over the period until maturity of such securities. At year-end fiscal 2010, 73.7% of ICICI Bank's government securities portfolio was in the held to maturity category. The individual securities in the available for sale category are marked to market. Investments under this category are valued security-wise and depreciation/appreciation is aggregated for each classification. Net depreciation, if any, is provided for. Net appreciation, if any, is ignored. The individual securities in the held for trading category are accounted for in a similar manner as those in the available for sale category.

The following table sets forth, for the periods indicated, the composition of our total trading portfolio.

	At March 31(1)			
	2008	2009	2010	2010
	(in millions)			
Government securities	Rs. 77,382	Rs. 67,895	Rs. 48,307	US$ 1,075
Securities purchased under agreement to resell	—	1,348	—	—
Bonds and debentures	41,501	24,237	30,989	689
Equity shares	6,541	2,424	7,209	160
Mutual funds	14,567	32,306	38,652	860
Other securities (2)	49,094	21,828	67,285	1,497
Total	Rs. 189,085	Rs. 150,038	Rs. 192,442	US$ 4,281

(1) Excludes assets held to cover linked liabilities of our life insurance business amounting to Rs. 514.7 billion at year-end fiscal 2010, Rs. 286.6 billion at year-end fiscal 2009 and Rs. 250.2 billion for fiscal 2008.

(2) Includes certificates of deposits, commercial papers, collateralized borrowings and lending obligation investments, application money, asset-backed commercial papers, master asset vehicles portfolio, bankers' acceptances, funded credit derivatives and venture capital units.

Our portfolio of other securities increased substantially from Rs. 21.8 billion at year-end fiscal 2009 to Rs. 67.3 billion at year-end fiscal 2010 due to higher investments in shorter tenor certificate of deposits of Indian banks and financial institutions by the Bank as part of day to day surplus rupee liquidity management which increased from Rs. 12.3 billion at year-end fiscal 2009 to Rs. 49.5 billion at year-end fiscal 2010.

The following table sets forth, for the periods indicated, certain information related to interest and dividends on our trading portfolio, net gain from the sale of trading investments and gross unrealized gain/(loss) on the trading portfolio.

	Year ended March 31,			
	2008	2009	2010	2010
	(in millions)			
Interest and dividends on trading portfolio	Rs. 12,115	Rs. 14,881	Rs. 14,471	US$ 322
Realized gain/(loss) on sale of trading portfolio	2,522	7,799	(846)	(19)
Unrealized gain/(loss) on trading portfolio	(5,357)	(1,053)	1,760	39
Total	Rs. 9,280	Rs. 21,627	Rs. 15,385	US$ 342

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The realized and unrealized gain on our trading portfolio decreased from Rs. 6.7 billion in fiscal 2009 to Rs. 0.9 billion in fiscal 2010 primarily on account of the impact of movement in yields on government securities. During fiscal 2009, subsequent to the bankruptcy filing by Lehman Brothers and the developments with respect to other financial institutions in the US and UK, central banks across the world, including the Reserve Bank of India, announced various monetary easing measures along with an infusion of liquidity into the banking system. This led to a sharp reduction in domestic interest rates. The yield on ten-year government of India securities, after increasing from 7.94% at year-end fiscal 2008 to a peak of about 9.47% during July 2008, declined sharply to a low of 5.09% at January 5, 2009. We positioned ourselves to take advantage of the change in the interest rate scenario by taking trading positions to benefit from the drop in yields. This resulted in significant gains from the fixed income securities during fiscal 2009. During fiscal 2010, such opportunities were limited, compared to fiscal 2009. During fiscal 2010, the concerns over fiscal deficit, gradual exit from the expansionary monetary policy by the Reserve Bank of India and inflationary pressures led to the expectation of a hardening of interest rates. The yield on ten-year government of India securities increased to 7.82% at year-end fiscal 2010, from 7.01% at year-end fiscal 2009.

In addition to our trading portfolio, we also hold available for sale investments. The following tables set forth, at the dates indicated, certain information related to our available for sale investments portfolio.

	At March 31, 2008			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
	(in millions)			
Corporate debt securities	Rs. 148,950	Rs. 100	Rs. (6,280)	Rs. 142,771
Government securities	111,590	262	(315)	111,537
Other securities(1)	93,278	1,102	(898)	93,481
Total debt securities	353,818	1,464	(7,493)	347,789
Equity shares	32,511	7,767	(6,219)	34,059
Other investments(2)	104,700	1,957	(3,414)	103,243
Total	Rs. 491,029	Rs. 11,188	Rs. (17,126)	Rs. 485,091

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(1) Includes credit linked notes.

(2) Includes preference shares, mutual fund units, venture fund units and security receipts.

	At March 31, 2009			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
	(in millions)			
Corporate debt securities	Rs. 196,305	Rs. 656	Rs. (18,671)	Rs. 178,291
Government securities	98,698	696	(1,988)	97,406
Other securities(1)	83,338	1,237	(2,773)	81,802
Total debt investments	378,341	2,589	(23,432)	357,499
Equity shares	26,693	2,845	(9,293)	20,245
Other investments(2)	64,882	1,982	(5,292)	61,571
Total	Rs. 469,916	Rs. 7,416	Rs. (38,017)	Rs. 439,315

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(1) Includes credit linked notes.

(2) Includes preference shares, mutual fund units, venture fund units and security receipts.

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	At March 31, 2010			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
	(in millions)			
Corporate debt securities	Rs. 113,191	Rs. 1,917	Rs. (2,219)	Rs. 112,889
Government securities	214,649	178	(277)	214,550
Other securities(1)	108,386	1,205	(1,679)	107,912
Total debt investments	436,226	3,300	(4,175)	435,351
Equity shares	26,100	5,739	(3,286)	28,553
Other investments(2)	57,593	3,320	(7,761)	53,152
Total	Rs. 519,919	Rs. 12,359	Rs. (15,222)	Rs. 517,056

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(1) Includes credit linked notes.

(2) Includes preference shares, mutual fund units, venture fund units and security receipts.

The available for sale investments in corporate debt securities decreased substantially from Rs. 196.3 billion at year-end fiscal 2009 to Rs. 113.2 billion at year-end fiscal 2010, primarily due to the sale of securities by our UK subsidiary. The Bank increased its investments in shorter tenure government securities at year-end fiscal 2010, as a part of its liquid asset portfolio.

There was a substantial reduction in the net unrealized losses on debt investments from Rs. 20.8 billion at year-end fiscal 2009 to Rs. 0.9 billion at year-end fiscal 2010, primarily due to a reversal of mark-to-market provisions resulting from a contraction in credit spreads due to improved global market conditions. The net unrealized losses on equity securities also reduced, primarily due to improvement in the equity markets. The benchmark equity index in India, the BSE SENSEX, increased by 80.5% from 9,709 at year-end fiscal 2009 to 17,528 at year-end fiscal 2010, compared to a decline of 37.9% during fiscal 2009.

The following table sets forth, for the periods indicated, income from available for sale securities.

	Year ended March 31,			
	2008	2009	2010	2010
	(in millions)			
Interest	Rs. 14,073	Rs. 24,057	Rs. 20,048	US$ 446
Dividend	4,500	2,893	2,160	48
Total	Rs. 18,573	Rs. 26,950	Rs. 22,208	US$ 494
Gross realized gain	Rs. 27,816	Rs. 10,779	Rs. 10,343	US$ 230
Gross realized loss	(1,773)	(10,790)	(5,552)	(124)
Total	Rs. 26,043	Rs. (11)	Rs. 4,791	US$ 106

The net realized gains during fiscal 2010 were primarily on account of gains on equity portfolio due to improved equity markets.

The following table sets forth, at the date indicated, an analysis of the maturity profile of our investments in debt securities classified as available for sale investments, and yields thereon. This maturity profile is based on repayment dates and does not reflect repricing dates of floating rate investments.

	At March 31, 2010							
	Up to one year		One to five years		Five to ten years		More than ten years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(in millions, except percentages)							
Corporate debt securities	Rs. 14,332	2.7 %	Rs. 76,432	3.5 %	Rs. 19,614	7.6 %	Rs. 2,813	7.7 %
Government securities	119,629	3.8 %	92,916	5.2 %	2,104	7.4 %	—	8.1 %
Other securities	54,127	7.8 %	39,170	6.5 %	4,972	6.4 %	10,117	4.7 %
Total amortized cost of interest-earning securities(1)	Rs. 188,0881	4.9 %	Rs. 208,518	4.8 %	Rs. 26,690	7.4 %	Rs. 12,930	5.3 %
Total fair value	Rs. 188,172		Rs. 207,988		Rs. 27,091		Rs. 12,100	

(1) Includes securities denominated in different currencies.

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The amortized cost of our held to maturity portfolio amounted to Rs. 643.7 billion at year-end fiscal 2010, Rs. 605.7 billion at year-end fiscal 2009 and Rs. 679.0 billion at year-end fiscal 2008. The gross unrealized gain on this portfolio was Rs. 2.6 billion at year-end fiscal 2010, Rs. 11.6 billion at year-end fiscal 2009 and Rs. 4.3 billion at year-end fiscal 2008. The gross unrealized loss on this portfolio was Rs. 13.7 billion at year-end fiscal 2010, Rs. 8.5 billion at year-end fiscal 2009 and Rs. 10.6 billion at year-end fiscal 2008. Following the reduction in benchmark rates by the Reserve Bank of India during fiscal 2009, unrealized gain increased and unrealized losses decreased as yield on government securities declined during this period. The yield on ten year Government of India securities decreased from 7.94% at year-end fiscal 2008 to 7.01% at year-end fiscal 2009. The unrealized gains reduced and unrealized losses increased in fiscal 2010 as the yield on government securities increased during this period. The yield on ten year government of India securities increased to 7.82% at year-end fiscal 2010.

We have limited investment in equity shares of Rs. 33.8 billion because the Reserve Bank of India restricts investments in equity securities by a banks. See also “Supervision and Regulation — Reserve Bank of India Regulations — Regulations relating to Investments and Capital Market Exposure Limits”.

In general, we pursue a strategy of active management of our long-term equity portfolio to maximize our return on investment. To ensure compliance with the Securities and Exchange Board of India’s insider trading regulations, all dealings in our equity and debt investments in listed companies are undertaken by our treasury’s equity and corporate bonds dealing desks, which are segregated from both the other groups and desks in the treasury and from our other business groups, and which do not have access to unpublished price sensitive information about these companies that may be available to us as a lender.

We deal in several major foreign currencies and take deposits from non-resident Indians in four major foreign currencies. We also manage onshore accounts in foreign currencies. The foreign exchange treasury manages our portfolio through money market and foreign exchange instruments to optimize yield and liquidity.

We provide a variety of risk management products to our corporate and small and medium enterprise clients, including foreign currency forward contracts and currency and interest rate swaps. We control market risk and credit risk on our foreign exchange trading portfolio through an internal model, which sets counterparty limits, stop-loss limits and limits on the loss of the entire foreign exchange trading operations and exception reporting. See also “Risk Management — Quantitative and Qualitative Disclosures About Market Risk — Exchange Rate Risk”.

Through our branches and subsidiaries outside India and our offshore banking unit in Mumbai, we have made investments in corporate and financial sector bonds and debt securities, and mortgage and asset-backed securities outside India.

The following table sets forth, at the date indicated, investments in corporate and financial sector debt securities and mortgage and asset backed securities by our overseas branches and banking subsidiaries by region and the mark-to-market and realized losses thereon.

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	At March 31, 2010										
	Asset backed securities and funded credit derivatives (1)(2)		Bonds(2)		Others		Total			Realized gain/(loss)/ Impairment (loss) in income statement for fiscal 2010	
	Trading	Available for sale and held to maturity	Trading	Available for sale and held to maturity	Trading	Available for sale and held to maturity	Trading	Available for sale and held to maturity	Mark-to-market gain/ (loss) in fiscal 2010		Mark-to-market gain/ (loss) at March 31, 2010
	(Rs. in millions)										
US	—	1,122	—	17,872	—	449	—	19,443	4,399	726	(372)
Canada	640	1,573	2,003	10,766	—	659	2,643	12,998	463	(93)	(1,437)
Europe	—	11,826	—	23,521	—	1,840	—	37,187	3,768	(425)	(4,695)
India	5,054	22,586	779	25,393	—	—	5,833	47,979	3,479	123	(662)
Rest of Asia	—	—	—	10,541	—	—	—	10,541	1,259	(155)	(346)
Others	—	—	—	7,318	—	—	—	7,318	281	20	(66)
Total portfolio	5,694	37,107	2,782	95,411	—	2,948	8,476	135,466	13,649	196	(7,578)

(1) Includes residential mortgage backed securities, commercial mortgage backed securities, other asset backed securities and collateralized loan obligations. Excludes unfunded credit derivative exposure of Rs. 32.9 billion.

(2) Includes asset backed securities and bonds transferred in fiscal 2009 from investment to loans and receivables by our UK subsidiary pursuant to Accounting Standard Board issuing amendments to "FRS 26 – 'Financial Instruments: Recognition and Measurement' which permitted reclassification of financial assets in certain circumstances from 'held for trading' and 'available for sale categories' to the 'loans and receivables' category.

Investments in corporate and financial sector debt securities and mortgage and asset backed securities by our overseas branches and banking subsidiaries decreased from Rs. 205.9 billion at year-end fiscal 2009 to Rs. 143.9 billion at year-end fiscal 2010. Our asset backed securities and funded credit derivatives portfolio decreased from Rs. 56.4 billion at year-end fiscal 2009 to Rs. 42.8 billion at year-end fiscal 2010, primarily due to the sale of asset backed securities by our UK subsidiary and the maturity of a part of our India-linked credit derivative portfolio during fiscal 2010. Our bond portfolio decreased from Rs. 130.1 billion at year-end fiscal 2009 to Rs. 98.2 billion at year-end fiscal 2010, primarily due to reduction in the bond portfolio of our UK subsidiary arising from sales of a part of our investment portfolio during fiscal 2010 to capitalize on the improved market conditions. We reduced our bond investments in Europe from Rs. 54.3 billion at year-end fiscal 2009 to Rs. 23.5 billion at year-end fiscal 2010. At year-end fiscal 2010, our bond investments in Europe were primarily in the UK, Germany, Netherlands, Denmark and France. The decrease in our other investment portfolio from Rs. 19.4 billion at year-end fiscal 2009 to Rs. 3.0 billion at year-end fiscal 2010 was primarily on account of maturity of our investment in certificates of deposits during fiscal 2010.

The decrease in portfolio, coupled with improved market conditions, resulted in a substantial reduction of mark-to-market losses on our investment portfolio from Rs. 23.3 billion at year-end fiscal 2009 to Rs. 7.6 billion at year-end fiscal 2010. The mark-to-market impact was a gain of Rs. 13.6 billion during fiscal 2010 as compared to a

loss of Rs. 11.8 billion during fiscal 2009. The realized gain/loss and impairment loss was a net gain of Rs. 0.2 billion during fiscal 2010 as compared to a loss of Rs. 5.4 billion during fiscal 2009.

The following table sets forth, a summary of the investment portfolio of our overseas branches and banking subsidiaries based on the category of investments.

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Category	At March 31 2009	2010
	(in millions)	
Bonds		
Banks and financial institutions	Rs. 109,612	Rs. 74,816
Corporate	20,506	23,377
Total bonds	130,118	98,193
Asset backed securities and funded credit derivatives	56,411	42,801
Others(1)	19,407	2,948
Total	Rs. 205,936	Rs. 143,942

(1) Includes investments in certificates of deposits.

Our exposure to banks and financial institutions is spread over a number of banks and of this the exposure to the top ten banks accounts for approximately 37.0% of the total exposure to banks and financial institutions at year-end fiscal 2010 as compared to approximately 30.0% at year-end fiscal 2009. Approximately 84.0% of our exposure to corporate entities is India-linked at year-end fiscal 2010 as compared to approximately 95.0% at year-end fiscal 2009.

Our total investment in asset backed securities represents less than 0.5% of our total assets at year-end fiscal 2010. The portfolio size of such securities was Rs. 15.2 billion and primarily comprised retail mortgage backed securities of Rs. 9.9 billion, collateralized loan obligations of small and medium enterprises of Rs. 2.0 billion, commercial mortgage backed securities of Rs. 1.5 billion, asset backed commercial paper of Rs. 0.6 billion and other asset backed securities of Rs. 1.2 billion. The retail mortgage backed securities portfolio consists primarily of UK residential mortgage backed securities portfolio backed by prime and buy-to-let mortgages. The asset backed commercial paper portfolio consists of investments made by ICICI Bank Canada in securities issued by trusts. These trusts have in turn invested in various Canadian and United States assets. During the year, some of the asset backed commercial papers were restructured into master asset vehicles. The size of the master asset vehicles portfolio on our books at year-end fiscal 2010 was Rs. 2.3 billion and these are classified as a part of the banks and financial institutions portfolio. No additions were made to the above portfolio during the year and the existing portfolio is being run down due to redemption of certain securities. There has been an improvement in the mark-to-market position of the portfolio during the fiscal 2010 on account of an improvement in the credit markets.

The investments in these securities are governed by the respective investment policies of ICICI Bank and its banking subsidiaries. To mitigate significant concentrations in credit risk, the investment policy lays down a number of limits that need to be adhered to before investments can be made. The investment policy lays down rating and issuer wise investment limits at each of these units. Further, there are counterparty limits for individual banks and financial institutions. Country exposure limits have also been established for various countries. In addition, ICICI Bank monitors the credit spread risk arising out of such investments while ICICI Bank UK has instituted credit spread sensitivity limits on its portfolio. Any exceptions to the above limits are made with due approvals from the appropriate forums. ICICI Bank has not bought credit protection against any of its international investments.

ICICI Securities Limited

ICICI Securities Limited is engaged in equity underwriting and brokerage. ICICI Securities Limited has an online share trading portal called icicidirect.com. The primary objective of icicidirect.com is to enable individuals to make investments and offer a wide range of investment options by providing a seamless structure that integrates a customer's bank account, demat account and trading account. The portal offers seamless access to the United States markets by tying up with a leading United States based broker. ICICI Securities Limited has a subsidiary in the US, ICICI

Securities Holdings Inc., which has a subsidiary in the US, ICICI Securities Inc., which is engaged in brokerage services. During fiscal 2009, ICICI Securities Holdings Inc. completed the purchase of assets (by way of merger) of Global Investment Management, Inc., a registered investment adviser and a New Jersey corporation with offices in Princeton, New Jersey, engaged in investment advisory activities. The business has subsequently been sold. ICICI securities made a net profit of Rs. 1.2 billion during fiscal 2010 compared to Rs. 0.04 billion during fiscal 2009.

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ICICI Securities Primary Dealership

ICICI Securities Primary Dealership is engaged in the primary dealership of Indian government securities. It also deals in other fixed income securities. In addition to this, it has underwriting, portfolio management services, placement of debt and money market operations. ICICI Securities Primary Dealership made a net profit of Rs. 0.9 billion during fiscal 2010 compared to Rs. 2.7 billion during fiscal 2009. The revenue of the business is directly linked to conditions in the fixed income market.

Venture Capital and Private Equity

Our subsidiary ICICI Venture Funds Management Company Limited manages funds that provide venture capital funding to start-up companies and private equity to a range of companies. At year-end fiscal 2010, ICICI Venture managed or advised funds of approximately Rs. 114.4 billion. ICICI Venture made a net profit of Rs. 0.5 billion during fiscal 2010 compared to Rs. 1.5 billion during fiscal 2009.

Asset Management

We provide asset management services through our subsidiary, ICICI Prudential Asset Management. ICICI Prudential Asset Management is a joint venture with Prudential PLC of UK. We have approximately 51.0% interest in the entity. ICICI Prudential Asset Management also provides portfolio management services and advisory services to clients. ICICI Prudential Asset Management has also been selected for offering investment management services to the Employee Provident Fund Organization. ICICI Prudential Asset Management had average mutual fund assets under management of Rs. 514.6 billion for the month of March 2009 and Rs. 810.2 billion for the month of March 2010. ICICI Prudential Asset Management made a net profit of Rs. 1.3 billion during fiscal 2010 compared to Rs. 0.01 billion during fiscal 2009.

Insurance

We provide a wide range of insurance products and services through our subsidiaries ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company. ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company are joint ventures with Prudential PLC of UK and Fairfax Financial Holdings Limited of Canada, respectively. We have approximately 74.0% interest in both of these entities. Subject to the amendment of foreign ownership regulations, Prudential PLC has the right to increase its shareholding in ICICI Prudential Life Insurance Company to 49% at the market value of the shares to be determined as mutually agreed. Laws and regulations governing insurance companies currently provide that each promoter should eventually reduce its stake to 26% following the completion of ten years from the commencement of business by the concerned insurance company. We and Prudential PLC have agreed that if a higher level of promoter shareholding is permitted, then this would be in the proportion of 51% being held by us and 49% being held by Prudential PLC. See “Supervision and Regulation — Regulations Governing Insurance Companies”. Further, we and each of our joint venture partners have a right of first refusal in case the other partner proposes to sell its shareholding in the joint venture (other than transfer to a permitted affiliate of the transferor).

ICICI Prudential Life Insurance Company recorded its first year of accounting profits during fiscal 2010 with a net profit of Rs. 2.6 billion compared to a net loss of Rs. 7.8 billion during fiscal 2009. After rapid growth in previous years, the life insurance market in India saw a slowdown in new business in fiscal 2009 and fiscal 2010. The new business annualized premium equivalent of ICICI Prudential Life Insurance Company increased marginally by 0.8% to Rs. 53.5 billion during fiscal 2010 while total premium increased by 7.7% to Rs. 165.3 billion. Renewal premium increased by 19.4% to Rs. 102.0 billion during fiscal 2010 reflecting the long-term sustainability of the business. ICICI Prudential Life Insurance Company maintained its market leadership in the private sector with an overall

market share of about 9.3% based on retail new business weighted received premium for fiscal 2010.

ICICI Lombard General Insurance Company made a net profit of Rs. 1.4 billion during fiscal 2010 compared to Rs. 0.2 billion during fiscal 2009. The general insurance industry continued to witness a slowdown in growth in fiscal 2010 because of the de-tariffication of the general insurance industry whereby insurance premiums were freed from price controls, resulting in a significant decline in premium rates. ICICI Lombard General Insurance Company recorded a total gross written premium of Rs. 34.3 billion in fiscal 2010 compared to Rs. 34.6 billion in fiscal 2009.

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ICICI Lombard General Insurance Company was the largest private general insurer with a market share of about 9.5% in gross written premium among all general insurance companies during fiscal 2010.

We earn commissions and fees from these subsidiaries as their distributor for sales of life and general insurance products.

Funding

Our funding operations are designed to ensure stability of funding, minimize funding costs and effectively manage liquidity. Since the amalgamation of ICICI with ICICI Bank, the primary source of domestic funding has been deposits raised from both retail and corporate customers. We also raise funds through short-term rupee borrowings and domestic or overseas bond offerings pursuant to specific regulatory approvals. Because ICICI was not allowed to raise banking deposits as a financial institution, its primary sources of funding prior to the amalgamation were retail bonds and rupee borrowings from a wide range of institutional investors. ICICI also raised funds through foreign currency borrowings from commercial banks and other multilateral institutions like the Asian Development Bank and the World Bank, which were guaranteed by the government of India. With regard to these guarantees by the government of India for purposes of obtaining foreign currency borrowings, the government of India has, in its letter dated May 31, 2007, instructed us to take steps to either repay or prepay such foreign currency borrowings for which a guarantee has been provided by the government of India or to substitute the guarantees provided by the government of India with other acceptable guarantees. At year-end fiscal 2010, the total outstanding loans/bonds of ICICI Bank that are guaranteed by the government of India were Rs. 25.6 billion, constituting approximately 2.7% of the total borrowings of ICICI Bank at that date. We are evaluating various options in this regard.

Our international branches fund themselves primarily from wholesale funding sources including bonds, syndicated loans, bilateral loans and inter-bank borrowings. Our subsidiaries in the United Kingdom and Canada fund themselves primarily through retail deposits.

Our deposits were 49.4% of our total liabilities at year-end fiscal 2010 compared to 54.2% of our total liabilities at year-end fiscal 2009. Our borrowings, including preference shares issued by us, were 23.6% of our total liabilities at year-end fiscal 2010 compared to 24.0% of our total liabilities at year-end fiscal 2009. Our deposits decreased by 7.7% from Rs. 2,618.6 billion at year-end fiscal 2009 to Rs. 2,415.7 billion at year-end fiscal 2010. The decrease in deposits is primarily due to ICICI Bank's conscious strategy of reducing wholesale deposits and the decline in our rupee loan portfolio. Our borrowings (including redeemable non-cumulative preference shares and subordinated debt) decreased from Rs. 1,160.7 billion at year-end fiscal 2009 to Rs. 1,157.0 billion at year-end fiscal 2010. Although capital-eligible rupee borrowings in the nature of subordinated debt increased, the impact of rupee appreciation on foreign currency denominated borrowings led to an overall decrease in the level of borrowings.

The following table sets forth, at the dates indicated, the composition of deposits by type of deposit.

	At March 31,					
	2008		2009		2010	
	Amount	% to total	Amount	% to total	Amount	% to total
	(in billions, except percentages)					
Current account deposits	Rs. 249.8	9.0 %	Rs. 222.6	8.5 %	Rs. 315.5	13.0 %
Savings deposits	537.6	19.4	515.2	19.7	622.2	25.8
Time deposits	1,982.5	71.6	1,880.8	71.8	1478.0	61.2
Total deposits	Rs. 2,769.9	100.0 %	Rs. 2,618.6	100 %	Rs. 2,415.7	100 %

The following table sets forth, for the periods indicated, the average volume and average cost of deposits by type of deposit.

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	Year ended March 31, (1)						
	2008		2009		2010		
	Amount	Cost(2)	Amount	Cost(2)	Amount	Amount	Cost(2)
	(in billions, except percentages)						
Interest-bearing deposits:							
Savings deposits	Rs. 462.7	3.4 %	Rs. 532.7	3.8 %	Rs. 554.4	US$ 12.3	2.8 %
Time deposits	1,846.3	9.3	1,854.5	8.7	1,656.6	36.9	7.3
Non-interest-bearing deposits:							
Other demand deposits	229.2	—	190.5	—	194.6	4.3	—
Total deposits	Rs. 2,538.2	7.4 %	Rs. 2,577.7	7.1 %	Rs. 2,404.6	US$ 53.5	5.6 %

(1) For fiscal year 2008, the average balances are the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that fiscal year. For fiscal years 2009 and 2010, the average balances are the sum of daily average balances outstanding for ICICI Bank, except for the averages of foreign branches which are calculated on a monthly basis and the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March that fiscal year for subsidiaries.

(2) Represents interest expense divided by the average balances.

Our average deposits in fiscal 2010 were Rs. 2,404.6 billion at an average cost of 5.6% compared to average deposits of Rs. 2,577.7 billion at an average cost of 7.1% in fiscal 2009. Our average time deposits in fiscal 2010 were Rs. 1,656.6 billion at an average cost of 7.3% compared to average time deposits of Rs. 1,854.5 billion at an average cost of 8.7% in fiscal 2009. Our savings deposits include Hi-Save retail savings deposits accepted by ICICI Bank UK.

The following table sets forth, at the date indicated, the maturity profile of deposits by type of deposit.

	At March 31, 2010			
	Up to one year	After one year and within three years	After three years	Total
	(in millions)			
Interest-bearing deposits:				
Savings deposits	Rs. 622,222	Rs. –	Rs. –	Rs. 622,222
Time deposits	1,071,956	352,716	53,305	1,477,977
Non-interest-bearing deposits:				
Other demand deposits	315,524	–	–	315,524
Total deposits	Rs. 2,009,702	Rs. 352,716	Rs. 53,305	Rs. 2,415,723

The following table sets forth, for the periods indicated, average outstanding rupee borrowings based on quarterly balance sheets and by category of borrowing and the percentage composition by category of borrowing. The average cost (interest expense divided by average of quarterly balances) for each category of borrowings is provided in the footnotes.

	At March 31,(1)										
	2008			2009			2010				
	Amount	% to total		Amount	% to total		Amount	Amount	% to total	
	(in millions, except percentages)										
Statutory liquidity ratio bonds(2)	Rs. 14,815	4.0	%	Rs. 13,426	2.6	%	Rs. 10,311	US$ 229	1.6	%
Borrowings from Indian government(3)	1,889	0.5		1,360	0.3		909	20	0.1	
Other borrowings(4)(5)	357,420	95.5		500,554	97.1		615,208	13,687	98.3	
Total	Rs. 374,124	100.0	%	Rs. 515,340	100.0	%	Rs. 626,428	US$13,936	100.0	%

(1) For fiscal 2008, the average balances are the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that fiscal year. For fiscal 2009 and fiscal 2010, the average balances are the sum of daily average balances outstanding for ICICI Bank, and the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March that fiscal year for subsidiaries.

(2) With an average cost of 11.6% in fiscal 2008, 11.6% in fiscal 2009 and 11.6% in fiscal 2010.

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(3) With an average cost of 12.2% in fiscal 2008, 12.3% in fiscal 2009 and 12.3% in fiscal 2010.

(4) With an average cost of 9.9% in fiscal 2008, 9.2% in fiscal 2009 and 7.1% in fiscal 2010.

(5) Includes publicly and privately placed bonds, borrowings from institutions, inter-bank overnight borrowings and inter-corporate deposits.

The following table sets forth, at the date indicated, the maturity profile of our rupee term deposits of Rs. 10 million or more.

	At March 31,			
	2009	2010		% of total deposits
	(in millions, except percentages)			
Less than three months	Rs. 452,245	Rs. 315,518	US$ 7,019	13.1 %
Above three months and less than six months	299,490	147,594	3,284	6.1
Above six months and less than 12 months	411,984	208,404	4,636	8.6
More than 12 months	43,101	134,264	2,987	5.6
Total deposits of Rs. 10 million and more	Rs. 1,206,820	Rs. 805,780	US$ 17,926	33.4 %

The decrease in our rupee term deposits of Rs. 10 million or more from Rs. 1,206.8 billion at year-end fiscal 2009 to Rs. 805.8 billion at year-end fiscal 2010 was primarily due to ICICI Bank's conscious strategy of reducing wholesale deposits.

The following table sets forth, at the dates indicated, certain information related to short-term rupee borrowings, which consist of borrowings from government-owned companies and inter-bank borrowings.

	At March 31,(1)		
	2008	2009	2010
	(in millions, except percentages)		
Year-end balance	Rs. 123,614	Rs. 186,501	Rs. 103,302
Average balance during the year (2)	142,270	158,519	132,352
Maximum quarter-end balance	195,366	211,919	217,208
Average interest rate during the year (3)	10.5 %	10.6 %	6.7 %
Average interest rate at year-end (4)	9.3 %	7.9 %	5.8 %

(1) Short-term borrowings includes borrowings in the call market and repurchase agreements.

(2) Average of quarterly balances at the end of March of the previous fiscal year, June, September, December and March of that fiscal year for each of fiscal 2008, 2009 and 2010.

(3) Represents the ratio of interest expense on short-term borrowings to the average of quarterly balances of short-term borrowings.

(4) Represents the weighted average rate of the short-term borrowings outstanding at fiscal year-end.

In fiscal 2010, the Bank's domestic advances decreased primarily due to a decrease in retail advances, which resulted in a decrease in funding requirements. Our short term borrowings decreased from Rs. 186.5 billion at year-end fiscal 2009 to Rs. 103.8 billion at year-end fiscal 2010 primarily due to a reduction in our short-term borrowings from banks and financial institutions.

The following table sets forth, for the periods indicated, the average outstanding volume of foreign currency borrowings based on quarterly balance sheets by source and the percentage composition by source. The average cost (interest expense divided by average of quarterly balances) for each source of borrowings is provided in the footnotes.

	For year ended March 31, (1)						
	2008		2009		2010		
	Amount	% to total	Amount	% to total	Amount	Amount	% to total
	(in millions, except percentages)						
Commercial borrowings (2)	Rs. 569,624	96.4 %	Rs. 763,701	97.2 %	Rs. 661,343	US$ 14,713	96.9 %
Multilateral borrowings (3)	21,110	3.6	22,152	2.8	21,052	468	3.1
Total	Rs. 590,734	100.0 %	Rs. 785,853	100.0 %	Rs. 682,395	US$ 15,181	100.0 %

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(1) For fiscal 2008, the average balances are the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that fiscal year. For fiscal 2009 and 2010, the average balances are the sum of daily average balances outstanding for ICICI Bank, and the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March that fiscal year for subsidiaries.

(2) With an average cost of 5.7% in fiscal 2008, 4.4% in fiscal 2009 and 4.1% in fiscal 2010.

(3) With an average cost of 5.2% in fiscal 2008, 4.2% in fiscal 2009 and 3.1% in fiscal 2010.

At year-end fiscal 2010, the outstanding capital instruments raised by us were Rs. 323.0 billion, excluding the application money towards subordinated debt amounting to Rs. 25.0 billion which has not been included in the outstanding capital instrument borrowings pending allotment. The outstanding capital instruments include debt that is classified either as Tier I or Tier II capital in calculating the capital adequacy ratio in accordance with Reserve Bank of India's regulations on capital adequacy. See "Supervision and Regulation — Reserve Bank of India Regulations".

Risk Management

As a financial intermediary, we are exposed to risks that are particular to our lending, transaction banking and trading businesses and the environment within which we operate. Our goal in risk management is to ensure that we understand, measure, monitor and manage the various risks that arise and that the organization adheres strictly to the policies and procedures, which are established to address these risks.

The key principles underlying the risk management framework at ICICI Bank are as follows:

- The board of directors has oversight of all the risks assumed by the Bank.
- Specific committees of the board have been constituted to facilitate focused oversight of various risks.
- The Risk Committee reviews risk management policies in relation to various risks (including portfolio, liquidity, interest rate, operational, investment policies and strategy and regulatory and compliance issues in relation thereto), key risk indicators and risk profile templates (covering areas including credit risk, interest rate risk, liquidity risk, foreign exchange risk and operational risk) and the limits framework, including stress test limits for various risks. The Risk Committee also assesses the capital adequacy position of the Bank, based on the risk profile of our balance sheet and reviews the implementation status of Basel II norms.

- The Credit Committee reviews the credit quality of the major portfolios on a periodic basis, reviews developments in key industrial sectors and exposure to these sectors as well as exposure to large borrower accounts in addition to approving certain exposures as per the credit approval authorization policy approved by the Board of Directors.

- The Audit Committee provides direction to and monitors the quality of the compliance and internal audit function.

- The Fraud Monitoring Committee reviews frauds above certain values, suggests corrective measures to mitigate fraud risks and monitors the efficacy of remedial actions.

For a discussion of these and other committees, see "Management".

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- Policies approved from time to time by the board of directors form the governing framework for each type of risk. The business activities are undertaken within this policy framework.

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

The risk management framework forms the basis for developing consistent risk principles across the Bank, overseas branches and overseas banking subsidiaries.

We are primarily exposed to credit risk, market risk, liquidity risk, operational risk and reputation risk. ICICI Bank has centralized groups, the Global Risk Management Group, the Compliance Group, the Corporate Legal Group, the Financial Crime Prevention and Reputation Risk Management Group and the Internal Audit Group with a mandate to identify, assess and monitor all of our principal risks in accordance with well-defined policies and procedures. In addition, the Credit and Treasury Middle Office Groups and the Global Operations Group monitor operational adherence to regulations, policies and internal approvals. The Global Risk Management Group is further organized into the Global Credit Risk Management Group, Global Market Risk Management Group and the Global Operational Risk Management Group. The Global Risk Management Group reports to the Executive Director and Chief Financial Officer. The Credit and Treasury Middle Office Groups and Global Operations Group report to an Executive Director. The Compliance Group and the Internal Audit Group report to the Audit Committee of the board of directors and the Managing Director and CEO. The Compliance and Internal Audit Groups have administrative reporting to the Executive Director and Chief Financial Officer. These groups are independent of the business units and coordinate with representatives of the business units to implement our risk management methodologies.

Credit Risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any financial contract, principally the failure to make required payments of loans due to us. In its lending operations, ICICI Bank is principally exposed to credit risk.

All credit risk related aspects are governed by the Credit and Recovery Policy (Credit Policy) approved by the board of directors. The Credit Policy outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits. ICICI Bank measures, monitors and manages credit risk at an individual borrower level and at the portfolio level, for non-retail borrowers. It has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Country Risk Management Policy, addresses the recognition, measurement, monitoring and reporting of country risk.

Corporate Approval Authorities

The Board of Directors of ICICI Bank has delegated credit approval authority to various committees, forums and individual officers under the credit approval authorization policy. The credit approval authorization policy is based on the level of risk and the quantum of exposure, and is designed to ensure that transactions with higher exposure and higher levels of risk are sent to a correspondingly higher forum/committee for approval.

The Bank has established several levels of credit approval authorities for its corporate banking activities - the Credit Committee, the Committee of Executive Directors, the Committee of Executives and the Regional Committee. Retail credit forums and the Small and Medium Enterprises and Corporate Agriculture group forums have been created for the approval of retail loans and credit facilities to small enterprises and agri-based enterprises.

Corporate Credit Risk

All credit proposals (other than retail products, program lending, score card based lending to small enterprises and certain other specified products) are rated internally by the Global Credit Risk Management Group, prior to approval by the appropriate forum. The Global Credit Risk Management Group rates proposals, carries out industry analysis, tracks the quality of the credit portfolio and reports periodically to the Credit Committee and the Risk

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Committee. For non-retail exposures, the Credit Middle Office Group verifies adherence to the terms of the approval prior to the commitment and disbursement of credit facilities. The Bank also manages credit risk through various limit structures, which are in line with the Reserve Bank of India's prudential guidelines. The Bank has set up various exposure limits, including the single borrower exposure limit, the group borrower exposure limit, the industry exposure limit, the unsecured exposure limit, the long tenor exposure limit and limits on exposure to sensitive sectors such as capital markets, non-banking financial companies and real estate.

Risk Monitoring

ICICI Bank has put in place, a risk based asset review framework and a post-approval authorization structure to monitor credit facilities. The frequency of asset reviews is higher for cases with higher amounts outstanding and/or lower credit rating. Asset review is submitted to the appropriate approval authority as per the Authorization structure. For lending to corporates, small enterprises and rural and agricultural borrowers, the Credit Middle Office Group verifies adherence to the terms of the approval prior to the commitment and disbursement of credit facilities.

Retail Credit Risk

Independent groups and sub-groups have been constituted across ICICI Bank to facilitate the independent evaluation, monitoring and reporting of risks. These control groups function independently of the business groups. The sourcing and approval of retail credit exposures are segregated to achieve independence. The Global Credit Risk Management Group, Retail Strategy and Policy Group and credit teams are assigned complementary roles for effective credit risk management.

The Global Credit Risk Management Group oversees the credit risk issues for retail assets including vetting of all credit policies/operating notes proposed for approval by the Board or forums authorized by the Board. The group is involved in portfolio monitoring of all retail assets and suggesting and implementing policy changes. The Retail Strategy and Policy Group, an independent unit within retail banking, focuses on customer-segment specific strategies, policy formulation, portfolio tracking and monitoring, analytics, score card development and database management. The credit team, which is independent from the business unit, oversees the underwriting function and is organized geographically to support the retail sales and service structure.

The Bank's credit officers evaluate credit proposals on the basis of the operating notes approved by the Committee of Executive Directors and the risk assessment criteria defined by the Global Credit Risk Management Group.

Credit Risk Assessment Procedures for Corporate Loans

ICICI Bank currently has an established credit analysis procedure leading to appropriate identification of credit risk both at the individual borrower and the portfolio level. Appropriate appraisal and credit rating methodologies have been established for various types of products and businesses. Internal credit rating practices have been internalized in the Bank and are actively used for decision making over the entire credit process in the corporate portfolio. The rating methodology includes a detailed analysis of the industry, business position, financials, management and projects where applicable. The credit rating process has been certified as being compliant with ISO 9001:2008 quality management system requirements.

Borrower risk is evaluated by considering:

- the risks and prospects associated with the industry in which the borrower is operating (industry risk);
-

the financial position of the borrower by analyzing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy (financial risk);

- the borrower's relative market position and operating efficiency (business risk); and
- the quality of management by analyzing their track record, payment record and financial conservatism (management risk).

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After conducting an analysis of a specific borrower's risk, the Global Credit Risk Management Group assigns a credit rating to the borrower. ICICI Bank has a scale of ten ratings ranging from AAA to B, an additional default rating of D and short-term ratings from S1 to S8. A borrower's credit rating is a critical input for the credit approval process. The borrower's credit rating and the default pattern corresponding to that credit rating, forms an important input in the risk-based pricing framework of the Bank. Every proposal for a financing facility is prepared by the relevant business unit and reviewed by the Global Credit Risk Management Group before being submitted for approval to the appropriate approval authority. The approval process for non-fund facilities is similar to that for fund-based facilities. The credit rating for every borrower is reviewed at least annually. The Bank also reviews the ratings of all its borrowers in a particular industry upon the occurrence of any significant event impacting that industry.

Working capital loans are generally approved for a period of 12 months. At the end of the 12 month validity period, ICICI Bank reviews the loan arrangement and the credit rating of the borrower and makes a decision on whether to continue the arrangement and changes in the loan covenants as necessary.

Project Finance Procedures

ICICI Bank has a strong framework for the appraisal and execution of project finance transactions. ICICI Bank believes that this framework creates optimal risk identification, allocation and mitigation and helps minimize residual risk.

The project finance approval process begins with a detailed evaluation of technical, commercial, financial, marketing and management factors and the sponsor's financial strength and experience. Once this review is completed, an appraisal memorandum is prepared for credit approval purposes. As part of the appraisal process, a risk matrix is generated, which identifies each of the project risks, mitigating factors and residual risks associated with the project. The appraisal memorandum analyzes the risk matrix and establishes the viability of the project. Typical risk mitigating factors include the commitment of stand-by funds from the sponsors to meet any cost over-runs and a conservative collateral position. After credit approval, a letter of intent is issued to the borrower, which outlines the principal financial terms of the proposed facility, sponsor obligations, conditions precedent to disbursement, undertakings from and covenants on the borrower. After completion of all formalities by the borrower, a loan agreement is entered into with the borrower.

In addition to the above, in the case of structured project finance in areas such as infrastructure, oil, gas and petrochemicals, as a part of the due diligence process, ICICI Bank appoints consultants, wherever considered necessary, to advise the lenders, including technical advisors, business analysts, legal counsel and insurance consultants. These consultants are typically internationally recognized and experienced in their respective fields. Risk mitigating factors in these financings include creation of debt service reserves and channeling project revenues through a trust and retention account.

ICICI Bank's project finance loans are generally fully secured and have full recourse to the borrower. In most cases, ICICI Bank has a security interest and first lien on all the fixed assets. Security interests typically include property, plant and equipment as well as other tangible assets of the borrower, both present and future. ICICI Bank's borrowers are required to maintain comprehensive insurance on their assets where we are recognized as payee in the event of loss. In some cases, ICICI Bank also takes additional credit comforts such as corporate or personal guarantees from one or more sponsors of the project or a pledge of the sponsors' equity holding in the project company. In certain industry segments, ICICI Bank also takes security interest in relevant project contracts such as concession agreements, off-take agreements and construction contracts as part of the security package.

ICICI Bank normally disburses funds after the entire project funding is committed and all necessary contractual arrangements have been entered into. Funds are disbursed in tranches to pay for approved project costs as the project progresses. When ICICI Bank appoints technical and market consultants, they are required to monitor the project's progress and certify all disbursements. ICICI Bank also requires the borrower to submit periodic reports on project implementation, including orders for machinery and equipment as well as expenses incurred. Project completion is contingent upon satisfactory operation of the project for a certain minimum period and, in certain cases, the establishment of debt service reserves. ICICI Bank continues to monitor the credit exposure until its loans are fully repaid.

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Corporate Finance Procedures

As part of the corporate loan approval procedures, ICICI Bank carries out a detailed analysis of funding requirements, including normal capital expenses, long-term working capital requirements and temporary imbalances in liquidity. ICICI Bank's funding of long-term core working capital requirements is assessed on the basis, among other things, of the borrower's present and proposed level of inventory and receivables. In case of corporate loans for other funding requirements, ICICI Bank undertakes a detailed review of those requirements and an analysis of cash flows. A substantial portion of ICICI Bank's corporate finance loans are secured by a lien over appropriate assets of the borrower.

The focus of ICICI Bank's structured corporate finance products is on cash flow based financing. We have a set of distinct approval procedures to evaluate and mitigate the risks associated with such products. These procedures include:

- carrying out a detailed analysis of cash flows to forecast the amounts that will be paid and the timing of the payments based on an exhaustive analysis of historical data;
- conducting due diligence on the underlying business systems, including a detailed evaluation of the servicing and collection procedures and the underlying contractual arrangements; and
- paying particular attention to the legal, accounting and tax issues that may impact the structure.

ICICI Bank's analysis enables it to identify risks in these transactions. To mitigate risks, ICICI Bank uses various credit enhancement techniques, such as over-collateralization, cash collateralization, creation of escrow accounts and debt service reserves. ICICI Bank also has a monitoring framework to enable continuous review of the performance of such transactions.

With respect to financing for corporate mergers and acquisitions, ICICI Bank carries out detailed due diligence on the acquirer as well as the target's business profile. The key areas covered in the appraisal process include:

- assessment of the industry structure in the target's host country and the complexity of the business operations of the target;
- financial, legal, tax, technical due diligence (as applicable) of the target;
- appraisal of potential synergies and likelihood of their being achieved;
- assessment of the target company's valuation by comparison with its peer group and other transactions in the industry;
- analysis of regulatory and legal framework of the overseas geographies with regard to security creation, enforcement and other aspects;
- assessment of country risk aspects and the need for political insurance; and
- the proposed management structure of the target post takeover and the ability and past experience of the acquirer in completing post merger integration.

Working Capital Finance Procedures

ICICI Bank carries out a detailed analysis of borrowers' working capital requirements. Credit limits are established in accordance with the approval authorization approved by the Bank's Board of Directors. Once credit limits are approved, ICICI Bank calculates the amounts that can be lent on the basis of monthly statements provided by the borrower and the margins stipulated. Quarterly information statements are also obtained from borrowers to monitor the performance on a regular basis. Monthly cash flow statements are obtained where considered necessary. Any irregularity in the conduct of the account is reported to the appropriate authority on a monthly basis. Credit limits are reviewed on a periodic basis.

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Working capital facilities are primarily secured by inventories, receivables and other current assets. Additionally, in certain cases, these credit facilities are secured by personal guarantees of directors, or subordinated security interests in the tangible assets of the borrower including plant and machinery and covered by personal guarantees of the promoters.

Credit Monitoring Procedures for Corporate Loans

Credit Middle Office Group monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and insurance policies for assets financed.

All borrower accounts are reviewed at least once a year.

Retail Loan Procedures

ICICI Bank's customers for retail loans are typically middle and high-income, salaried or self-employed individuals, and, in some cases, partnerships and corporations. Except for personal loans and credit cards, ICICI Bank requires a contribution from the borrower and its loans are secured by the asset financed.

In respect of retail loans, the Bank's credit officers evaluate credit proposals on the basis of the operating notes approved by the Committee of Executive Directors and the risk assessment criteria defined by the Global Credit Risk Management Group. These criteria vary across product segments but typically include factors such as the borrower's income, the loan-to-value ratio and demographic parameters. External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes in the case of loans made to individual borrowers. In making its credit decisions, ICICI Bank draws upon a centralized delinquent database and reports from the Credit Information Bureau (India) Limited to review the borrower's profile. For mortgage loans, a valuation agency or an in-house technical team carries out the technical valuations. In the case of credit cards, in order to limit the scope of individual discretion, ICICI Bank has implemented a credit-scoring program that is an automated credit approval system that assigns a credit score to each applicant based on certain demographic attributes like income, educational background and age. The credit score then forms one of the criteria for loan evaluation.

ICICI Bank has established centralized operations to manage operating risk in the various back office processes of its retail loan business except for a few operations, which are decentralized to improve turnaround time for customers. A separate team under the Retail Strategy and Policy Group undertakes review and audits of credit quality and processes across different products. The Bank also has a debt services management group structured along various product lines and geographical locations, to manage debt recovery. The group operates under the guidelines of a standardized recovery process. A fraud prevention and control group has been set up to manage fraud-related risks, through fraud prevention and through the recovery of fraud losses. The fraud control group evaluates various external agencies involved in retail finance operations, including direct marketing associates, external verification associates and collection agencies.

Small Enterprises Loan Procedures

ICICI Bank finances small enterprises, which are defined generally as enterprises with tangible net worth less than Rs. 500 million. It includes financing dealers and vendors of companies by implementing structures to enhance the base credit quality of the vendor/dealer. The process involves an analysis of the base credit quality of the vendor/dealer pool and an analysis of the linkages that exist between the vendor/dealer and the company.

The group is also involved in financing based on a cluster-based approach, financing small enterprises that have a homogeneous profile such as apparel manufacturers and manufacturers of pharmaceuticals. The risk assessment of such a cluster involves the identification of appropriate credit norms for target market, the use of scoring models for enterprises that satisfy these norms and a comprehensive appraisal of those enterprises which are awarded a minimum required score in the scoring model. A detailed appraisal is performed based on the financial as well as non-financial parameters to identify the funding needs of the enterprise. There are appropriate credit structures built in based on the assessment of each case. The group also finances small businesses based on analysis of the business

and financials. The assessment includes a scoring model with minimum score requirement before appraisal of these enterprises are conducted.

The risk management policy herein also involves setting up of portfolio control norms, continuous monitoring renewal norms as well as stringent review and exit triggers to be followed while financing such clusters or communities.

Rural and Agricultural Loan Procedures

The rural and agricultural loan portfolio is composed of corporates in the rural sector, small and medium enterprises, dealers and vendors linked to these entities and farmers. ICICI Bank seeks to adopt appropriate risk assessment methodologies for each of the segments. For corporates, borrower risk is evaluated by analyzing the industry risk, the borrower's market position, financial performance, cash flow adequacy and the quality of management. The credit risk of dealers, vendors and farmers is evaluated by analyzing the base credit quality of the borrowers or the pool and also the linkages between the borrowers and the companies to which the dealers, vendors or farmers are supplying their produce. We attempt to enhance the credit quality of the pool of dealers, vendors and farmers by strengthening the structure of the transaction.

For some segments, ICICI Bank uses a cluster-based approach wherein a lending program is implemented for a homogeneous group of individuals or business entities that comply with certain laid down parameterized norms. To be eligible for funding under the programs, the borrowers need to meet the stipulated credit norms and obtain a minimum score on the scoring model. ICICI Bank has incorporated control norms, borrower approval norms and review triggers in all the programs.

ICICI Bank's rural initiative may create additional challenges with respect to managing the risk of frauds and credit monitoring due to the increased geographical dispersion and use of intermediaries. ICICI Bank has put in place control structure and risk management framework to mitigate the related risk. See "Risk Factors — Risks Relating to Our Business — Entry into new businesses or expansions of existing businesses may expose us to increased risks that may adversely affect our business."

Portfolio Review

An analysis of our portfolio composition based on our internal rating is carried out and is submitted to the Risk Committee of the Board on a quarterly basis. This facilitates the identification and analysis of trends in the portfolio credit risk.

The Credit Committee of the Bank, apart from approving proposals, regularly reviews the credit quality of the portfolio and various sub-portfolios, cases that need special attention and movement in the non-performing assets portfolio. A detailed calendar of reviews is formulated by the Credit Committee. The review calendar is comprehensive covering ICICI Bank's exposure to particular industries and the outlook for those industries, analysis of non-performing loans, accounts under watch, overdues, incremental approvals and specific review of each portfolio. A summary of the reviews carried out by the Credit Committee is submitted to the Board for its information.

Quantitative and Qualitative Disclosures About Market Risk

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices. Our exposure to market risk is a function of our trading and asset-liability management activities and our role as a financial intermediary in customer-related transactions. These risks are mitigated by the limits stipulated in the Investment Policy and Asset

Liability Management Policy, which are approved and reviewed by the board of directors.

Market Risk Management Procedures

Market risk policies include the Investment Policy and the Asset-liability Management Policy. The policies are approved by the board of directors. The Asset-liability Management Committee stipulates liquidity and interest rate

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risk limits, monitors adherence to limits, articulates the organization's interest rate view and determines the strategy in light of the current and expected environment. The policies and processes, which provide the framework for implementing strategy, are articulated in the Asset Liability Management Policy. The Investment Policy addresses issues related to investment products. The policies are designed to ensure that operations in the securities and foreign exchange and derivatives areas are conducted in accordance with sound and acceptable business practices and are as per current regulatory guidelines, laws governing transactions in financial securities and the financial environment. The policies contain the limit structures that govern transactions in financial instruments.

With regard to our treasury activities, the board has authorized the Asset-Liability Management Committee and Committee of Executive Directors (Borrowing, Treasury and Investment Operations), to act within the broad parameters laid down by policies approved by the board. The Asset-Liability Management Committee meets periodically and reviews the positions in domestic trading groups, international branches and banking subsidiaries, interest rate and liquidity gap positions on the banking book, formulates a view on interest rates, sets deposit and benchmark lending rates, reviews the business profile and its impact on asset liability management and determines the asset liability management strategy, as deemed fit, in light of the current and expected business environment.

The Global Market Risk Management Group is responsible for the identification, assessment and mitigation of risk. Risk limits including position limits and stop loss limits 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 is measured through the use of repricing gap analysis and duration analysis. ICICI Bank prepares interest rate risk reports on a fortnightly basis. These reports are submitted to the Reserve Bank of India on a monthly basis. Interest rate risk is further monitored through interest rate risk limits approved by the Asset-Liability Management Committee.

Interest Rate Risk

Our core business is deposit taking and borrowing, and lending in both Indian rupees and foreign currencies, as permitted by the Reserve Bank of India. These activities expose us to interest rate risk.

Exposure to fluctuations in interest rates is measured primarily by way of gap analysis, providing a static view of the maturity and repricing characteristics of balance sheet positions. An interest rate gap report is prepared by classifying all assets and liabilities into various time period categories according to contracted maturities or anticipated repricing date. The difference in the amount of assets and liabilities maturing or being repriced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or repriced assets and liabilities. ICICI Bank prepares interest rate risk reports on a fortnightly basis. These reports are submitted to the Reserve Bank of India on a monthly basis. Interest rate risk is further monitored through interest rate risk limits approved by the Asset Liability Management Committee.

Our primary source of funding is deposits and, to a smaller extent, borrowings. In the rupee market, most of our deposit taking is at fixed rates of interest for fixed periods, except for savings account deposits and current account deposits, which do not have any specified maturity and can be withdrawn on demand. We usually borrow for a fixed period with a one-time repayment on maturity, with some borrowings having European call/put options, exercisable only on specified dates, attached to them. However, we have a mix of floating and fixed interest rate assets. Our loans are generally repaid gradually, with principal repayments being made over the life of the loan. Our housing loans at year-end fiscal 2010 were primarily floating rate loans where any change in the benchmark rate with reference to which these loans are priced, is generally passed on to the borrower on the first day of the succeeding quarter or succeeding month, as applicable. Since January 1, 2004, we have used a single benchmark prime lending rate structure for all loans other than specific categories of loans advised by the Indian Banks' Association. Effective July 1, 2010, as

required by the Reserve Bank of India, our new loans are priced with reference to a base rate, called the ICICI Bank Base Rate. The Asset Liability Management Committee sets the ICICI Bank Base Rate based on the cost of funds, cost of operations and credit charge. Pricing for all fresh approvals and renewal of facilities is linked to the ICICI Bank Base Rate. The lending rates comprise the ICICI Bank Base Rate, term premium and transaction-specific credit and other charges. As specified by the Reserve Bank of India, the lending rates for loans and advances are not permitted to be lower than the ICICI Bank Base Rate, except in the categories of loans specified by the Reserve Bank of India from time to time. As prescribed in the guidelines an option has been given to the existing borrowers for migration to the base rate mechanism. Existing loans, other than cases where the borrower migrates to

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base rate, would continue to be linked to a benchmark as stipulated in the existing loan agreements. We generally seek to eliminate interest rate risk on undisbursed commitments by fixing interest rates on rupee loans at the time of loan disbursement. Pursuant to regulatory reserve requirements, we maintain a large part of our assets in government of India securities and in interest-free balances with the Reserve Bank of India, which are funded mainly by wholesale deposits and borrowings. This exposes us to the risk of differential movement in the yield earned on statutory reserves and the related funding cost.

Almost all our foreign currency loans are floating rate loans. These loans are generally funded with floating rate foreign currency funds in the case of our overseas branches. We generally convert all our foreign currency borrowings into floating rate dollar liabilities through the use of interest rate and currency swaps with leading international banks. Our overseas subsidiaries in the UK and Canada have fixed rate retail term deposits as their prime funding sources, which reprice slowly, compared to their assets.

We use the duration of our government securities portfolio as a key variable for interest rate risk management. We increase or decrease the duration of our government securities portfolio to increase or decrease our interest rate risk exposure. In addition, we also use interest rate derivatives to manage asset and liability positions. We are an active participant in the interest rate swap market and are one of the largest counterparties in India.

For a discussion of our vulnerability to interest rate risk, see also "Risk Factors — Risks Relating to Our Business — Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance" and "Risk Factors — Risks Relating to Our Business — Our inability to effectively manage credit, market and liquidity risk and inaccuracy of our valuation models and accounting estimates may have an adverse effect on our earnings, capitalization, credit ratings and our cost of funds".

The following table sets forth, at the date indicated, our asset-liability gap position.

	At March 31, 2010(1)			
	Less than or equal to one year	Greater than one year and up to five years	Greater than five years	Total
	(in millions)			
Loans, net	Rs. 1,806,684	Rs. 323,849	Rs. 127,248	Rs. 2,257,781
Investments	545,819	449,827	867,552	1,863,198
Fixed assets	544	2,776	35,303	38,623
Other assets(2)	164,869	949	568,053	733,871
Total assets	2,517,916	777,401	1,598,156	4,893,473
Stockholders' equity and preference share capital	–	–	512,965	512,965
Borrowings	560,065	309,003	287,915	1,156,983
Deposits	1,604,645	374,199	436,879	2,415,723
Other liabilities(2)	–	–	807,802	807,802
Total liabilities	2,164,710	683,202	2,045,561	4,893,473
Total gap before risk management positions	353,206	94,199	(447,405)	0
Risk management positions(3)	(236,427)	188,642	48,950	1,165
Total gap after risk management positions	Rs. 116,778	Rs. 282,841	Rs. (398,455)	Rs. 1,165

(1)

Assets and liabilities are classified into the applicable categories based on residual maturity or repricing whichever is earlier. Classification methodologies are generally based on Asset Liability Management Guidelines issued by the Reserve Bank of India, effective April 1, 1999 and as revised time to time and pre-payment assumptions applied, based on behavioral studies done. Items that neither mature nor reprice are included in the "greater than five years" category. This includes equity share capital and a substantial part of fixed assets. Impaired loans are classified in "greater than one year and up to five years" and "greater than five years" categories based on their classification, as per local regulators norms. of the entities.

(2) The categorization for these items is different from that reported in the financial statements.
(3) The risk management positions comprise foreign currency and rupee swaps.

The following table sets forth, at the date indicated, the amount of our loans with residual maturities greater than one year that had fixed and variable interest rates.

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	At March 31, 2010		
	Fixed rate loans	Variable rate loans	Total
		(in millions)	
Loans	Rs. 361,996	Rs. 1,072,114	Rs. 1,434,110

The following table sets forth, using the balance sheet at year-end fiscal 2010 as the base, one possible prediction of the impact of adverse changes in interest rates on net interest income for fiscal 2011, assuming a parallel shift in the yield curve at year-end fiscal 2010.

	At March 31, 2010			
	Change in interest rates (in basis points)			
	(100)	(50)	50	100
	(in millions, except percentages)			
Rupee portfolio	Rs. (1,156)	Rs. (578)	Rs. 578	Rs. 1,156
Foreign currency portfolio	(1,110)	(555)	555	1,110
Total	Rs. (2,266)	Rs. (1,133)	Rs. 1,133	Rs. 2,266

Based on our asset and liability position at year-end fiscal 2010, the sensitivity model shows that net interest income from the banking book for fiscal 2011 would rise by Rs. 2.3 billion if interest rates increased by 100 basis points during fiscal 2011. Conversely, the sensitivity model shows that if interest rates decreased by 100 basis points during fiscal 2011, net interest income for fiscal 2011 would fall by an equivalent amount of Rs. 2.3 billion. Based on our asset and liability position at year-end fiscal 2009, the sensitivity model showed that net interest income from the banking book for fiscal 2010 would have risen by Rs. 1.9 billion if interest rates increased by 100 basis points during fiscal 2010. Conversely, the sensitivity model showed that if interest rates decreased by 100 basis points during fiscal 2010, net interest income for fiscal 2010 would have fallen by an equivalent amount of Rs. 1.9 billion.

Sensitivity analysis, which is based upon static interest rate risk profile of assets and liabilities, is used for risk management purposes only and the model above assumes that during the course of the year no other changes are made in the respective portfolios. Actual changes in net interest income will vary from the model.

Price Risk (Trading book)

We undertake trading activities to enhance earnings through profitable trading for our own account. ICICI Securities Primary Dealership Limited is a primary dealer in government of India securities.

The following table sets forth, using the fixed income portfolio at year-end fiscal 2010 as the base, one possible prediction of the impact of changes in interest rates on the value of our rupee fixed income trading portfolio for fiscal 2011, assuming a parallel shift in yield curve.

		At March 31, 2010			
		Change in interest rates (in basis points)			
	Portfolio Size	(100)	(50)	50	100
		(in millions)			
Government of India securities	Rs. 17,072	Rs. 667	Rs. 333	Rs. (333)	Rs. (667)

Corporate debt securities	66,151	289	145	(145)	(289)
Total	Rs. 83,223	Rs. 956	Rs. 478	Rs. (478)	Rs. (956)

At year-end fiscal 2010, the total value of our rupee fixed income trading portfolio was Rs. 83.2 billion. The sensitivity model shows that if interest rates increase by 100 basis points during fiscal 2011, the value of this portfolio would fall by Rs. 1.0 billion. Conversely, if interest rates fell by 100 basis points during fiscal 2010, the value of this portfolio would rise by Rs. 1.0 billion. At year-end fiscal 2009, the total value of our rupee fixed

income trading portfolio was Rs. 69.5 billion. If interest rates had increased by 100 basis points during fiscal 2010, the value of this portfolio would have fallen by Rs. 3.3 billion. Conversely, if interest rates had fallen by 100 basis points during fiscal 2010, the value of this portfolio would have risen by Rs. 3.3 billion.

At year-end fiscal 2010, the total outstanding notional principal amount of our trading interest rate derivatives portfolio was Rs. 3,975.5 billion compared to Rs. 3,731.8 billion at year-end fiscal 2009. The sensitivity model shows that if interest rates increase by 100 basis points, the value of this portfolio would rise by Rs. 1.7 billion. At year-end fiscal 2010, the total outstanding notional principal amount of our trading currency derivatives (options and cross currency interest rate swaps) portfolio was Rs. 1,109.2 billion compared to Rs. 1,188.1 billion at year-end fiscal 2009. The sensitivity model shows that if interest rates increase by 100 basis points, the value of this cross currency interest rate swaps portfolio would fall by Rs. 1.2 billion.

Equity Risk

We assume equity risk both as part of our investment book and our trading book. At year-end fiscal 2010, we had a total equity investment portfolio of Rs. 33.8 billion. For further information on our trading and available for sale investments, see "— Business — Overview of Our Products and Services — Investment Banking — Treasury."

We also invest in the corpus of equity capital/venture funds, primarily those managed by our subsidiary ICICI Venture Funds Management Company. These funds invest in equity/equity linked instruments. Our investments through these funds are similar in nature to other equity investments and are subject to the same risks. In addition, they are also subject to risks in the form of changes in regulation and taxation policies applicable to such equity funds.

Equity risk in the trading portfolio is monitored through Value-at-Risk and stop loss limits as stipulated in the Investment Policy.

Exchange Rate Risk

We offer foreign currency hedge instruments like swaps, forwards, and currency options to clients, which are primarily banks and corporate customers. We actively use cross currency swaps, forwards, and options to hedge against exchange risks arising out of these transactions and for foreign currency loans that are originated in currencies different from the currencies of borrowings supporting them. Some of these transactions may not meet the hedge accounting requirements and are subject to mark to market. Trading activities in the foreign currency markets expose us to exchange rate risks. This risk is mitigated by setting counterparty limits, stipulating daily and cumulative stop-loss limits, and engaging in exception reporting.

Reserve Bank of India has authorized the dealing of foreign currency-rupee options by banks for hedging foreign currency exposures including hedging of balance sheet exposures. We have been offering such products primarily to corporate clients and other inter-bank counterparties and are one of the largest participants in the currency options market accounting for a significant share of daily trading volume. All the options are maintained within the limits specified in the Investment Policy. The foreign exchange rate risk is monitored through the net overnight open position limit approved by the Reserve Bank of India.

Derivative Instruments Risk

We enter into interest rate and currency derivative transactions for the purpose of hedging interest rate and foreign exchange mismatches and also engage in trading of derivative instruments on our own account.

We offer various derivative products, including options and swaps, to our clients for their risk management purposes. We generally do not carry market risk on client derivative positions as we cover ourselves in the inter-bank market. Profits or losses on account of currency movements on these transactions are borne by the clients. During fiscal 2009, due to high exchange rate volatility as a result of the financial crisis, a number of clients experienced significant mark-to-market losses in derivative transactions. On maturity or premature termination of the derivative contracts, these mark-to-market losses became receivables owed to us. Some clients did not pay their derivatives contract obligations to us in a timely manner and, in some instances, clients filed lawsuits to avoid

payment of derivatives contract obligations entirely. In other instances, at the request of clients, we converted overdue amounts owed to us into loans and advances.

In October 2008, the Reserve Bank of India issued guidelines requiring banks to classify derivative contract receivables overdue for 90 days or more as non-performing assets. Pursuant to these guidelines, we reverse derivative contracts receivables in our income statement when they are overdue for 90 days or more. After reversal, any expected recovery is accounted for only on actual receipt of payment.

We pursue a variety of recovery strategies to collect receivables owed in connection with derivative contracts. These strategies include, among other approaches, set-offs against any other payables to the same client, negotiated settlements, rescheduling of obligations, the exercise of rights against collateral (if available) and legal redress. We select collection strategies and make assessments of collectability based on all available financial information about a client account as well as economic and legal factors that may affect our recovery efforts.

We also invest in credit derivatives through our overseas branches and banking subsidiaries. Our derivative transactions are subject to risk of default on the underlying exposure and counterparty risk to the extent particular obligors are unable to make payment on contracts when due.

Credit Spread Risk

Credit spread risk arises out of our investments in fixed income securities and credit derivatives. Hence, volatility in the level of credit spreads would impact the value of these portfolios held by us. The portfolio is monitored closely and risk is monitored by setting reference entity exposure limits, value-at-risk limits, counterparty limits and stipulating daily and cumulative stop-loss limits.

Liquidity Risk

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both, the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The goal of liquidity risk management is to be able, even under adverse conditions, to meet all liability repayments on time and to fund all investment opportunities by raising sufficient funds either by increasing liabilities or by converting assets into cash expeditiously and at reasonable cost.

The Bank manages liquidity risk in accordance with its asset liability management policy. This policy is framed as per the current regulatory guidelines and is approved by the board of directors. The asset liability policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset-Liability Management Committee of the Bank formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the asset liability management policy. The Asset-Liability Management Committee constitution comprises whole-time directors, Senior General Managers in charge of Risk, Treasury and Deputy Chief Financial Officer and heads of business groups. The Risk Committee of the Board, a Board Committee, has oversight of the Asset-Liability Management Committee.

The Bank uses various tools for the measurement of liquidity risk including the statement of structural liquidity, dynamic liquidity gap statements, liquidity ratios and stress testing through scenario analysis. The statement of structural liquidity is used as a standard tool for measuring and managing net funding requirements and the assessment

of a surplus or shortfall of funds in various maturity buckets in the future. The cash flows pertaining to various assets, liabilities and off-balance sheet items are placed in different time buckets based on their contractual or behavioral maturity. The statement of structural liquidity is prepared periodically for the domestic and international operations of the Bank and the utilization against gap limits for various time buckets laid down for each bucket are reviewed by the Asset-Liability Management Committee.

The Bank also prepares dynamic liquidity statements, which in addition to scheduled cash flows, also considers the liquidity requirements pertaining to incremental business and the funding thereof. The dynamic liquidity

statements are prepared in close coordination with the business groups, and cash flow projections based on the statements are periodically presented to the Asset-Liability Management Committee. As a part of the stock and flow approach, the Bank also monitors various liquidity ratios, and limits are laid down for these ratios under the asset liability management policy.

The Bank has diverse sources of liquidity to allow for flexibility in meeting funding requirements. For the domestic operations, current accounts and savings deposits payable on demand form a significant part of the Bank's funding and the Bank is implementing its strategy to sustain and grow this segment of deposits along with retail term deposits. These deposits are augmented by wholesale deposits, borrowings and through the issuance of bonds and subordinated debt from time to time. Loan maturities and sale of investments also provide liquidity. The Bank holds unencumbered, high quality liquid assets to protect against stress conditions.

For domestic operations, the Bank also has the option of managing liquidity by borrowing in the inter-bank market on a short-term basis. The overnight market, which is a significant part of the inter-bank market, is susceptible to volatile interest rates. To limit the reliance on such volatile funding, the asset liability management policy stipulates stringent limits for borrowing and lending in the inter-bank market. The Bank also has access to refinancing facilities extended by the Reserve Bank of India against refinance eligible assets.

For its overseas operations, the Bank also has a well-defined borrowing program. The US dollar is the base currency for the overseas branches of the Bank, apart from the branches where the local currency is not freely convertible. In order to maximize borrowings at a reasonable cost, liquidity in different markets and currencies is targeted. The wholesale borrowings are in the form of bond issuances, syndicated loans from banks, money market borrowings, inter-bank bilateral loans and deposits, including structured deposits. The Bank also raises refinance from other banks against the buyers credit and other trade assets. Those loans that meet the Export Credit Agencies' criteria are refinanced as per the agreements entered into with these agencies. The Bank is also focused on increasing its share of retail deposit liabilities, in accordance with the regulatory framework in place in the host country.

We maintain prudential levels of liquid assets in the form of cash, balances with the central bank and government securities. Currently, as stipulated by the regulator, banks in India are required to maintain their statutory liquidity ratio at a level of 25% of net demand and time liabilities and their cash reserve ratio at a level of 6% of net demand and time liabilities. The Bank generally holds additional statutory liquidity ratio securities over and above the stipulated level. During the fortnight ended on August 27, 2010, the Bank maintained an average daily cash reserve of Rs. 149.2 billion with the Reserve Bank of India, which was 6.1% of net demand and time liabilities. At August 27, 2010, the Bank maintained statutory liquidity of Rs. 706.2 billion.

Further, the Bank has a board approved liquidity stress testing framework, under which the Bank estimates its liquidity position under a range of stress scenarios. These scenarios cover bank specific and market-wide stress situations and have been separately designed for the domestic and international operations of the Bank. The potential impact on profit of meeting the stress outflows under these scenarios is measured and is subject to a stress tolerance limit specified by the board of directors. The results of liquidity stress testing are reported to the Asset-Liability Management Committee on a monthly basis.

The Risk Committee of the board has further approved a Liquidity Contingency Plan which lays down a framework for ongoing monitoring of potential liquidity contingencies and an action plan to meet such contingencies. The Liquidity Contingency Plan lays down several triggers, which are monitored on a weekly basis and defines the protocol and responsibilities of various teams in the event of a liquidity contingency.

Similar frameworks to manage liquidity risk have been established at each of the overseas banking subsidiaries of the Bank addressing the risks they run and host country regulatory requirements as applicable. Our subsidiaries continue to be funded primarily out of term deposits, which are of tenors of one year and above and raised from their respective local markets. Our subsidiary in the United Kingdom offers an Internet-based online savings deposit product to depositors. The total amount of such deposits at year-end fiscal 2010 was US$ 1.3 billion. These deposits are payable on demand. At present, these deposits are classified as outflow in the less than eight days liquidity bucket as required by the Financial Services Authority of the United Kingdom under current regulations. We deploy

these funds in a portfolio of short-term money market placements and marketable securities. We may face liquidity risk in case of high volumes of deposit withdrawals.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Our rapid growth over the last few years both internationally and in India exposes us to a greater operational risk than banks in developed countries. Operational risk includes legal risk but excludes strategic and reputational risks. Legal risk includes, but not limited to, exposure to fines, penalties or punitive damages resulting from supervisory actions, as well as private settlements. For a discussion on our vulnerability to operational risk, see "Risk Factors — Risks Relating to Our Business — There is operational risk associated with financial industries which, when realized, may have an adverse impact on our business".

The management of operational risk in the Bank is governed by the Operational Risk Management Policy approved by the board of directors. The policy is applicable across the Bank including overseas branches, ensuring that there is clear accountability and responsibility for management and mitigation of operational risk, developing a common understanding of operational risk, helping the business and operation groups units to improve internal controls, thereby reducing the probability and potential impact of losses from operational risks while meeting regulatory requirements. Operational risk can result from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. Operational risk is sought to be mitigated by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking regular contingency planning.

In each of the banking subsidiaries, local management is responsible for implementing operational risk management framework through the operational risk management policy approved by their respective boards.

Operational Controls and Procedures in Branches

The Bank has put in place comprehensive operating manuals detailing procedures for the processing of various banking transactions and the operation of the application software. Amendments to these manuals are implemented through circulars, which are accessible to our branch employees on the company intranet. Our core banking application software has multiple security features to protect the integrity of applications and data.

Transactions in customer accounts are processed based on built-in system checks and documented authorization procedures. Cash transactions over a specified limit are subjected to enhanced scrutiny to avoid potential money laundering.

Operational Controls and Procedures for Internet Banking

The Bank has put in place controls for transactions through internet banking including two levels of passwords. In addition to this, grid level authentication (a grid is a unique set of numbers printed on the debit card) is also required. Internet transactions using credit cards require password-based authentication. To prevent phishing and internet related fraud, the Bank regularly communicates with customers. The internet banking infrastructure is secured through the multi layer information security controls, including firewalls, intrusion prevention systems and network level access controls. These are supplemented by periodic penetration tests, vulnerability assessments and continuous security incident monitoring of internet banking servers.

Operational Controls and Procedures in Regional Processing Centers and Central Processing Center

The Bank has centralized operations at regional processing centers located at various cities across the country. These regional processing centers process clearing checks and inter-branch transactions, make inter-city check collections, and engage in back-office activities for account opening, standing instructions and auto-renewal of deposits. There are currency chests located at 32 locations in various cities across India, which cater to the replenishment of ATMs and the cash requirements of branches.

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In Mumbai, centralized transaction processing is carried out for transactions including the issuance of ATM cards and personal identification number mailers, reconciliation of ATM transactions, issue of passwords to internet banking customers, internet banking bill payments, and processing of credit card transactions. Centralized processing has also been extended to activities like the issuance of personalized check books and activation of new account opening.

Operational Controls and Procedures in Treasury

The Bank has put in place a comprehensive internal control structure with respect to its treasury operations. The control measures include the segregation of duties between treasury front-office and treasury middle office, elaborate automated control procedures, continuous monitoring procedures through detailed reporting statements, and well defined code of conduct, for dealers the Bank has also set up limits in respect of treasury operations including deal-wise limits and product-wise limits. In order to mitigate the potential mis-selling risks, if any, elaborate labeling policy is implemented. Similarly in order to mitigate potential contractual risks, if any, negotiations for deals are recorded on a voice recording system. All key processes in treasury operations are documented and approved by the Bank's Product and Process Approval Committee. Some of the control measures include deal validation, independent confirmation, documentation, limits monitoring, treasury accounting, settlement, reconciliation and regulatory compliance. Middle office group reviews the unconfirmed, unsettled deals if any, on a regular basis and follows up for timely confirmation or settlement. There is a mechanism of escalation to senior management in case of delays in settlement or confirmation beyond a time period. In addition to the above, concurrent and internal audits are also there in respect of treasury operations. The control structure in our treasury operations is designed to minimize errors, prevent potential frauds, and provide early-warning signals.

Operational Controls and Procedures in Retail Asset Operations

Retail asset operations comprise, decentralized retail asset operations and central asset operations. Activities of decentralized operations include disbursement and regular banking activities. Decentralized retail asset operations support operations relating to retail asset products across the country. Disbursements are done through automated processes like fund transfers through the National Electronic Funds Transfer system and the Real Time Gross Settlement system with sufficient internal checks. No single team has the full authority to complete a transaction and carry out financial reconciliation. An independent team conduct regular banking activity, reconciliation and publishes management reports to the senior management.

The central asset operations unit is located in Mumbai while regional operations units are located at Delhi and Chennai. These central and regional units support operations relating to retail asset products across the country. The central asset operations unit carries out activities like loan accounts maintenance, accounting and reconciliation, payouts, and repayment management activities for all retail asset products.

Operational Controls and Procedures for Corporate Banking

Corporate Banking is organized into a zonal structure. The front office is responsible for sourcing clients and performing credit analysis of the proposal. The credit risk is independently evaluated by the Risk Management Group. Operations regarding corporate banking products and services are supported by middle office and back office with well defined process ownership. The key processes and their ownership are documented through process notes which are reviewed periodically. The middle office conducts verification and scrutiny of the documents and memos to ensure mitigation of post approval risks. It also monitors adherence to the terms of approval by periodically publishing compliance monitoring reports. The back office in the corporate operations units is comprised units responsible for the execution of trade finance, cash management and general banking transactions based on the requests and instructions initiated through channels including branches.

Operational Controls and Procedures in Rural Loan Operations

Operational controls and procedures for corporate customers in rural and agricultural banking are similar to those for our corporate customers. For other loans, duly approved disbursement requests are submitted to local operations teams where they are checked for completeness and tallied with the terms of approval, before loans are disbursed. Account reconciliation and other monitoring activities are conducted centrally by an independent team.

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Anti-Money Laundering Controls

We have taken several initiatives to implement the Know Your Customer /Anti-money Laundering /Combating of Financing of Terrorism guidelines issued by the Reserve Bank of India and the rules notified under Prevention of Money Laundering Act, 2002.

These initiatives include formulation of a Group Anti-money Laundering Policy with the approval of the board of directors of the Bank which also covers our overseas branches/subsidiaries, oversight by the Audit Committee on the implementation of the Anti-Money Laundering framework, appointment of a senior level officer as Money Laundering Reporting Officer who has the day-to-day responsibility for implementation of the anti-money laundering framework, implementation of adequate Know Your Customer procedures based on risk categorization of customer segments, screening of names of customers with negative lists issued by the regulators and customer risk categorization for classifying the customers into high, medium and low risk segments. The Know Your Customer procedures are based on basic due diligence for low risk customers, enhanced due diligence for high risk customers and simplified due diligence for small deposit accounts in terms of Reserve Bank of India guidelines.

We also adhere to the anti-money laundering reporting requirements as specified by the regulators of respective geographies. A dedicated anti-money laundering software has been implemented for the domestic as well as overseas operations of the Bank to facilitate the process of risk based transaction monitoring. The anti-money laundering framework is subject to audit by the Internal Audit Department and their observations are periodically reported to the Audit Committee. We have also taken appropriate steps to train our employees on Know Your Customer and anti-money laundering and to create customer awareness on this subject.

Audit

The Internal Audit Group undertakes a comprehensive audit of all business groups and other functions, in accordance with a risk-based audit plan. This plan allocates audit resources based on an assessment of the operational risks in the various businesses. The audit plan for every fiscal year is approved by the Audit Committee.

The Internal Audit Group also has a dedicated team responsible for information technology security audits. The annual audit plan covers various components of information technology including applications, databases, networks and operating systems.

The Reserve Bank of India requires banks to have a process of concurrent audits at branches handling large volumes, to cover a minimum of 50.0% of assets, liabilities and other exposure. We have a well defined process of concurrent audits, whereby external accounting firms are engaged to carry out the concurrent audits. Concurrent audits are also carried out at centralized and regional processing centers and at centralized operations to ensure existence of and adherence to internal controls.

The audit of overseas banking subsidiaries is carried out by a dedicated team of resident auditors attached to the respective subsidiaries. The resident audit team functionally reports to Internal Audit Group. The audit of overseas branches and representative offices is carried out by audit teams consisting of auditors from India as well as a resident auditor based at the Singapore branch. International operations outsourced to India are audited by a team of auditors in India.

Legal and Regulatory Risk

We are involved in various litigations and are subject to a wide variety of banking and financial services laws and regulations in each of the jurisdictions in which we operate. We are also subject to a large number of regulatory and enforcement authorities in each of these jurisdictions. The uncertainty of the enforceability of the obligations of our customers and counter-parties, including the foreclosure on collateral, creates legal risk. Changes in laws and regulations could adversely affect us. Legal risk is higher in new areas of business where the law is often untested by the courts. We seek to minimize legal risk by using stringent legal documentation, employing procedures designed to ensure that transactions are properly authorized and consulting internal and external legal advisors. See "Risk Factors—Risks Relating to Our Business—We are involved in various litigations. Any final judgment awarding material damages against us could have a material adverse impact on our future financial performance, our

stockholders' equity and the price of the ADSs" and "Risk Factors—Risks relating to Our Business— The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment".

Global Risk Management Framework

We have adopted a global risk management framework for our international banking operations, including overseas branches, offshore banking units and subsidiaries. Under this framework, our credit, investment, asset liability management and anti-money laundering policies apply to all our overseas branches and offshore banking units, with modifications to meet local regulatory or business requirements. These modifications may be made only with the approval of our board of directors. All overseas banking subsidiaries are required to adopt risk management policy frameworks to be approved by their board of directors or an appropriate committee of their board of directors, based on applicable laws and regulations as well as our corporate governance and risk management framework. Policies at the overseas banking subsidiaries are framed in consultation with the related groups in ICICI Bank.

The Compliance Group plays an oversight role in respect of regulatory compliance at the overseas branches and offshore banking units. Compliance risk assessment along with the key risk indicators pertaining to our domestic and international banking operations are presented to the Risk Committee of our board of directors on a quarterly basis. Management of regulatory compliance risk is considered as an integral component of the governance framework at the Bank and its subsidiaries along with the internal control and enterprise-wide risk management frameworks. The Bank has therefore adopted an appropriate framework for compliance, by formulating the Group Compliance Policy, which is approved by the board of directors and is reviewed from time to time. The Group Compliance Policy outlines a framework for identification and evaluation of the significant compliance risks, on a consolidated or Group-wide basis, in order to assess how these risks might affect our safety and soundness.

Risk Management in Key Subsidiaries

ICICI Securities Primary Dealership is a primary dealer and has government of India securities as a significant proportion of its portfolio. The Corporate Risk Management Group at ICICI Securities Primary Dealership has developed comprehensive risk management policies which seek to minimize risks generated by the activities of the organization. The Corporate Risk Management Group develops and maintains models to assess market risks which are constantly updated to capture the dynamic nature of the markets and in this capacity, participates in the evaluation and introduction of new products and business activities.

ICICI Securities Primary Dealership has constituted an internal Risk Management Committee comprising the Managing Director and CEO and senior executives from cross-functional areas. The Committee debates various aspects of risk management and among other things decides risk and investment policies for its various businesses and ensures compliance with regulatory guidelines on risk management as well as with all the prudential and exposure limits set by the board of directors.

ICICI Prudential Life Insurance Company is exposed to business risks arising out of the nature of products and underwriting, and market risk arising out of the investments made out of the corpus of premiums collected and the returns guaranteed to policyholders. The risk governance structure consists of the Board, Board Risk Committee, Executive Risk Committee and its sub-committees. The risk management model of the organization is comprised of a four stage continuous cycle: identification and assessment, measurement, monitoring and control of risks. The Company has in place a risk management policy which details the strategy and procedure adopted to identify, measure, monitor and control risk at the enterprise level. To manage investment risk, the Company has a prudent investment strategy to optimize risk-adjusted returns. ICICI Prudential Life Insurance Company's asset-liability management framework is designed to cushion and mitigate the investment related risks of assets. Asset under

management of unit-linked insurance product amount to over 90% of policyholders' funds. There is minimal asset-liability mismatch risk to the linked portfolio. As part of asset-liability management for the non-linked portfolio, ICICI Prudential Life Insurance Company manages the risk due to guaranteed returns by investing only in fixed income instruments and manages the interest rate risk through monthly rebalancing of the portfolio, to manage the duration gap between assets and liabilities. In addition, for certain products, a cash flow matching strategy is also used. For the participating portfolio, the asset allocation strategy, which includes investments in equities, is designed to achieve the twin objectives of managing base guarantees and maximizing returns. The equity portfolio is

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benchmarked against a market index. In addition, there are exposure limits to companies, groups and industries. ICICI Prudential Life Insurance Company's Insurance Risk Committee assists the Executive Risk Committee in the identification, measurement, monitoring and control of insurance risks like demographic and expense risks. The Operational Risk Committee assists the Executive Risk Committee in identification, measurement, monitoring and control of operational risks The Company categorizes operational risk using the Basel II framework. For mitigating operational risks, the management assesses and rates the key risk indicators and prepares a mitigation plan. A risk report summarizing the key risks faced by the enterprise is placed before the Board Risk Committee on a periodic basis.

ICICI Lombard General Insurance Company is principally exposed to risks arising out of the nature of business underwritten and credit risk on its investment portfolio as well as the credit risk it carries on its reinsurers. In respect of business risk, ICICI Lombard General Insurance always seeks to diversify its insurance portfolio across industry sectors and geographical regions. The Company focuses on achieving a balance between the corporate and retail portfolio mix to achieve favorable claim ratio and risk diversification. The Company also has the ability to limit its risk exposure by way of re-insurance arrangements. Investments of the Company are governed by the investment policy approved by its board of directors within the norms stipulated by the Insurance Regulatory and Development Authority. The Investment Committee oversees the implementation of this policy and reviews it periodically. Exposure to any single entity is normally restricted to 5.0% of the portfolio and to any industry to 10.0% of the portfolio. Investments in debt instruments are generally restricted to instruments with a domestic credit rating of AA or higher.

Controls and Procedures

We carried out an evaluation under the supervision and with the participation of management, including the Managing Director and Chief Executive Officer and the Executive Director and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) of the Exchange Act as of March 31, 2010.

As a result, it has been concluded that, as of the end of the period covered by this report, the disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported as and when required.

However, as a result of our evaluation, we noted certain areas where our processes and controls could be improved. We are committed to continuing to implement and improve internal controls and our risk management processes, and this remains a key priority for us. We also have a process whereby business and financial officers throughout the Company attest to the accuracy of reported financial information as well as the effectiveness of disclosure controls, procedures and processes.

There are inherent limitations to the effectiveness of any system especially of disclosure controls and procedures, including the possibility of human error, circumvention or overriding of the controls and procedures, in a fast changing environment or when entering new areas of business or expanding geographic reach. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

We have experienced significant growth in a fast changing environment, and management is aware that this may pose significant challenges to the control framework. See "Risk Factors — Risks Relating to Our Business — There is operational risk associated with financial industries which, when realized, may have an adverse impact on our business".

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act). Our internal control system has been designed to provide reasonable assurance regarding the reliability of financial reporting and preparation and fair presentation of published financial statements in accordance with Generally Accepted Accounting Principles in India.

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Management maintains an internal control system intended to ensure that financial reporting provides reasonable assurance that transactions are executed in accordance with the authorizations of management and the directors, assets are safeguarded and financial records are reliable.

Our internal controls include policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect in reasonable detail the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are made only in accordance with authorizations of management and the executive directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations, and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management assessed the effectiveness of internal control over financial reporting as of March 31, 2010 based on criteria set by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework. Based on the assessment, management concluded that our internal control over financial reporting was effective as of March 31, 2010. Effectiveness of our internal control over financial reporting as of March 31, 2009 has been audited by KPMG, an independent registered public accounting firm, as stated in their attestation report, which is included herein.

Change in Internal Control Over Financial Reporting

No change in our internal control over financial reporting occurred during the period covered by this annual report that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

Loan Portfolio

Our gross loan portfolio was Rs. 2,321.4 billion at year-end fiscal 2010, a decrease of 14.5% over the gross loan portfolio of Rs. 2,714.9 billion at year-end fiscal 2009. At year-end fiscal 2009, the gross loan portfolio increased 6.2% to Rs. 2,714.9 billion from Rs. 2,555.9 billion at year-end fiscal 2008. At year-end fiscal 2010, approximately 64% of our gross loans were rupee loans.

Loan Portfolio by Categories

The following table sets forth, at the dates indicated, our gross (net of write off) rupee and foreign currency loans by business category.

At March 31,

	2006	2007	2008	2009	2010	2010
			(in millions)			
Consumer loans and credit card receivables(1)	Rs. 910,871	Rs. 1,276,977	Rs. 1,408,271	Rs. 1,228,337	Rs. 954,245	US$ 21,229
Rupee	895,116	1,248,484	1,365,595	1,181,368	923,831	20,552
Foreign currency	15,755	28,493	42,676	46,969	30,414	677
Commercial, financial, agricultural and others(2)	665,549	859,562	1,147,276	1,486,380	1,367,175	30,415

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	At March 31,					
	2006	2007	2008	2009	2010	2010
	(in millions)					
Rupee	449,160	495,464	475,796	587,644	565,990	12,591
Foreign currency	216,389	364,098	671,480	898,736	801,185	17,824
Leasing and related activities(3)	736	569	329	175	17	0
Rupee	695	569	329	175	17	0
Foreign currency	41	–	–	–	–	–
Gross loans	1,577,156	2,137,108	2,555,876	2,714,892	2,321,437	51,644
Rupee	1,344,971	1,744,517	1,841,719	1,769,187	1,489,838	33,069
Foreign currency	232,185	392,591	714,156	945,705	831,599	18,575
Total gross loans	1,577,156	2,137,108	2,555,876	2,714,892	2,321,437	51,644
Allowance for loan losses	(14,553)	(23,114)	(41,859)	(53,587)	(63,656)	(1,416)
Net loans	Rs. 1,562,603	Rs. 2,113,994	Rs. 2,514,017	Rs. 2,661,305	Rs. 2,257,781	US$ 50,228

(1) Includes home loans, automobile loans, commercial business loans, two-wheeler loans, personal loans, credit card receivables and farm equipment loans.

(2) Includes builder financing and dealer financing.

(3) Leasing and related activities includes leasing and hire purchase.

Our gross consumer loans and credit card receivables decreased to Rs. 954.3 billion, constituting 41.1% of our gross loans at year-end fiscal 2010 from Rs. 1,228.3 billion, constituting 45.2% of our gross loans at year-end fiscal 2009. Our gross foreign currency loans decreased from Rs. 945.7 billion, constituting 34.8% of our total gross loans at year-end fiscal 2009 to Rs. 831.6 billion, constituting 35.8% of our total gross loans at year-end fiscal 2010. Our gross foreign currency loans, in rupee terms, decreased by 12.1% at year-end fiscal 2010 from year-end fiscal 2009, almost entirely due to the impact of rupee appreciation in fiscal 2010. Our gross foreign currency loans decreased marginally in US dollar terms by 0.5% at year-end fiscal 2010 from year-end fiscal 2009.

At year-end fiscal 2010, we did not have outstanding cross-border loans (defined as loans made to borrowers outside of India) exceeding 1.0% of our assets in any country except Canada. We had outstanding cross-border loans to US borrowers amounting to between 0.25% and 0.50% of our assets.

Collateral — Completion, Perfection and Enforcement

Our loan portfolio consists largely of loans to retail customers, including home loans, automobile loans, two-wheeler loans, commercial business loans, personal loans and credit card receivables, project and corporate finance and working capital loans to corporate borrowers and agricultural financing. In general, our loans (other than personal loans, credit card receivables and some forms of corporate and agricultural financing, which are unsecured) are over-collateralized. In India, there are no regulations stipulating loan-to-collateral limits.

We have a mechanism by which we track the creation of security and follow up in case of any delay in creation of any security interest. The delays could be due to time taken for acquisition of the asset on which security interest is to be created (or completion of formalities related thereto), obtaining of requisite consents including legal, statutory or contractual obligations to obtain such consents, obtaining of legal opinions as to title and completion of necessary

procedure for perfection of security in the respective jurisdictions.

Corporate finance and project finance loans are typically secured by a first charge on fixed assets, which normally consists of property, plant and equipment. These security interests are perfected by the registration of these interests within time limits stipulated under the Companies Act with the Registrar of Companies pursuant to the provisions of the Indian Companies Act when our clients are constituted as companies. This registration amounts to a constructive public notice to other business entities of the security interests created by such companies. Prior to creation of security interests on all assets, which are not stock-in-trade for the company, a no-objection certificate from the income tax authorities is required to create a charge on the asset. We may also take security of a pledge of financial assets like marketable securities (for which perfection of security interests by registration with the Registrar of Companies is not mandatory for companies under the Companies Act), and obtain corporate guarantees

and personal guarantees wherever appropriate. In certain cases, the terms of financing include covenants relating to sponsor shareholding in the borrower and restrictions on the sponsors' ability to sell all or part of their shareholding. Covenants involving equity shares have top-up mechanism based on price triggers. For all immovable property and shares, which are secured in favor of offshore lenders, approval from the Reserve Bank of India is obtained prior to creation.

Working capital loans are typically secured by a first charge on current assets, which normally consist of inventory and receivables. Additionally, in some cases, we may take further security of a first or second charge on fixed assets, a pledge of financial assets like marketable securities, or obtain corporate guarantees and personal guarantees wherever appropriate.

A substantial portion of our loans to retail customers (other than personal loans and loans against credit card receivables, which are unsecured) is also secured by a first and exclusive charge on the assets financed (predominantly property and vehicles).

We also accept post dated checks and cash as additional comfort for the facilities provided to various entities.

We are entitled in terms of our security documents to enforce security and appropriate the proceeds towards the borrower's loan obligations without reference to the courts or tribunals unless a client makes a reference to such courts or tribunals to challenge such enforcement.

Separately, in India, foreclosure on collateral of property generally requires a written petition to an Indian court or tribunal. An application, when made, may be subject to delays and administrative requirements that may result, or be accompanied by, a decrease in the value of the collateral. These delays can last for several years and therefore might lead to deterioration in the physical condition and market value of the collateral. In the event a corporate borrower is in financial difficulty and unable to sustain itself, it may opt for the process of voluntary winding up. In case a company becomes a sick unit, foreclosure and enforceability of collateral is stayed. In fiscal 2003, the Indian Parliament passed the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended, which strengthened the ability of lenders to resolve non-performing assets by granting them greater rights as to enforcement of security including over immovable property and recovery of dues, without reference to the courts or tribunals. See "Overview of the Indian Financial Sector — Recent Structural Reforms — Legislative Framework for Recovery of Debts due to Banks".

In case of consumer installment loans, we obtain direct debit mandates or post-dated checks towards repayment on pre-specified dates. Post dated checks, if dishonored entitle us on occurrence of certain events to initiate criminal proceedings against the issuer of the checks.

We recognize that our ability to realize the full value of the collateral in respect of current assets is difficult, due to, among other things, delays on our part in taking immediate action, delays in bankruptcy foreclosure proceedings, defects in the perfection of collateral (including due to inability to obtain approvals that may be required from various persons, agencies or authorities) and fraudulent transfers by borrowers and other factors, including current legislative provisions or changes thereto and past or future judicial pronouncements. However, cash credit facilities are so structured that we are able to capture the cash flows of our customers for recovery of past due amounts. In addition, we generally have a right of set-off for amounts due to us on these facilities. Also, we regularly monitor the cash flows of our working capital loan customers so that we can take any actions required before the loan becomes impaired. On a case-by-case basis, we may also stop or limit the borrower from drawing further credit from its facility.

Loan Concentration

We follow a policy of portfolio diversification and evaluate our total financing exposure in a particular industry in light of our forecasts of growth and profitability for that industry. ICICI Bank's Global Credit Risk Management Group monitors all major sectors of the economy and specifically tracks industries in which ICICI Bank has credit exposures. We seek to respond to any economic weakness in an industrial segment by restricting new credits to that industry segment and any growth in an industrial segment by increasing new credits to that industry segment, resulting in active portfolio management. ICICI Bank's policy is to limit its loan portfolio to any particular industry

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(other than retail loans) to 15.0% of its total exposure. Between 2003 and 2006, the banking system as a whole saw significant expansion of retail credit, with retail loans accounting for a major part of overall systemic credit growth. Accordingly, during these years, we increased our financing to the retail finance segment. Given the uncertain economic environment, we accorded priority to risk containment, liquidity management and capital conservation. In view of high asset prices and the increase in interest rates since the second half of fiscal 2008, we followed a conscious strategy of moderation of retail disbursements, especially in the unsecured retail loans segment. At the same time, there has been an increase in demand for credit from the corporate sector. Following this trend, our loans and advances to the retail finance segment constituted 42.1% of our gross loans and advances at year-end fiscal 2010 compared to 46.4% at year-end fiscal 2009 and 57.0% at year-end fiscal 2008.

Pursuant to the guidelines of the Reserve Bank of India, our credit exposure to an individual borrower generally must not exceed 15.0% of our capital funds, unless the exposure is in respect of an infrastructure project. Capital funds comprise Tier 1 and Tier 2 capital calculated pursuant to the guidelines of the Reserve Bank of India, under Indian GAAP. Credit exposure to individual borrowers may exceed the exposure norm of 15.0% of our capital funds by an additional 5.0% (i.e. the aggregate exposure can be 20.0%) provided the additional credit exposure is on account of infrastructure financing. Our exposure to a group of companies under the same management control generally must not exceed 40.0% of our capital funds unless the exposure is in respect of an infrastructure project. The exposure to a group of companies under the same management control, including exposure to infrastructure projects, may be up to 50.0% of our capital funds. Banks may, in exceptional circumstances, with the approval of their boards, enhance the exposure by 5.0% of capital funds (i.e., the aggregate exposure can be 20.0% of capital funds for an individual borrower and the aggregate exposure can be 45.0% of capital funds for a group of companies under the same management), making appropriate disclosures in their annual reports. Exposure for funded and non-funded credit facilities is calculated as the total committed amount or the outstanding amount whichever is higher (for term loans, as the sum of undisbursed commitments and the outstanding amount). Investment exposure is considered at book value. At year-end fiscal 2010, we were in compliance with these guidelines. During fiscal 2010, our exposure to ICICI Prudential Flexible Income Plan (a liquid debt plan) exceeded the stipulated ceiling of 15.0% of capital funds from July 20, 2009 to August 20, 2009. This excess exposure was duly approved/confirmed by the majority of directors, with exposure remaining within 20.0% of the capital funds in accordance with the guidelines issued by the Reserve Bank of India.

At year-end fiscal 2010, our largest non-bank borrower accounted for approximately 13.4% of our capital funds. The largest group of companies under the same management control accounted for approximately 28.9% of our capital funds.

The following table sets forth, at the dates indicated, the composition of our gross advances (net of write-offs)

	At March 31, 2006		2007		2008		2009		2010
	Amount	As a %	Amount	As a %	Amount	As a %	Amount	As a %	Amount
					(in millions, except percentages)				
Retail finance(1)	Rs. 981,550	62.2%	Rs. 1,364,472	63.8%	Rs. 1,457,548	57.0%	Rs. 1,259,908	46.4%	Rs. 976,481
Services — non finance	47,289	3.0	64,342	3.0	168,139	6.6	244,367	9.0	223,535
Crude petroleum/refining & petrochemicals	46,185	2.9	49,656	2.3	65,136	2.6	163,027	6.0	150,170
	30,114	1.9	29,873	1.4	57,707	2.3	116,138	4.3	112,339

Road, port, telecom, urban development & other infrastructure									
Iron & steel and products	51,717	3.3	52,071	2.5	100,441	3.9	113,931	4.2	89,673
Services — finance	74,356	4.7	111,500	5.2	65,373	2.6	88,432	3.3	69,483
Food & beverages	41,491	2.6	50,863	2.4	76,802	3.0	73,218	2.7	84,888
Electronics & engineering	24,129	1.5	21,863	1.0	39,294	1.5	51,473	1.9	45,205
Chemicals & fertilizers	32,241	2.1	53,768	2.5	43,346	1.7	61,758	2.3	55,627
Power	28,127	1.8	41,917	2.0	62,479	2.4	59,105	2.2	82,171
Drugs & pharmaceuticals	4,968	0.3	10,014	0.5	26,568	1.0	37,495	1.4	31,377
Construction	9,822	0.6	15,285	0.7	30,340	1.2	35,820	1.3	23,269
Wholesale/retail trade	14,842	1.0	28,625	1.3	26,728	1.0	28,187	1.0	49,683

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	At March 31, 2006		2007		2008		2009		2010	
	Amount	As a %	Amount	As a %	Amount	As a %	Amount	As a %	Amount	A
	(in millions, except percentages)									
Metal & products (excluding iron & steel)	19,335	1.2	1,462	0.1	28,925	1.2	23,642	0.8	35,993	
Others(2)	171,216	10.9	241,904	11.3	308,517	12.0	358,391	13.2	291,544	
Gross loans	1,577,382	100.0	2,137,615	100.0	2,557,343	100.0	2,714,892	100.0	2,321,438	
Allowance for loan losses and interest suspense	(14,778)		(23,621)		(43,327)		(53,587)		(63,655)	
Net loans	Rs. 1,562,604		Rs. 2,113,994.4		Rs. 2,514,016		Rs. 2,661,305		Rs. 2,257,783	U

(1) Includes home loans, automobile loans, commercial business loans, two wheeler loans, personal loans, credit cards receivables, dealer funding, developer financing and overdraft products loans.

(2) Other industries primarily include automobiles, cement, agriculture and allied activities, fast-moving consumer goods, gems and jewelry, manufacturing products excluding metal, mining, shipping, textiles etc.

Our gross loan portfolio at year-end fiscal 2010 decreased by 14.5% compared to the gross loan portfolio at year-end fiscal 2009. Retail finance was 42.1% of gross loans at year-end fiscal 2010 compared to 46.4% at year-end fiscal 2009 and 57.0% at year-end fiscal 2008. Our gross loans to the services — non-finance sector as a percentage of gross loans increased to 9.6% at year-end fiscal 2010 compared to 9.0% at year-end fiscal 2009. Our gross loans to the crude petroleum/refining and petrochemicals sector as a percentage of gross loans increased to 6.5% at year-end fiscal 2010 compared to 6.0% at year-end fiscal 2009.

At year-end fiscal 2010, our twenty largest borrowers accounted for approximately 16.9% of our gross loan portfolio, with the largest borrower accounting for approximately 3.3% of our gross loan portfolio. The largest group of companies under the same management control accounted for approximately 4.5% of our gross loan portfolio.

Geographic Diversity

Our portfolios are geographically diversified. The state of Maharashtra accounted for the largest proportion of our domestic gross loans outstanding at year-end fiscal 2010.

Directed Lending

The Reserve Bank of India requires banks to lend to certain sectors of the economy. Such directed lending comprises priority sector lending and export credit.

Priority Sector Lending

The Reserve Bank of India guidelines require banks to lend 40.0% of their adjusted net bank credit, or the credit equivalent amount of off balance sheet exposure, whichever is higher, to certain specified sectors called priority sectors. The definition of adjusted net bank credit does not include certain exemptions and includes certain investments and is computed with reference to the outstanding amount at March 31 of the previous year. Priority sectors include agricultural sector, food and agri-based industries, small and micro enterprises and small businesses and housing finance up to certain limits. Out of the 40.0%, banks are required to lend a minimum of 18.0% of their adjusted net bank credit to the agriculture sector (of which 13.5% is required towards direct agriculture) and the balance to certain specified sectors, including small enterprises (defined as enterprises engaged in manufacturing/production, processing and services businesses with a certain limit on investment in plant and machinery), small road and water transport operators, small businesses, professional and self-employed persons, and all other service enterprises, micro credit, education and housing loans up to Rs. 2 million to individuals for purchase/construction of a dwelling unit per family.

In its letter dated April 26, 2002, which granted its approval for the amalgamation, the Reserve Bank of India stipulated that since the loans of erstwhile ICICI Limited (ICICI) transferred to us were not subject to the priority sector lending requirement, we are required to maintain priority sector lending of 50.0% of our adjusted net bank credit on the residual portion of our advances (i.e. the portion of total advances excluding advances of ICICI at year-end fiscal 2002, referred to as “residual adjusted net bank credit”). This additional 10.0% priority sector lending

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requirement will apply until such time as our aggregate priority sector advances reach a level of 40.0% of our total adjusted net bank credit. The Reserve Bank of India's existing instructions on sub-targets under priority sector lending and eligibility of certain types of investments/funds for qualification as priority sector advances apply to ICICI Bank.

Any shortfall in the amount required to be lent to the priority sectors may be required to be deposited with government sponsored Indian development banks like the National Bank for Agriculture and Rural Development, the Small Industries Development Bank of India and the National Housing Bank. These deposits have a maturity of up to seven years and carry interest rates lower than market rates. At year-end fiscal 2010, total investments in such bonds were Rs. 101.1 billion. See "Supervision and Regulation — Directed Lending — Priority Sector Lending".

As per the Reserve Bank of India guidelines, banks are also required to lend to the weaker sections 10.0% of adjusted net bank credit or credit equivalent amount of off-balance sheet exposures, whichever is higher. In order to ensure that the sub-target of lending to the weaker sections is achieved, with effect from year-end fiscal 2009, the Reserve Bank of India has decided to take into account the shortfall in lending to weaker sections also, as on the last reporting Friday of March of each year, for the purpose of allocating amounts to the domestic scheduled commercial banks for contribution to the Rural Infrastructure Development Fund maintained with the National Bank for Agriculture and Rural Development or funds with other financial institutions, as specified by the Reserve Bank of India.

ICICI Bank is required to comply with the priority sector lending requirements on the last "reporting Friday" of each fiscal year. At March 26, 2010, which was the last reporting Friday for fiscal 2010, ICICI Bank's priority sector loans were Rs. 627.0 billion, constituting 51.3% of its residual adjusted net bank credit against the requirement of 50.0%. At that date, qualifying agricultural loans were 18.7% of ICICI Bank's residual adjusted net bank credit as against the requirement of 18.0%, out of which advances to direct agriculture amounted to Rs. 173.3 billion constituting 14.2% of its residual adjusted net bank credit against the requirement of 13.5%. ICICI Bank's advances to weaker sections were Rs. 56.3 billion, constituting 4.6% of its residual adjusted net bank credit against the requirement of 10.0%.

The following table sets forth ICICI Bank's priority sector loans, classified by the type of borrower, at the last reporting Friday of fiscal 2010.

	At March 26, 2010			
	Amount		% of total priority sector lending	% of residual adjusted net bank credit
	(in billion, except percentages)			
Agricultural sector(1)	Rs. 228.3	US$ 5.1	36.4 %	18.7 %
Small enterprises(2)	78.1	1.7	12.5	6.4
Others including residential mortgage less than Rs. 2 million	320.6	7.2	51.1	26.2
Total	Rs. 627.0	US$ 14.0	100.0 %	51.3 %

(1) Includes direct agriculture lending of Rs. 173.3 billion constituting 14.2% of our residual adjusted net bank credit against the requirement of 13.5%.

(2) Small enterprises include enterprises engaged in manufacturing/processing and whose investment in plant and machinery does not exceed Rs. 50 million and enterprises engaged in providing/rendering of services and whose investment in equipment does not exceed Rs. 20 million.

Export Credit

As part of directed lending, the Reserve Bank of India also requires banks to make loans to exporters at concessional rates of interest. Export credit is provided for pre-shipment and post-shipment requirements of exporter borrowers in rupees and foreign currencies. At least 12.0% of a bank's adjusted net bank credit is required to be in the form of export credit. This requirement is in addition to the priority sector

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lending requirement but credits extended to exporters that are small scale industries or small businesses may also meet part of the priority sector lending requirement. The Reserve Bank of India provides export refinancing for an eligible portion of total outstanding export loans in rupee in line with the prevalent Reserve Bank of India guidelines in India as amended from time to time. The interest income earned on export credits is supplemented through fees and commissions earned from these exporter customers from other fee-based products and services taken by them from us, such as foreign exchange products and bill handling. At March 26, 2010 (the last Friday of March 2010), our export credit was Rs. 21.1 billion being 1.7% of residual adjusted net bank credit.

Loan Pricing

As required by the Reserve Bank of India guidelines effective July 1, 2010, ICICI Bank prices its loans with reference to a base rate, called the ICICI Bank Base Rate. The Asset Liability Management Committee sets the base rate based on ICICI Bank's current cost of funds, likely changes in the Bank's cost of funds, market rates, interest rate outlook and other systemic factors. Pricing for all fresh approvals and renewal of facilities are linked to the Base Rate and comprise the base rate, term premium and transaction-specific credit and other charges. The Reserve Bank of India has also stipulated that a bank's lending rates cannot be lower than its base rate, except for certain categories of loans as may be specified by the Reserve Bank of India from time to time. ICICI Bank has set its base rate at 7.50% per annum payable monthly, effective July 1, 2010. As prescribed in the guidelines of the Reserve Bank of India, an option has been given to existing borrowers for migration to base rate mechanism. All loans approved before July 1, 2010, and where the borrowers choose not to migrate to the base rate mechanism, would continue to be based on earlier benchmark rate regime.

Classification of Loans

We classify our assets as performing and non-performing in accordance with the Reserve Bank of India's guidelines except in the case of ICICI Home Finance Company and our banking subsidiaries in Canada, Russia and the United Kingdom. ICICI Home Finance Company classifies its loans and other credit facilities as per the guidelines of its regulator namely, the National Housing Bank. Loans made by our Canadian, Russian and UK subsidiaries are classified as impaired when there is no longer a reasonable assurance of the timely collection of the full amount of principal or interest. Under the Reserve Bank of India guidelines, an asset is classified as non-performing if any amount of interest or principal remains overdue for more than 90 days in respect of term loans. In respect of overdraft or cash credit, an asset is classified as non-performing if the account remains out of order for a period of 90 days and, in respect of bills, if the account remains overdue for more than 90 days. Further, non-performing assets are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the Reserve Bank of India. The Reserve Bank of India has separate guidelines for restructured loans. See below "— Restructured Loans".

The classification of assets in accordance with the Reserve Bank of India guidelines is detailed below.

Standard assets:	Assets that do not disclose any problems or which do not carry more than normal risk attached to the business are classified as standard assets.
Sub-standard assets:	Sub-standard assets comprise assets that are non-performing for a period not exceeding 12 months.
Doubtful assets:	Doubtful assets comprise assets that are non-performing for more than 12 months.
Loss assets:	Loss assets comprise assets (i) the losses on which are identified or (ii) that are considered uncollectible.

Our non-performing assets include loans and advances as well as credit substitutes, which are funded credit exposures. In compliance with regulations governing the presentation of financial information by banks, we report only non-performing loans and advances in our financial statements.

See also "Supervision and Regulation — Reserve Bank of India Regulations — Loan Loss Provisions and Non-performing Assets — Asset Classification".

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Restructured Loans

The Reserve Bank of India has separate guidelines for restructured loans. A fully secured standard loan can be restructured by the rescheduling of principal repayments and/or the interest element, but must be separately disclosed as a restructured loan in the year of restructuring. The diminution in the fair value of the loan, if any, measured in present value terms, is either written off or provision is made to the extent of the diminution involved. For restructured loans, provisions are made in accordance with the guidelines issued by the Reserve Bank of India, which require that the difference between the fair value of the loan before and after restructuring be provided at the time of restructuring. There are certain conditions stipulated by the Reserve Bank of India for continuing to classify a restructured standard loan as a standard asset. Similar guidelines apply to sub-standard and doubtful loans. The sub-standard and doubtful loans which have been subjected to restructuring, whether in respect of principal installment or interest amount, are eligible to be upgraded to the standard category only after the specified period, i.e., a period of one year after the date when first payment of interest or of principal, whichever is earlier, falls due, subject to satisfactory performance during the period. The restructured loans continue to be classified as such until they complete one year of payment in accordance with the restructured terms.

From December 2008, the Reserve Bank of India permitted banks to restructure loans classified as real estate exposures, up to June 30, 2009 while maintaining these loans as standard loans. Similarly, banks were also permitted to undertake, for loans that were previously restructured, a second restructuring without downgrading the loan to the non-performing category, up to June 30, 2009. The Reserve Bank of India also permitted banks to restructure as standard loans all eligible loans which meet the basic criteria for restructuring, and which were classified as standard as at September 1, 2008, irrespective of their subsequent asset classification. This was subject to the receipt by banks of an application from the borrower for restructuring the advance on or before March 31, 2009 and implementing the restructuring package within 120 days from the date of receipt of the application. We classify loans as restructured in line with these guidelines.

Provisioning and Write-Offs

We make provisions and write-offs in accordance with the Reserve Bank of India's guidelines; see "Supervision and Regulation — Reserve Bank of India Regulations — Loan Loss Provisions and Non-Performing Assets — Provisioning and Write-offs". The Reserve Bank of India guidelines on provisioning and write-offs are as described below.

Standard assets: As per the Reserve Bank of India guidelines issued in September 2005, banks were required to make general provision at 0.40% on standard loans (excluding loans to the agriculture sector and to small and medium enterprises). As per the Reserve Bank of India guidelines issued in May 2006, the general provisions for personal loans, loans and advances qualifying as capital market exposure, residential housing loans beyond Rs. 2 million and commercial real estate loans was increased to 1.00% from 0.40%.

In January 2007, the Reserve Bank of India increased the provisioning requirement in respect of the loans to the real estate sector (excluding residential housing loans), outstanding credit card receivables, loans and advances qualifying as capital market exposure, personal loans and exposures to systemically important non-deposit taking non-banking financial companies to 2.00%.

In November 2008, the Reserve Bank of India reinstated the provisioning for standard assets to a uniform rate of 0.40% for all types of standard assets except in

the case of direct advances to the agricultural and small and medium enterprise sectors, which continue to attract a provisioning of 0.25%, as was previously the case. The revised norms were effective prospectively but the provisions held by banks could not be reversed. In November 2009, the Reserve Bank of India increased the provisioning rate on standard assets in the commercial real estate sector to 1.0%.

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Sub-standard assets:	A provision of 10% is required for all sub-standard assets. An additional provision of 10% is required for accounts that are ab initio unsecured. In April 2010, an exception was given to unsecured infrastructure loan accounts classified as sub-standard, which attract a provisioning of 15%.
Doubtful assets:	A 100% provision/write-off is required in respect of the unsecured portion of the doubtful asset. A 100% provision is required to be made for the secured portion of assets classified as doubtful for more than three years in a phased manner.
Loss assets:	The entire asset is required to be written off or provided for.
Restructured loans:	Until August 27, 2008, a provision equal to the difference between the present value of the future interest as per the original loan agreement and the present value of future interest on the basis of rescheduled terms at the time of restructuring, was required to be made. For loans restructured after August 27, 2008, a provision equal to the difference between the fair value of the loan before and after restructuring is required to be made. The fair value of the loan before restructuring is computed as the present value of cash flows representing the interest at the existing rate charged on the loan before restructuring and the principal. The fair value of the loan after restructuring is computed as the present value of cash flows representing the interest at the rate charged on the loan on restructuring and the principal. Both sets of cash flows are discounted by the bank's Benchmark Prime Lending Rate as on the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of restructuring.

In its mid-term review of policy statement for fiscal 2009, the Reserve Bank of India has required banks to increase the total provisioning coverage ratio, including floating provisions, to 70% by September 30, 2010. In its clarification on the same, the Reserve Bank of India allowed the banks' prudential/technical write-off to be added to both the gross non-performing assets and the provisions held in the calculation of provisioning coverage ratio. The Reserve Bank of India has permitted us to achieve the stipulated level of 70% provisioning coverage ratio in a phased manner by March 31, 2011. The Bank's provisioning coverage ratio at March 31, 2010 computed as per the Reserve Bank of India guidelines mentioned above is 59.5%.

Our Policy

ICICI Bank provides for corporate non-performing assets in line with the Reserve Bank of India guidelines. ICICI Bank provides for retail non-performing assets on a bucketing basis based on days past due, subject to minimum provision requirements set by the Reserve Bank of India. Loss assets and the unsecured portion of doubtful assets are fully provided for or written off. We hold specific provisions against non-performing loans and general provision against performing loans.

For restructured loans, provisions are made in accordance with the guidelines issued by the Reserve Bank of India, which require that the difference between the fair value of the loan before and after restructuring be provided at the time of restructuring. The fair value of the loan before restructuring is computed as the present value of cash flows representing the interest at the existing rate charged on the loan before restructuring and the principal. The fair value

of the loan after restructuring is computed as the present value of cash flows representing the interest at the rate charged on the loan on restructuring and the principal. Both sets of cash flows are to be discounted by the Bank's Benchmark Prime Lending Rate as on the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of restructuring. For loans restructured prior to August 27, 2008, a provision equal to the difference between the present value of the future interest as per the original loan agreement and the present value of future interest on the basis of rescheduled terms at the time of restructuring, was required to be made.

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Impact of Economic Environment on Commercial and Consumer Loan Borrowers

In the late 1990s, increased domestic competition due to the opening up of the Indian economy, high levels of debt relative to equity and a downturn in the commodities markets globally led to stress on the operating performance of Indian businesses, impairment of a significant amount of assets in the financial system and approval of restructuring programs for a large number of companies. This led to an increase in the level of restructured and non-performing loans in the Indian financial system, including us, from fiscal 2001 to fiscal 2004. While restructured and non-performing loans subsequently declined, the deterioration in the global economic environment during fiscal 2009, in particular following the bankruptcy of Lehman Brothers in September 2008, adversely impacted the operations of several Indian companies. Indian businesses were impacted by the lack of access to financing/ refinancing from global debt capital markets, losses on existing inventories due to the sharp decline in commodity prices, reduction in demand for and prices of output and reduction in cash accruals and profitability. This led to additional restructuring of loans in the Indian banking system, including ours.

From fiscal 2002, we rapidly grew our consumer loans and credit card receivables portfolio based on the untapped potential in residential mortgages and other retail credit products in the Indian market. These included credit cards and unsecured personal loans. The Indian retail credit market expanded rapidly from fiscal 2002 to fiscal 2007 driven by growth in household incomes, decline in interest rates and increased availability of retail credit. Since fiscal 2007, the retail credit market has slowed down significantly following increases in systemic interest rates and home prices, which reduced affordability for borrowers. During fiscal 2008 and fiscal 2009, we experienced an increase in non-performing loans in our consumer loans and credit card receivables portfolio. The primary reasons for this increase was the seasoning of the overall portfolio and the increase in defaults on the unsecured personal loans and credit card receivables due to challenges in collections and deterioration in the macroeconomic environment. During fiscal 2010, although the addition to non-performing loans in consumer loans and credit card receivables continued, we experienced a decrease in the level of additions to non-performing loans in our consumer loans and credit card receivables portfolio compared to fiscal 2009.

See also “Risk Factors” and “Business — Strategy”.

Restructured Assets

The following table sets forth, at the dates indicated, our gross restructured rupee and foreign currency loan portfolio by business category.

	At March 31,					
	2006	2007	2008	2009	2010	
	Amount	Amount	Amount	Amount	Amount	Amount
	(in millions, except percentages)					
Consumer loans & credit card receivables	Rs.–	Rs.–	Rs.–	Rs. 1,933	Rs. 3,704	US$ 83
Rupee	–	–	–	1,933	3,704	83
Foreign currency	–	–	–	–	–	–
Commercial, financial, agricultural and others (1)	55,463	50,407	48,411	59,435	58,958	1,313
Rupee	49,582	45,965	45,535	53,713	38,824	865

Foreign currency	5,881	4,442	2,876	5,722	20,134	448
Total restructured loans	55,463	50,407	48,411	61,368	62,662	1,396
Rupee	49,582	45,965	45,535	55,646	42,528	948
Foreign currency	5,881	4,442	2,876	5,722	20,134	448
Gross restructured loans(2)	55,463	50,407	48,411	61,368	62,662	1,396
Provision for loan losses	(2,305)	(1,581)	(1,572)	(1,736)	(2,758)	(62)
Net restructured loans	Rs. 53,158	Rs. 48,826	Rs. 46,839	Rs. 59,632	Rs. 59,904	US$ 1,334
Gross customer assets (2)	Rs. 1,638,525	Rs. 2,234,339	Rs. 2,687,999	Rs. 2,892,808	Rs. 2,601,135	US$ 57,932
Net customer assets .	Rs. 1,622,675	Rs. 2,209,078	Rs. 2,642,697	Rs. 2,836,439	Rs. 2,536,941	US$ 56,502
Gross restructured loans as a percentage of gross customer assets	3.4%	2.3%	1.8%	2.1%	2.4%	
Net restructured loans as a percentage of net customer assets	3.3%	2.2%	1.8%	2.1%	2.4%	

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(1) Includes working capital finance.
(2) Includes loans of ICICI Bank and its subsidiaries and credit substitutes of ICICI Bank, net of write-offs.

The following table sets forth, at the dates indicated, gross restructured loans by borrowers' industry or economic activity and as a percentage of total gross restructured loans.

	At March 31,										
	2006		2007		2008		2009		2010		
	Amount	As a percentage of loans	Amount	As a percentage of loans	Amount	As a percentage of loans	Amount	As a percentage of loans	Amount	Amount	A p o l
	(in millions, except percentages)										
Power	1,703	3.1	–	–	14,971	30.9	16,059	26.2	Rs. 16,993	US$ 378	
Road, port, telecom, urban development & other infrastructure	18,733	33.8	17,790	35.3	8,117	16.8	10,438	17.0	8,631	192	
Services-non finance	–	–	–	–	–	–	–	–	11,778	262	
Textiles	344	0.6	86	0.1	71	0.1	993	1.6	3,702	82	
Iron/steel & products	4,834	8.7	4,922	9.8	–	–	–	–	2,788	62	
Automobile (including trucks)	391	0.7	151	0.3	106	0.2	2,955	4.8	2,785	62	
Food & beverages	220	0.4	–	–	120	0.3	456	0.7	2,779	62	
Chemicals & fertilizers	2,345	4.2	985	2.0	536	1.1	133	0.2	2,023	45	
Electronics & engineering	565	1.0	–	–	1,295	2.7	1,026	1.7	1,003	22	
Cement	1,406	2.5	1,065	2.0	401	0.8	297	0.5	483	11	
Paper & paper products	–	–	–	–	–	–	–	–	285	6	
Manufacturing products (excluding metals)	1,393	2.5	235	0.5	–	–	–	–	19	–	
Shipping	798	1.4	839	1.7	–	–	15	–	16	–	
Crude petroleum/ refining & petrochemicals	19,169	34.6	21,004	41.7	22,542	46.6	23,961	39.0	–	–	
Metal & products (excluding iron	3,528	6.4	3,296	6.5	–	–	–	–	293	7	

& steel)										
Services-finance	–	–	–	–	–	–	913	1.5	312	7
Retail finance	–	–	–	–	–	–	1,933	3.1	3,704	83
Others(1)	34	0.1	34	0.1	251	0.5	2,189	3.7	5,067	113
Gross restructured loans	55,463	100.0	50,407	100.0	48,411	100.0	61,368	100.0	62,661	1,394
Aggregate provision for loan losses	(2,305)		(1,581)		(1,572)		(1,736)		(2,758)	(62)
Net restructured loans	Rs. 53,158		Rs. 48,826		Rs. 46,839		Rs. 59,632		Rs. 59,903	US$ 1,332

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(1) Others primarily include construction, real estate and manufacturing products excluding metal.

Gross restructured standard loans increased from Rs. 61.4 billion at year-end fiscal 2009 to Rs. 62.7 billion at year-end fiscal 2010. The increase in gross restructured loans includes the restructuring of loans aggregated Rs. 37.8

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billion during fiscal 2010 and Rs. 11.1 billion during fiscal 2009, for certain borrowers experiencing stress in the services non-finance and textiles industries. Upon restructuring, the Bank monitors the payment performance for minimum period of 12 months from the first due date of repayment of principal and/or interest as per restructuring terms. Upon satisfactory performance, the restructured account is upgraded and removed from this category. We upgraded certain corporate borrower accounts in the oil and petrochemical sector, which aggregated to Rs. 33.5 billion during fiscal 2010, based on payment performance. There were no such upgrades in fiscal 2009. Our net restructured standard loans were Rs. 59.9 billion at year-end fiscal 2010 compared to Rs. 59.6 billion at year-end fiscal 2009. See also “Risk Factors — The level of restructured loans in our portfolio may increase and the failure of our restructured loans to perform as expected could affect our business”.

Non-Performing Assets

The following table sets forth, at the dates indicated, our gross non-performing rupee and foreign currency customer asset portfolio by business category.

	At March 31,					
	2006	2007	2008	2009	2010	
	Amount	Amount	Amount	Amount	Amount	Amount
	(in millions, except percentages)					
Consumer loans & credit card receivables(1)	Rs. 13,836	Rs. 30,000	Rs. 54,954	Rs. 72,201	Rs. 69,462	US$ 1,547
Rupee	13,828	29,991	54,948	72,105	69,111	1,539
Foreign currency	8	9	6	96	351	8
Commercial, financial, agricultural and others(2)	9,187	12,200	22,483	27,188	35,923	800
Rupee	7,178	11,074	21,119	23,892	25,337	564
Foreign currency	2,009	1,126	1,364	3,296	10,586	236
Leasing and related activities	63	357	526	532	436	10
Rupee	63	357	526	532	436	10
Foreign currency	–	–	–	–	–	–
Total non-performing assets	23,086	42,557	77,963	99,921	105,821	2,357
Rupee	21,069	41,422	76,593	96,529	94,884	2,113
Foreign currency	2,017	1,135	1,370	3,392	10,937	244
Gross non-performing assets(3)(4)	23,086	42,557	77,963	99,921	105,821	2,357
Provision for loan losses	(12,280)	(22,249)	(42,031)	(52,580)	(59,083)	(1,316)
Net non-performing assets	Rs. 10,806	Rs. 20,308	Rs. 35,932	Rs. 47,341	Rs. 46,738	US$ 1,041
	Rs. 1,638,525	Rs. 2,234,339	Rs. 2,687,999	Rs. 2,892,808	Rs. 2,601,135	US$ 57,932

Gross customer assets(3)						
Net customer assets .	Rs. 1,622,674	Rs. 2,209,078	Rs. 2,642,697	Rs. 2,836,439	Rs. 2,536,941	US$ 56,502
Gross non-performing assets as a percentage of gross customer assets	1.4 %	1.9 %	2.9 %	3.5 %	4.1 %	
Net non-performing assets as a percentage of net customer assets	0.7 %	0.9 %	1.4 %	1.7 %	1.8 %	

(1) Includes home loans, automobile loans, commercial business loans, two-wheeler loans, personal loans, credit card receivables and farm equipment loans.

(2) Includes working capital finance.

(3) Includes loans of ICICI Bank and its subsidiaries and credit substitutes of ICICI Bank, net of write-offs.

(4) Includes loans identified as impaired in line with the guidelines issued by regulators of the respective subsidiaries.

The following table sets forth, at the dates indicated, gross (net of write-offs) non-performing assets by borrowers' industry or economic activity and as a percentage of total non-performing assets.

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	At March 31,								
	2006		2007		2008		2009		2010
	Amount	As a percentage of loans	Amount	As a percentage of loans	Amount	As a percentage of loans	Amount	As a percentage of loans	Amount
	(in millions, except percentages)								
Chemicals & fertilizers	Rs. 1,654	7.2 %	Rs. 1,642	3.9 %	Rs. 1,935	2.5 %	Rs. 1,958	2.0 %	Rs. 2,472
Services-finance	126	0.5	722	1.7	1,293	1.7	1,291	1.3	3,672
Wholesale/retail trade	45	0.2	45	0.1	83	0.1	1,470	1.5	2,172
Textiles	1,675	7.3	834	2.0	1,097	1.4	1,767	1.8	1,904
Food & beverages	670	2.9	1,247	2.9	608	0.8	1,033	1.0	4,046
Iron/steel & products	209.5	0.9	772	1.8	1,214	1.6	359	0.4	1,600
Electronics & engineering	550	2.4	626	1.5	563	0.7	793	0.8	700
Metal & products (excluding iron & steel)	11	0.1	11	–	116	0.1	203	0.2	908
Automobiles (including trucks)	32	0.1	61	0.1	76	0.1	323	0.3	2,274
Services — non-finance	976	4.2	632	1.5	413	0.5	347	0.3	378
Power	–	–	–	–	143	0.2	147	0.1	141
Paper & paper products	74	0.3	66	0.2	39	–	44	–	33
Shipping	13	0.1	13	–	1,006	1.3	1,022	1.0	13
Cement	–	–	–	–	25	–	15	–	9
Road, port, telecom, urban development & other infrastructure	–	–	–	–	–	–	–	–	567
Retail finance(1)	14,423	62.5	31,316	73.6	55,824	71.6	72,301	72.4	66,984
Others(2)	2,626	11.3	4,570	10.7	13,528	17.4	16,848	16.9	17,948
Gross non-performing assets	23,086	100.0%	42,557	100.0%	77,963	100.0%	99,921	100.0%	105,821
Aggregate provision for loan losses	(12,280.0)		(22,249)		(42,031)		(52,580)		(59,083)
Net non-performing	Rs. 10,806		Rs. 20,308		Rs. 35,932		Rs. 47,341		Rs. 46,738

assets

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(1) Includes home loans, automobile loans, commercial business loans, two-wheeler loans, personal loans, credit card receivables, retail overdraft loans, dealer funding and developer financing.

(2) Other industries primarily include construction, manufacturing products excluding metal, crude petroleum, drugs and pharmaceuticals, gems & jewelry, fast-moving consumer goods, mining, and other agriculture and allied activities.

Gross non-performing assets increased 5.9% from Rs. 99.9 billion at year-end fiscal 2009 to Rs. 105.8 billion at year-end fiscal 2010, net of write-off of unsecured and small value secured retail loans aggregating Rs. 27.5 billion during fiscal 2010. These loans were fully provided for at the date of write-off. The coverage ratio (i.e. total provisions as a percentage of the gross non-performing assets) was 56.4% at year-end fiscal 2010 compared to 53.2% at year-end fiscal 2009. In fiscal 2010, our non-performing assets in foreign currency increased mainly due to certain borrowers from the food and beverages, auto and services — finance industries experiencing financial difficulties or being extended concessionary modifications in the repayment of loans in our overseas banking subsidiaries. Retail finance non-performing loans constituted 63.3% of gross non-performing assets at year-end fiscal 2010 compared to 72.4% of gross non-performing assets at year-end fiscal 2009. We experienced an increase in the non-performing loans in our retail portfolio in fiscal 2009 and fiscal 2010, due to the seasoning of the portfolio and higher level of defaults in unsecured personal loans and credit card receivables due to challenges in collections and impact of the adverse macroeconomic environment in fiscal 2009.

Net non-performing assets constituted 1.8% of net customer assets at year-end fiscal 2010, compared to 1.7% at year-end fiscal 2009. The net non-performing loans in the retail portfolio as a percentage of net retail loans increased from 2.6% at year-end fiscal 2009 to 2.8% at year-end fiscal 2010, primarily due to a decline in net retail loans.

The ten largest net non-performing assets were approximately 8.5% of total net non-performing assets at year-end fiscal 2010.

Non-Performing Asset Strategy

In respect of unviable non-performing assets, where companies have lost financial viability, we adopt an aggressive approach aimed at out-of-court settlements, enforcing collateral and driving consolidation. Our focus is on time value of recovery and a pragmatic approach towards settlements. The strong collateral against our loan assets is the critical factor towards the success of our recovery efforts. In addition, we continually focus on proactive management of accounts under supervision. Our strategy constitutes a proactive approach towards identification, aimed at early stage solutions to incipient problems.

Our strategy for resolution of non-performing assets includes sales of financial assets to asset reconstruction companies in exchange for receipt of securities in the form of pass-through instruments issued by asset reconstruction companies, wherein payments to holders of the securities are based on the actual realized cash flows from the transferred assets. Under Indian GAAP, these instruments are valued at the net asset values as declared by the asset reconstruction companies in accordance with the Reserve Bank of India guidelines. Under US GAAP, the assets we sell in exchange for security receipts are not accounted for as sales in terms of FASB ASC Topic 860, "Transfers and Servicing" either because we retain beneficial interests in the transferred assets in the form of security receipts, or due to consolidation of certain funds or trusts, which are variable interest entities within the definition provided in ASC Subtopic 810–10, to which these loans have been transferred. These assets are considered under US GAAP as restructured assets. See "Supervision and Regulation — Reserve Bank of India Regulations — Regulations relating to Sale of Assets to Asset Reconstruction Companies". We sold Rs. 7.6 billion including mortgage loans of Rs. 7.5 billion of our net non-performing assets during fiscal 2010 and Rs. 6.8 billion of our net non-performing assets including mortgage loans of Rs. 5.6 billion during fiscal 2009 to asset reconstruction companies registered with the Reserve Bank of India. At, year-end fiscal 2010, we had an outstanding net investment of Rs. 33.9 billion in security receipts issued by asset reconstruction companies in relation to sales of our non-performing assets.

We monitor migration of the credit ratings of our borrowers to enable us to take proactive remedial measures to prevent loans from becoming non-performing. We review the industry outlook and analyze the impact of changes in the regulatory and fiscal environment. Our periodic review system helps us to monitor the health of accounts and to take prompt remedial measures.

A substantial portion of our loans to retail customers is also secured by a first and exclusive lien on the assets financed (predominantly property and vehicles). We are entitled in terms of our security documents to repossess security comprising assets such as plant, equipment and vehicles without reference to the courts or tribunals unless a client makes a reference to such courts or tribunals to stay our actions. In respect of our retail loans, we adopt a standardized collection process to ensure prompt action for follow-up on overdues and recovery of defaulted amounts.

Our loans, primarily corporate loans and mortgages, have historically been sufficiently over-collateralized so that once collateral is realized we recover a substantial amount of our loan outstanding. However, recoveries may be subject to delays of up to several years, due to the long legal process in India. This leads to delay in enforcement and realization of collateral. We maintain the non-performing assets on our books for as long as the enforcement process is ongoing. Accordingly, a non-performing asset may continue for a long time in our portfolio until the settlement of loan account or realization of collateral, which may be longer than that for US banks under similar circumstances.

See also "— Loan portfolio — Collateral — Completion, Perfection and Enforcement".

Provision for Loan Losses

The following table sets forth, at the dates indicated, movement in our provisions for loan losses for non-performing customer assets.

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	At March 31, 2006 Amount	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2010 Amount
			(in millions)			
Aggregate provision for loan losses at the beginning of the year	Rs. 14,606	Rs. 12,009	Rs. 21,745	Rs. 40,574	Rs. 52,580	US$ 1,171
Add: Provisions for loan losses						
Consumer loans & credit card receivables(1)	1,938 (3)	8,821	14,937	27,764	29,147	649
Commercial, financial, agricultural and others(2)	1,453	2,463	4,210	4,376	5,538	123
Leasing & related activities	(18)	48	95	54	(90)	(1)
Total provisions for loan losses, net of releases of provisions	Rs. 17,979	Rs. 23,341	Rs. 40,987	Rs. 72,768	Rs. 87,175	US$ 1,942
Loans charged-off	(5,970)	(1,596)	(413)	(20,188)	(28,092)	(626)
Aggregate provision for loan losses at the end of the year	Rs. 12,009	Rs. 21,745	Rs. 40,574	Rs. 52,580	Rs. 59,083	US$ 1,316

(1) Includes home loans, automobile loans, commercial business loans, two-wheeler loans, personal loans, credit cards and farm equipment loans.

(2) Includes project finance, working capital finance, corporate finance and receivables financing, excluding leasing and related activities.

(3) Provision for loan losses for consumer loans and credit card receivables in fiscal 2006 were net of write-back of provisions of Rs. 1.7 billion which were in excess of regulatory requirements.

Provision for loan losses for consumer loans and credit card receivables increased from Rs. 27.8 billion in fiscal 2009 to Rs. 29.1 billion in fiscal 2010. The Indian retail credit market expanded rapidly from fiscal 2002 to fiscal 2007, driven by growth in household incomes, decline in interest rates and the increased availability of retail credit. Since fiscal 2007, the retail credit market has slowed down significantly following increases in systemic interest rates and home prices, which reduced affordability for borrowers. During fiscal 2008 and fiscal 2009, we experienced an increase in non-performing loans in our consumer loans and credit card receivables portfolio. The primary reasons for this increase are the seasoning of the portfolio and higher level of defaults in unsecured personal loans and credit card receivables due to challenges in collections and adverse macro-economic environment in fiscal 2009. Provision for loan losses for commercial, financial, agricultural and others loans increased from Rs. 4.4 billion at year-end fiscal 2009 to Rs. 5.5 billion at year-end fiscal 2010, primarily due to provision requirements for restructured loans.

Subsidiaries, Associates and Joint Ventures

The following table sets forth, certain information relating to our subsidiaries, associates and joint ventures at March 31, 2010.

Name	Year of formation	Activity	Ownership interest	Total income(1)	Net worth(2)	Total Assets(3)

					(in millions, except percentages)		
ICICI Venture Funds Management Company Limited	January 1988	Private Equity/venture capital fund management	100.00	%	Rs. 1,965	Rs. 958	Rs. 3,726
ICICI Securities Primary Dealership Limited	February 1993	Securities investment, trading and underwriting	100.00	%	3,212	5,621	39,139
ICICI Prudential Asset Management Company Limited(4)	June 1993	Asset management company for ICICI Prudential Mutual Fund	51.00	%	4,674	1,051	2,078
ICICI Prudential Trust Limited(4)	June 1993	Trustee company for ICICI Prudential Mutual Fund	50.80	%	6	10	12
ICICI Securities Limited	March 1995	Securities broking & merchant banking	100.00	%	7,560	2,802	8,682
TCW/ICICI Investment Partners LLC(5)	April 1995	Asset management	50.00	%	—	22	22

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Name	Year of formation	Activity	Ownership interest		Total income(1)	Net worth(2)	Total Assets(3)
					(in millions, except percentages)		
ICICI International Limited	January 1996	Asset management	100.00	%	48	68	76
ICICI Bank Eurasia LLC	May 1998	Banking	100.00	%	1,673	3,100	18,460
ICICI Trusteeship Services Limited	April 1999	Trusteeship services	100.00	%	1	3	3
ICICI Home Finance Company Limited	May 1999	Housing finance	100.00	%	15,900	12,814	134,039
ICICI Investment Management Company Limited	March 2000	Asset management	100.00	%	9	114	125.
ICICI Securities Holdings Inc .	June 2000	Holding company	100.00	%	61	596	646
ICICI Securities Inc .	June 2000	Securities brokering	100.00	%	66	13	119
ICICI Prudential Life Insurance Company Limited(4)	July 2000	Life insurance	73.89	%	341,743	12,817	583,800
ICICI Lombard General Insurance Company Limited(4)	October 2000	General insurance	73.72	%	43,432	17,924	66,863
ICICI Bank UK PLC	February 2003	Banking	100.00	%	17,190	28,134	333,107
ICICI Bank Canada	September 2003	Banking	100.00	%	11,729	42,450	251,397
ICICI Wealth Management Inc(6)	July 2006	Wealth management	Not applicable		—	Not applicable	Not applicable
ICICI Prudential Pension Funds Management Company Limited(7)	April 2009	Pension fund management	100.00	%	5	110	113

(1) Total income represents gross income from operations and other income.

(2) Net worth represents share capital/unit capital, share application money and reserves and surplus.

(3) Total assets represent fixed assets, advances, investments and gross current assets (including cash and bank balances).

(4) The financial statements of these jointly controlled entities have been consolidated as per AS 21 on “Consolidated Financial Statements” consequent to the limited revision to AS 27 on “Financial Reporting of Interests in Joint Ventures”.

(5) The entity has been consolidated as per the proportionate consolidation method as prescribed by AS 27 on "Financial Reporting of Interests in Joint Ventures".

(6) ICICI Wealth Management Inc. has been dissolved with effect from December 31, 2009.

(7) ICICI Prudential Pension Funds Management Company Limited, a wholly owned subsidiary of ICICI Prudential Life Insurance Company Limited, was incorporated on April 22, 2009.

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The following table sets forth certain information on other significant entities whose results were included in the consolidated financial statements under Indian GAAP at March 31, 2010.

Name	Year of formation	Activity	Ownership interest	Total income(1)	Net worth(2)	Total Assets(3)
				(in millions, except percentages)		
ICICI West Bengal Infrastructure Development Corporation Limited	December 1995	Infrastructure development consultancy	75.99 %	Rs. 32	Rs. 36	Rs. 56
ICICI Kinfra Limited	January 1996	Infrastructure development consultancy	76.00 %	7	14	18
Prize Petroleum Company Limited(4)	October 1998	Oil exploration and production	35.00 %	28	311	346
ICICI Equity Fund	March 2000	Unregistered venture capital fund	100.00 %	225	2,246	2,358
ICICI Eco-net Internet & Technology Fund	October 2000	Venture capital fund	92.12 %	5	160	162
ICICI Emerging Sectors Fund	March 2002	Venture capital fund	99.31 %	37	1,780	1,784
ICICI Strategic Investments Fund	February 2003	Unregistered venture capital fund	100.00 %	114	4,012	4,013
I-Ven Biotech Limited	December 2003	Investment in research and development of biotechnology	100.00 %	0.2	349	349
I-Process Services (India) Private Limited(4)	April 2005	Services related to back end operations	19.00 %	686	(35)	246
I-Solutions Providers (India) Private Limited(4)	April 2005	Services related to sales and promotion activities	19.00 %	2	2	135
ICICI Venture Value Fund	June 2005	Unregistered venture capital fund	54.35 %	82	0.04	0.30
Loyalty Solutions & Research Limited	February 2006	Customer relationship management, data mining and analytics and marketing services	82.74 %	540	343	1,317
	June 2006		28.28 %	1,075	914	1,810

Financial Information Network and Operations Limited(4)		Support services for financial inclusion					
NIIT Institute of Finance, Banking and Insurance Training Limited(4)	June 2006	Education and training in banking and finance	19.00	%	128	(58)	89
Rainbow Fund(4)	March 2008	Unregistered venture capital fund	23.91	%	4	24	24
ICICI Merchant Services Private Limited(4)	July 2009	Merchant servicing	19.00	%	190	1,737	3,981

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(1) Total income represents gross income from operations and other income.

(2) Net worth represents share capital/unit capital (in case of venture capital funds) and reserves and surplus.

(3) Total assets represent fixed assets, advances, and investments and gross current assets (including cash and bank balances).

(4) These entities have been accounted as per the equity method as prescribed by AS 23 on 'accounting for investments in associates in consolidated financial statements'.

(5) During fiscal 2010, Crossdomain Solutions Private Limited and Contests2win.com India Private Limited ceased to be associates and accordingly, these entities have not been accounted as per the equity method as prescribed by AS 23.

(6) During fiscal 2010, Transafe Services Limited ceased to be a consolidating entity and accordingly, has not been consolidated.

At year-end fiscal 2010, all of our subsidiaries and joint ventures were incorporated in India, except the following seven companies:

- ICICI Securities Holdings Inc., incorporated in the United States;

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- ICICI Securities Inc., incorporated in the United States;
- ICICI Bank UK PLC (formerly ICICI Bank UK Limited), incorporated in the United Kingdom;
- ICICI Bank Canada, incorporated in Canada;
- ICICI Bank Eurasia Limited Liability Company, incorporated in Russia;
- ICICI International Limited, incorporated in Mauritius; and
- TCW/ICICI Investment Partners Limited Liability Company, incorporated in Mauritius.

ICICI Securities Holdings Inc. is a wholly owned subsidiary of ICICI Securities Limited and ICICI Securities Inc. is a wholly owned subsidiary of ICICI Securities Holdings Inc. ICICI Securities Holdings Inc. and ICICI Securities Inc. are consolidated in ICICI Securities' Limited financial statements. ICICI International Limited holds a 50.0% stake in TCW/ICICI Investment Partners.

Technology

We continue to endeavor to be at the forefront of usage of technology in the financial services sector. We strive to use information technology as a strategic tool for our business operations, to gain a competitive advantage and to improve our overall productivity and efficiency. Our technology initiatives are aimed at enhancing value, offering customers enhanced convenience and improved service while optimizing costs. Our focus on technology emphasizes:

- Electronic and online channels to:
- offer easy access to our products and services;
- reduce distribution and transaction costs;
- reach new target customers;
- enhance existing customer relationships; and
- reduce time to market.
- The application of information systems to:
- manage our large scale of operations efficiently;
- effectively market to our target customers;
- monitor and control risks;
- identify, assess and capitalize on market opportunities; and
- assist in offering improved products to customers.

We also seek to leverage our domestic technology capabilities in our international operations.

Technology Organization

We have dedicated technology groups for our products and services for retail, corporate, international and rural customers. Our Technology Management Group determines the enterprise-wide technology initiatives. Our Technology Infrastructure Group provides the technology infrastructure platform across all business technology groups to gain synergies in operation. The business technology groups review the individual requirements of the various business groups and of the Information Security Group.

Banking Application Software

We use banking applications like a core banking system, loan management system, and credit card management system, all of which are flexible and scalable and allow us to serve our growing customer base. A central stand-in server ensures services all days of the week, throughout the year, to the various delivery channels. While we currently have a data center in Mumbai for centralized data base management, data storage and retrieval, a new data center is slated to become operational in the next quarter.

Electronic and Online Channels

We use a combination of physical and electronic delivery channels to maximize customer choice and convenience, which has helped to differentiate our products in the marketplace. Our branch banking software is flexible and scalable and integrates well with our electronic delivery channels. Our ATMs are sourced from some of the world's leading vendors. At year-end fiscal 2010, we had 5,219 ATMs across India. We offer a number of online banking services to our customers for both corporate and retail products and services. Our call centers across locations at Thane and Hyderabad are operational around the clock and are well equipped with multiple systems such as an interactive voice response system, automatic call distribution, computer telephony integration and voice recorders. We seek to use the latest technology in these call centers to provide an integrated customer database that allows the call agents to get a complete overview of the customer's relationship with us. The database enables customer segmentation and assists the call agent in identifying cross-selling opportunities.

We offer mobile banking services in India in line with our strategy to offer multi-channel access to our customers. This service has now been extended to all mobile telephone service providers across India and non-resident Indian customers in certain other countries where we have a presence.

High-Speed Electronic Communications Infrastructure

We have a nationwide data communications network linking all our channels and offices. The network is designed to provide for reach and redundancy, which are imperative in as vast a country as India. The communications network is monitored 24 hours a day using advanced network management software.

Operations Relating to Commercial Banking for Corporate Customers

Our corporate banking back office operations are centralized and we have a business process management solution to automate our activities in the areas of trade services and general banking operations. Through integration of the workflow system with the imaging and document management system, we have achieved substantial savings and practically eliminated the use of paper for these processes.

We have centralized the systems of the treasuries of all our international branches and subsidiaries. As a result, the processing of transactions as well as the applications used for deal entry are now centrally located and maintained out of India.

Customer Relationship Management

We have implemented a customer relationship management solution for the automation of customer handling in all key retail products. The solution helps in tracking and timely resolution of various customer queries and issues. The solution has been deployed at the telephone banking call centers as well as at a large number of branches.

Data Warehousing and Data Mining

We have a data warehouse for customer data aggregation. This data warehouse also provides a platform for data mining initiatives. We have implemented an enterprise application integration initiative across our retail and corporate products and services, to link various products, delivery and channel systems. This initiative follows from our multi-channel customer service strategy and seeks to deliver customer related information consistently across access points. It also aims to provide us with valuable information to compile a unified customer view and creates various opportunities associated with cross-selling other financial products.

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Data Center and Disaster Recovery System

While our primary data center is located in Mumbai, a separate disaster recovery data center has been set up in another city and is connected to the main data center in Mumbai. The disaster recovery data center can host all critical banking applications in the event of a disaster at the primary site.

We have developed a business continuity plan, which would help facilitate continuity of critical businesses in the event of a disaster. These plans are tested periodically under live or simulated scenarios. These plans have been prepared in line with the guidelines issued by Reserve Bank of India and have been approved by our Board of Directors.

Competition

We face competition in all our principal areas of business from Indian and foreign commercial banks, housing finance companies, mutual funds and investment banks. We are the largest private sector bank in India and the second largest bank among all banks in the country, in terms of total assets. We seek to gain competitive advantage over our competitors by offering innovative products and services, using technology, building customer relationships and developing a team of highly motivated and skilled employees. We evaluate our competitive position separately in respect of our products and services for retail and corporate customers.

Commercial Banking Products and Services for Retail Customers

In the retail markets, competition is primarily from foreign and Indian commercial banks and housing finance companies. Foreign banks have product and delivery capabilities but are likely to focus on limited customer segments and geographical locations since they have a smaller branch network than Indian commercial banks. Foreign banks in aggregate had only 287 branches in India at December 31, 2009. Indian public sector banks have wide distribution networks but generally relatively less strong technology and marketing capabilities while private sector banks have a relatively smaller branch network but stronger technology capabilities. With the implementation of technology based core banking solutions, public sector banks have become more competitive in selling products and servicing to retail customers. In addition some specialized non-bank finance companies have increased market share in certain segments of retail banking products. We seek to compete in this market through a full product portfolio and effective distribution channels, which include branches, agents, robust credit processes and collection mechanisms, experienced professionals and superior technology.

Commercial banks attract the majority of retail bank deposits, historically the preferred retail savings product in India. We have sought to capitalize on our corporate relationships to gain individual customer accounts through payroll management products and will continue to pursue a multi-channel distribution strategy utilizing physical branches, ATMs, telephone banking call centers and the internet to reach customers. Further, following a strategy focused on customer profiles and product segmentation, we offer differentiated liability products to customers of various ages and income profiles. Mutual funds are another source of competition to us. Mutual funds offer tax advantages and have the capacity to earn competitive returns and hence present a competitive alternative to bank deposits.

Commercial Banking Products and Services for Corporate Customers

In products and services for corporate customers, we face strong competition primarily from public sector banks, foreign banks and other new private sector banks. Our principal competition in these products and services comes from public sector banks, which have built extensive branch networks that have enabled them to raise low-cost deposits and, as a result, price their loans and fee-based services very competitively. Their wide geographical reach

facilitates the delivery of banking products to their corporate customers located in most parts of the country. We seek to compete based on our service and prompt turnaround times that we believe are significantly faster than public sector banks. We seek to compete with the large branch networks of the public sector banks through our multi-channel distribution approach and technology-driven delivery capabilities.

Traditionally, foreign banks have been active in providing treasury-related products and services, trade finance, fee-based services and other short-term financing products to top tier Indian corporates. We compete with foreign

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banks in cross-border trade finance based on our wider geographical reach relative to foreign banks and our customized trade financing solutions. We have established strong fee-based cash management services and leverage our balance sheet size, wider branch network, technology and our international presence to compete in treasury-related products and services.

Other new private sector banks also compete in the corporate banking market on the basis of efficiency, service delivery and technology. However, we believe that our size, capital base, strong corporate relationships, wider geographical reach and ability to use technology to provide innovative, value-added products and services provide us with a competitive edge.

In project finance, ICICI's primary competitors were established long-term lending institutions. In recent years, Indian and foreign commercial banks have sought to expand their presence in this market. We believe that we have a competitive advantage due to our strong market reputation and expertise in risk evaluation and mitigation. We believe that our in-depth sector specific knowledge and capabilities in understanding risks and policy related issues as well as our advisory, structuring and syndication services have allowed it to gain credibility with project sponsors, overseas lenders and policy makers.

Commercial Banking Products and Services for International Customers

Our international strategy focused on India-linked opportunities in the initial stages. In our international operations, we face competition from Indian public sector banks with overseas operations, foreign banks with products and services targeted at non-resident Indians and Indian businesses and other service providers like remittance services. Foreign banks have became more competitive in providing financing to Indian businesses leveraging their strength of access to lower cost foreign currency funds. We are seeking to position ourselves as an Indian bank offering globally-benchmarked products and services with an extensive distribution network in India to gain competitive advantage. We seek to leverage our technology capabilities developed in our domestic businesses to offer convenience and efficient services to our international customers. We also seek to leverage our strong relationships with Indian corporates in our international business.

Commercial Banking Products and Services for Agricultural and Rural Customers

In our commercial banking operations for agricultural and rural customers, we face competition from public sector banks that have large branch networks in rural India. Other private sector banks and non-banking financial companies also provide products and services in rural India. We also face competition from specialized players such as rural finance institutions and gold loan companies. We seek to compete in this business based on our product strategy and multiple channels.

Insurance and Asset Management

Our insurance and asset management joint ventures face competition from existing dominant public sector players as well as new private sector players. We believe that the key competitive strength of our insurance joint ventures is the combination of our experience in the Indian financial services industry with the global experience and skills of our joint venture partners. We believe that ICICI Prudential Life Insurance Company, ICICI Lombard General Insurance Company and ICICI Prudential Asset Management Company have built strong product, distribution and risk management capabilities, achieving market leadership positions in their respective businesses. According to data published by the Insurance Regulatory and Development Authority of India, ICICI Prudential Life Insurance Company had a retail market share of about 9.3% in new business written (on retail weighted received premium basis) during fiscal 2010. ICICI Lombard General Insurance Company had a market share of about 9.5% in gross written

premiums during fiscal 2010. See also "Business — Insurance". ICICI Prudential Asset Management Company manages the ICICI Prudential Mutual Fund, which was among the top three mutual funds in India in terms of average funds under management in March 2010 with a market share of about 10.8%.

Employees

At year-end fiscal 2010, we had 74,056 employees, including sales executives and employees on fixed term contracts and interns, compared to 91,777 employees at year-end fiscal 2009 and 108,393 employees at year-end

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fiscal 2008. Of these, 41,068 employees were employed by ICICI Bank in fiscal 2010, a decrease from 51,835 at year-end fiscal 2009. The reduction in the employee base is due to a decrease in the number of contractual employees, reduced staffing requirements in certain product lines and functions and our cost reduction and productivity improvement initiatives. Of our 74,056 employees at year-end fiscal 2010, approximately 29,091 were professionally qualified, holding degrees in management, accountancy, engineering, law, computer science, economics or banking. We expect an increase in the number of employees of ICICI Bank in view of the anticipated growth in our business.

We dedicate a significant amount of senior management time to ensuring that employees remain highly motivated and perceive the organization as a place where opportunities abound, innovation is fuelled, teamwork is valued and success is rewarded. Employee compensation is clearly tied to performance and we encourage the involvement of our employees in our overall performance and profitability of the Bank. A performance appraisal system has been implemented to assist management in career development and succession planning. Management believes that it has good relationships with its employees.

ICICI Bank has an employee stock option scheme to encourage and retain high-performing employees. Pursuant to the employee stock option scheme as amended by the Scheme of Amalgamation and further amended in September 2004, up to 5.0% of the aggregate of our issued equity shares at the time of grant of the stock options can be allocated under the employee stock option scheme. The stock options entitle eligible employees to apply for equity shares. The grant of stock options is approved by ICICI Bank's Board of Directors on the recommendations of the Board Governance, Remuneration and Nomination Committee. The eligibility of each employee is determined based on an evaluation including the employee's work performance, technical knowledge and leadership qualities. See also "Management — Compensation and Benefits to Directors and Officers — Employee Stock Option Scheme."

ICICI Bank has training centers, where various training programs designed to meet the changing skill requirements of its employees are conducted. These training programs include orientation sessions for new employees and management development programs for mid-level and senior executives. The training centers regularly offer courses conducted by faculty, both national and international, drawn from industry, academia and ICICI Bank's own organization. Training programs are also conducted for developing functional as well as managerial skills. Products and operations training are also conducted through web-based training modules.

In addition to basic compensation, employees of ICICI Bank are eligible to receive loans from ICICI Bank at subsidized rates and to participate in its provident fund and other employee benefit plans. The provident fund, to which both ICICI Bank and its employees contribute a defined amount, is a savings scheme, required by government regulation, under which ICICI Bank at present is required to pay to employees a minimum annual return as specified from time to time which has been specified at 9.5% for fiscal 2010. If such return is not generated internally by the fund, ICICI Bank is liable for the difference. ICICI Bank's provident fund has generated sufficient funds internally to meet the minimum annual return requirement since inception of the funds. ICICI Bank has also set up a superannuation fund to which it contributes defined amounts. The employees have been given an option to opt out of the superannuation fund and in such cases the defined amounts are paid as part of monthly salary. In addition, ICICI Bank contributes specified amounts to a gratuity fund set up pursuant to Indian statutory requirements.

The following table sets forth, at the dates indicated, the number of employees in ICICI Bank and its consolidated subsidiaries and other consolidated entities.

	At March 31,					
	2008		2009		2010	
	Number	% to total	Number	% to total	Number	% to total
ICICI Bank Limited	63,098	58.2 %	51,835	56.5 %	41,068	55.9 %

ICICI Prudential Life Insurance Company Limited	29,007	26.8	%	24,518	26.7	%	20,295	27.8
ICICI Lombard General Insurance Company Limited	5,570	5.1	%	5,697	6.2	%	4,650	6.3

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	At March 31,												
	2008			2009				2010					
	Number	% to total		Number		% to total		Number		% to total			
ICICI Home Finance Company Limited	4,818	4.4	%	4,221	(2)	4.6	%	3,077	(3)	4.1			
ICICI Prudential Asset Management Company Limited	1,142	1.1	%	935		1.0	%	774		1.0			
ICICI Securities Limited	3,869	3.6	%	3,692		4.0	%	3,480		4.0			
ICICI Securities Primary Dealership Limited	70	0.1	%	75		0.1	%	75		0.1			
Others	819	0.8	%	804		0.9	%	637		0.8			
Total number of employees (1)	108,393	100.0	%	91,777		100.0	%	74,056		100.0	%		

(1) Includes interns, sales executives and employees on fixed-term contracts totaling 6,456 at year-end fiscal 2010, 18,415 at year-end fiscal 2009 and 24,079 at year-end fiscal 2008.

(2) Including 886 employees deputed from ICICI Bank.

(3) Including 715 employees deputed from ICICI Bank.

Properties

Our registered office is located at Landmark, Race Course Circle, Vadodara 390 007, Gujarat, India. Our corporate headquarters is located at ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051, Maharashtra, India.

ICICI Bank had a principal network consisting of 1,707 branches and 5,219 ATMs at year-end fiscal 2010. As of August 31, 2010 we had a network of 2,502 branches including the branches of the Bank of Rajasthan, which merged with us effective from the close of business at August 12, 2010. These facilities are located throughout India. In addition to the branches, extension counters and ATMs, ICICI Bank has 32 controlling/administrative offices including the registered office at Vadodara and the corporate headquarters at Mumbai, 53 regional processing centers in various cities and one central processing center at Mumbai. We have a branch each in Bahrain, Dubai, Hong Kong, Qatar, Singapore, Sri Lanka and the United States and one representative office each in Abu Dhabi, Bangladesh, China, Dubai, Indonesia, Malaysia, South Africa and Thailand. ICICI Bank also provides residential and holiday home facilities to employees at subsidized rates. At March 31, 2010, ICICI Bank had 565 apartments for its employees.

Legal and Regulatory Proceedings

We are involved in various litigations and are subject to a wide variety of banking and financial services laws and regulations in each of the jurisdictions in which we operate. We are also subject to a large number of regulatory and enforcement authorities in each of these jurisdictions. We are involved in a number of legal proceedings and regulatory relationships in the ordinary course of our business. However, we are not a party to any proceedings and no proceedings are known by us to be contemplated by governmental authorities or third parties, which, if adversely determined, may have a material adverse effect on our financial condition or results of operations.

The following penalties were imposed and paid by us in the past:

- In fiscal 2006, the Reserve Bank of India imposed a penalty of Rs. 0.5 million on us in connection with our role as collecting bankers in certain public equity offerings by companies in India.
- The Reserve Bank of India imposed a penalty of Rs. 0.5 million on us in connection with Know Your Customer guidelines.
- The Securities and Futures Commission, Hong Kong charged us with carrying on the business of dealing in securities in Hong Kong between June 15, 2004 and March 8, 2006, without having the requisite license.

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The Eastern Magistrate's Court, Hong Kong, on April 10, 2007 fined us a sum of HK$ 40,000 and ordered us to reimburse prosecution costs of HK$ 54,860.

See also "Risk Factors — Risks Relating to Our Business — We have experienced rapid international growth in earlier years which has increased the complexity of the risks that we face," "— There is operational risk associated with the financial industry which, when realized, may have an adverse impact on our business," "— We are involved in various litigations. Any final judgment awarding material damages against us could have a material adverse impact on our future financial performance, our stockholders' equity and the price of the ADSs" and "— The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment."

At year-end fiscal 2010, we had been assessed an aggregate of Rs. 35.1 billion in excess of the provision made in our accounts mainly pertaining to income tax and sales tax/value added tax by the government of India's tax authorities for past years. We have appealed each of these tax demands. Based on consultation with counsel and favorable decisions in our own and other cases as set out below, management believes that the tax authorities are not likely to be able to substantiate their tax assessments and accordingly we have not provided for these tax demands at year-end fiscal 2010.

- Rs. 5.6 billion relates to appeals filed by the tax authorities against decisions in our favor. The matters are currently pending adjudication.

- Rs. 951 million relates to sales tax/value added tax assessment, where we are relying on a favorable decision in our own/other precedent cases and opinions from counsel.

- Rs. 28.6 billion relates to an appeal filed by us in respect of assessments mainly pertaining to income tax, where we are relying on favorable precedent decisions of the appellate court and expert opinions.

- Rs. 13.4 billion relates to bad debts written off. Bad debts written off as irrecoverable by the Bank have been disallowed by the tax authorities on the ground that we have not established that the debts written off during the year are irrecoverable. In recent judgments in the Bank's own case for some years, the appellate authorities have allowed the claim of bad debts on the ground that after an amendment to the Income tax Act, 1961 with effect from April 1, 1989, it is not obligatory for the assessee to prove that the debts written-off are bad and it shall suffice if the assessee writes off its bad debts as irrecoverable in the accounts during the said year. In a recent Supreme Court ruling in another matter, it was held that after the amendment of the Income tax Act, it is not necessary for the taxpayer to establish that the debt has actually become irrecoverable to claim a deduction of bad debts.

- Rs. 4.1 billion relates to the disallowance of depreciation claims on leased assets, which is an industry-wide issue involving multiple litigations across the country. In respect of depreciation claimed by us for fiscal 1993 and fiscal 1994 on two sale and leaseback transactions, the Income Tax Appellate Tribunal, Mumbai held that these transactions were tax planning tools and no depreciation was allowable. Because the Income Tax Appellate Tribunal's decision is based on the facts of two specific transactions, we believe that the Income Tax Appellate Tribunal's decision will not have an adverse tax impact on other sale and leaseback transactions entered into by us. In subsequent judgments in our own case, the appellate authorities have held that the lease transactions are genuine and have allowed depreciation on finance leases including sale and leaseback transactions.

- A penalty amounting to Rs. 3.9 billion has been levied on us by the tax authorities on contentious issues involving judicial interpretation. In recent judgments in our own and other cases, the appellate authorities have ruled that penalties are not leviable on debatable issues which cannot be said to be in the nature of concealment of income.

- Rs. 2.4 billion relates to whether interest expenses can be attributed to tax-exempt dividend income. We believe no interest can be allocated thereto as there are no borrowings earmarked for investment in shares and our interest free funds are sufficient to cover investments in the underlying shares. In a recent judgment in another matter, the Bombay High Court has laid down the principle that if there are

sufficient interest free funds available to an assessee to fund its investments, it can be presumed that the investments were made from the interest free funds available.

- Rs. 2.0 billions relates to taxability of amounts withdrawn from the Special Reserve. ICICI had maintained two special reserve accounts, “Special Reserve created up to Assessment Year 1997-98” and “Special Reserve created and maintained from Assessment Year 1998-99”. Withdrawal made from the “Special Reserve created up to Assessment Year 1997-98” was assessed as taxable by the tax authorities. The Bank has disputed the levy of tax as the special reserve created through this account was not required to be maintained without withdrawal. In a recent judgment in our own case, the appellate authority has granted relief in respect of withdrawal from this special reserve.

Accordingly, we have not provided for these tax demands but have disclosed them as a contingent liability in the financial statements.

A number of litigation and claims against ICICI Bank and its directors are pending in various forums. The claims on ICICI Bank mainly arise in connection with civil cases involving allegations of service deficiencies, property or labor disputes, fraudulent transactions, economic offences and other cases filed in the normal course of business. The Bank is also subject to counterclaims arising in connection with its enforcement of contracts and loans. In accordance with FASB ASC 450 – “Contingencies”, a provision is created where an unfavorable outcome is deemed probable and in respect of which a reliable estimate can be made. In view of inherent unpredictability of litigation and cases where claims sought are substantially high, actual cost of resolving litigations may be substantially different than the provision held.

We held a total provision of Rs. 108 million at year-end fiscal 2010 for 430 cases with claims totaling approximately Rs. 221 million, where an unfavorable outcome was deemed probable and in respect of which a reliable estimate could be made. Of the total provision made, Rs. 85 million is provided for 426 cases with claims of Rs. 140 million and Rs. 23 million is provided for four cases with amount of Rs. 81 million which is the claims of sale proceeds received from the court against an undertaking.

For cases where an unfavorable outcome is deemed to be reasonably possible but not probable, we have included the amount of claims against us in our contingent liabilities. At year-end fiscal 2010, such claims amounted to a total of Rs. 104 million in connection with 48 cases. It is not possible to estimate the possible loss or range of possible losses for these cases due to the nature of the cases.

For cases where the possibility of an unfavorable outcome is deemed remote, we have not made a provision, nor have we included the amount of the claims in these cases in our contingent liabilities.

In some instances, civil litigants name our directors as co-defendants in lawsuits against ICICI Bank. There were 402 such cases at year-end fiscal 2010.

Management believes, based on consultation with counsel, that the claims and counterclaims filed against us in the above legal proceedings are frivolous and untenable and their ultimate resolution will not have a material adverse effect on our results of operations, financial condition or our liquidity. Based on a review of other litigations with legal counsel, management also believes that the outcome of such other matters will also not have a material adverse effect on our financial position, results of operations or cash flows.

At year-end fiscal 2010, there were 42 litigations each involving a claim of Rs. 10 million and more against us, in the aggregate amount of approximately Rs. 90.5 billion (to the extent quantifiable and including amounts claimed jointly and severally from us and other parties). The following are the litigations where amounts claimed from us are Rs. 1.0

billion or higher:

- We filed a recovery application against Mardia Chemicals Limited and its guarantors before the Debt Recovery Tribunal, Mumbai for the recovery of Rs. 1.4 billion. In response, Mardia Chemicals Limited filed a counterclaim of Rs. 56.3 billion against us. We had instituted proceedings for rejection of the counterclaim. The Debt Recovery Tribunal, by its order dated May 10, 2010, rejected the counterclaim

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since there was no oral or documentary evidence submitted by the borrower to prove their claim and accordingly from that date, the case is closed.

- The promoters of Mardia Chemicals Limited, in their capacity as guarantors, filed a suit against us, for damages amounting to Rs. 20.8 billion before the Debt Recovery Tribunal Mumbai as a counterclaim to the original application filed by us against the guarantors. The Debt Recovery Tribunal, by its order dated May 10, 2010, rejected the counterclaim filed against us by the Promoters/Guarantors of the Borrower, and consequently, from that date, the case stands closed.

- In 2002, we filed a suit before the Debt Recovery Tribunal, Ahmedabad against Gujarat Telephone Cables Limited for the recovery of term loans, debentures and working capital finance provided by us. We sold our exposure to the Asset Reconstruction Company (India) Limited in 2004. The borrower has filed a suit claiming damages of Rs. 10.0 billion jointly and severally from the State Bank of India, Bank of Baroda, United Western Bank, UTI Bank, Bank of India, Asset Reconstruction Company (India) Limited and us. We have filed an application for rejection of the suit to which Gujarat Telephone Cables Limited has filed its reply. We have filed our rejoinder. The company in the meanwhile has gone into liquidation and the notice has been served to the official liquidator. The matter is adjourned to September 29, 2010.

- In 1999, we filed a suit in the Debt Recovery Tribunal, Delhi against Esslon Synthetics Limited and its Managing Director (in his capacity as guarantor) for recovery of amounts totaling Rs. 169 million due from Esslon Synthetics Ltd. In May 2001, the guarantor filed a counterclaim for an amount of Rs. 1.0 billion against us and other lenders who had extended financial assistance to Esslon Synthetics on the grounds that he had been coerced by officers of the lenders into signing an agreement between LML Limited, Esslon Synthetics and the lenders on account of which he suffered, among other things, loss of business. Esslon Synthetics Limited filed an application to amend the counterclaim in January 2004. We have filed our reply to the application for amendment. The guarantor has also filed an interim application on the ground that certain documents have not been exhibited to which we have filed our reply stating that the required documents are neither relevant nor necessary for adjudicating the dispute between the parties. In the meantime, Industrial Development Bank of India has challenged the order of the Debt Recovery Tribunal, Delhi, whereby the Debt Recovery Tribunal allowed LML Limited to be included in the list of parties. The Debt Recovery Appellate Tribunal, Delhi has passed an interim stay order against the Debt Recovery Tribunal proceedings. The Debt Recovery Tribunal will next hear the matter on October 7, 2010. In the liquidation proceeding before the High Court at Allahabad, the official liquidator attached to the Allahabad High Court has sold the assets of Esslon Synthetics for Rs. 61 million in November 2002. We have filed the claim with the official liquidator attached to the Allahabad High Court for our dues. The official liquidator has informed us that the claim of the Bank has been allowed and the amount payable to the Bank is Rs. 12 million. We will be filing an affidavit before the official liquidator for disbursement of the amount

In addition, we have experienced rapid international expansion into banking in multiple jurisdictions which exposes us to a new variety of regulatory and business challenges and risks, including cross-cultural risk, and which increased the complexity of our risks in a number of areas including currency risks, interest rate risks, compliance risk, regulatory risk, reputational risk and operational risk. As a result of this rapid growth and increased complexity, we or our employees may be subject to regulatory investigations or enforcement proceedings in multiple jurisdictions in a variety of contexts. Despite our best efforts at regulatory compliance and internal controls, we, or our employees, may from time to time, and as is common in the financial services industry, be the subject of confidential examinations or investigations that might, or might not, lead to proceedings against us or our employees. In any such situation it would be our policy to conduct an internal investigation, co-operate with the regulatory authorities and, where appropriate, suspend or discipline employees, including terminating their services.

In fiscal 2010, two individuals filed a whistleblower retaliation complaint against us with the Occupational Safety and Health Administration, US Department of Labor ("OSHA") pursuant to procedures set forth under 29 CFR 1980 covered by Section 806 of the Sarbanes Oxley Act, 2002. The complaint alleges that in our annual report on Form 20-F for fiscal 2008, as filed with the Securities and Exchange Commission, we misrepresented that we have anti-money laundering processes in place, and/or failed to follow such processes. The individuals demanded (i) immediate reinstatement at ICICI Bank, payment of back pay, payment of special damages and payment of

attorney's fees; and (ii) that their visa status be protected so that they may remain within the United States. Upon receipt of the complaint, we commenced an internal investigation of our operations at the New York branch, including an investigation of our compliance with the US Patriot Act. It was determined that the New York branch complied with all applicable banking regulations and has appropriate internal controls in place. The New York branch and its processes are also subject to ongoing supervision and examination by the Office of the Comptroller of the Currency (the "OCC"), and the branch has informed the OCC of this matter. We filed our response to the complaint with OSHA. OSHA has completed the initial phase of its investigation and had issued an initial response letter dated January 4, 2010 finding, based on information gathered thus far, reasonable cause to believe that a violation under Section 806 has occurred. We submitted a rebuttal, along with supporting documents, to OSHA on February 8, 2010. Pending receipt of the final determination of the investigation by OSHA and on its suggestion, the parties have pursued informal resolution of the complaint to reach a mutually acceptable resolution. OSHA has reserved its decision on the matter pending the outcome of the informal resolution process.

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

American Depository Receipt Fees and Payments

Fees and Charges Payable by Holders of our ADSs

The fees and charges payable by holders of our ADSs include the following:

(i) a fee not in excess of US $0.05 per ADS is charged for each issuance of ADSs including issuances resulting from distributions of shares, share dividends, share splits, bonuses and rights distributions;

(ii) a fee not in excess of US $0.05 per ADS is charged for each surrender of ADSs in exchange for the underlying deposited securities; and

(iii) a fee for the distribution of the deposited securities pursuant to the deposit agreement, such fee being an amount equal to the fee for the execution and delivery of ADSs referred to in item (i) above which would have been charged as a result of the deposit of such securities, but which securities were instead distributed by the depositary to ADR holders.

Additionally, under the terms of our deposit agreement, the depositary is entitled to charge each registered holder the following:

(i) taxes and other governmental charges incurred by the depositary or the custodian on any ADS or an equity share underlying an ADS including any applicable penalties thereon;

(ii) transfer or registration fees for the registration or transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities, including those of a central depository for securities (where applicable);

(iii) any cable, telex, facsimile transmission and delivery expenses incurred by the depositary; and

(iv) customary expenses incurred by the depositary in the conversion of foreign currency, including, without limitation, expenses incurred on behalf of registered holders in connection with compliance with foreign exchange

control restrictions and other applicable regulatory requirements, together with all expenses, transfer and registration fees, taxes, duties, governmental or other charges payable by the Depositary.

In the case of cash distributions, fees, if applicable, are generally deducted from the cash being distributed. Other fees may be collected from holders of ADSs in a manner determined by the depositary with respect to ADSs registered in the name of investors (whether certificated or in book-entry form) and ADSs held in brokerage and custodian accounts (via DTC). In the case of distributions other than cash (i.e., stock dividends, etc.), the depositary charges the applicable ADS record date holder concurrently with the distribution. In the case of ADSs registered in

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the name of the investor (whether certificated or in book-entry form), the depositary sends invoices to the applicable record date ADS holders.

If any tax or other governmental charge is payable by the holders and/or beneficial owners of ADSs to the depositary, the depositary, the custodian or the Bank may withhold or deduct from any distributions made in respect of deposited securities and may sell for the account of the holder and/or beneficial owner any or all of the deposited securities and apply such distributions and sale proceeds in payment of such taxes (including applicable interest and penalties) or charges, with the holder and the beneficial owner thereof remaining fully liable for any deficiency.

Fees and Other Payments Made by the Depositary

Since the commencement of the Bank's most recent fiscal year, the Bank has not received any direct payments or reimbursements from the depositary relating to the Bank's ADR program. The Bank has not received any other reimbursements or payments from the depositary, either directly or indirectly, during fiscal 2010.

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SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following discussion and table are based on our audited consolidated financial statements and accompanying notes prepared in accordance with Indian GAAP. For a reconciliation of net income and stockholders' equity to US GAAP, a description of significant differences between Indian GAAP and US GAAP and certain additional information required under US GAAP, see notes 22 and 23 to our consolidated financial statements included in this annual report. For selected financial data in accordance with US GAAP see "Selected US GAAP Financial Data."

Certain reclassifications have been made in the financial statements for prior years to conform to classifications used in the current year. These changes have no impact on previously reported results of operations or stockholders' equity. The accounting and reporting policies used in the preparation of our financial statements reflect general industry practices and conform with Indian GAAP, including the Accounting Standards issued by the Institute of Chartered Accountants of India and guidelines issued by the Reserve Bank of India and the Insurance Regulatory and Development Authority and the National Housing Bank as applicable to ICICI Bank and specific subsidiaries and joint ventures.

The consolidated financial statements for fiscal 2006 were audited by S.R. Batliboi & Co., Chartered Accountants, and for fiscal 2007, 2008, 2009 and 2010 by BSR & Co. Chartered Accountants, under auditing standards issued by the Institute of Chartered Accountants of India. The consolidated financial statements for fiscal 2007, 2008, 2009 and 2010 have also been audited by KPMG, an independent registered public accounting firm in India, in accordance with the auditing standards of the United States Public Company Accounting Oversight Board. Our Indian GAAP financial statements, along with the reconciliation of net profit and stockholders' equity to US GAAP, including the notes to these financial statements, audited by KPMG are set forth at the end of this annual report.

Our annual report prepared and distributed to our shareholders under Indian law and regulations include consolidated along with unconsolidated Indian GAAP financial statements and analysis of our results of operations and financial condition based on unconsolidated Indian GAAP financial statements.

You should read the following data with the more detailed information contained in "Operating and Financial Review and Prospects" and our consolidated financial statements. Historical results do not necessarily predict our results in the future.

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Operating Results Data

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

	Year ended March 31,					
	2006	2007	2008	2009	2010	2010(1)
	(in millions, except per common share data)					
Selected income statement data:						
Interest income(2) (3) (4)	Rs. 143,336	Rs. 240,026	Rs. 340,950	Rs. 362,507	Rs. 301,537	US$ 6,708
Interest expense	(101,015)	(176,757)	(257,670)	(264,873)	(207,292)	(4,611)
Net interest income	42,321	63,268	83,280	97,634	94,245	2,097
Non-interest income(4)	102,819	173,612	259,581	279,024	294,461	6,551
Total income	145,140	236,881	342,861	376,658	388,706	8,648
Non-interest expenses:						
Operating expenses (5)	(47,626)	(79,289)	(110,070)	(108,136)	(94,343)	(2,098)
Direct marketing agency expenses(6)	(11,912)	(15,602)	(15,750)	(6,122)	(2,413)	(54)
Depreciation on leased assets	(2,771)	(1,883)	(1,821)	(2,101)	(1,417)	(32)
Expenses pertaining to insurance business(7)	(43,389)	(83,358)	(142,793)	(165,499)	(179,160)	(3,986)
Total non-interest expenses	(105,698)	(180,132)	(270,434)	(281,858)	(277,333)	(6,170)
Operating profit before provisions	39,443	56,749	72,427	94,800	111,373	2,478
Provisions and contingencies	(8,455)	(22,774)	(30,178)	(45,117)	(45,587)	(1,014)
Profit before tax	30,988	33,975	42,249	49,684	65,786	1,464
Provision for tax(8)	(6,998)	(7,641)	(11,097)	(15,889)	(17,352)	(386)
Profit after tax	23,990	26,334	31,152	33,794	48,434	1,078
Minority interest	211	1,272	2,830	1,975	(1,731)	(39)
Net profit	Rs. 24,201	Rs. 27,606	Rs. 33,982	Rs. 35,769	Rs. 46,703	US$ 1,039
Per common share:						
Earnings per share-basic(9)	Rs. 30.96	Rs. 30.92	Rs. 32.19	Rs. 32.13	Rs. 41.93	US$ 0.93
Earnings per share-diluted(10)	30.64	30.75	32.00	32.07	41.72	0.93
Dividend per share(11)	8.50	10.00	11.00	11.00	12.00	0.27
Book value(12)	242.75	256.72	385.73	396.15	436.48	9.71
Equity shares outstanding at the end of the period (in millions of equity shares)	890	899	1,113	1,113	1,115	1,115
Weighted average equity shares outstanding - basic (in millions of equity shares)	782	893	1,056	1,113	1,114	1,114
Weighted average equity shares outstanding – diluted (in millions of equity shares)	790	898	1,062	1,115	1,118	1,118

(1) Rupee amounts for fiscal 2010 have been translated into US dollars using the exchange rate of Rs. 44.95 = US$ 1.00 as set forth in the H.10 statistical release of the Federal Reserve Board at March 31, 2010.

(2) Interest income includes interest on rupee and foreign currency loans and advances (including bills) and hire purchase receivables and gains/(losses) on sell-down of loans. Interest income also includes interest on income tax refund of Rs. 416 million, Rs. 1.0 billion, Rs. 880 million, Rs. 3.4 billion Rs. 1.3 billion for fiscal 2006, 2007, 2008, 2009 and 2010 respectively. Commission paid to direct marketing agents/dealers for origination of retail automobile loans which was being reduced from "Interest Income" up to fiscal 2006 has been reclassified to "Direct marketing agency expenses". This reclassification also impacts the reported net interest income, net interest margin and spread. Prior period figures have been reclassified to conform to the current classification.

(3) Interest income includes gains/(losses) on the sell-down of loans. In February 2006, the Reserve Bank of India issued guidelines on accounting for securitization of standard assets. In accordance with these guidelines, with effect from February 1, 2006, we account for any loss arising on securitization immediately at the time of sale and the profit/premium arising on account of securitization is amortized over the life of the asset. Prior to February 1, 2006, profit arising on account of securitization was recorded at the time of sale.

(4) As per general clarification from the Reserve Bank of India dated July 11, 2007 on circular DBOD.BP.BC.87/21.04.141/2006-07 dated April 20, 2007, we have deducted the amortization of premium on government securities from income on investments included in "Interest income", which was up to fiscal 2007 deducted from "Profit/(Loss) on revaluation of investments (net)" included in "Non-interest income". This reclassification also impacts the reported net interest income, net interest margin and spread. Prior period figures have been reclassified to conform to the current classification.

(5) Operating expenses primarily includes employee expenses, establishment expenses, depreciation on fixed assets, amortization of expenses related to early retirement option scheme and other general office expenses. Operating expenses for fiscal years 2006 to 2008 include Rs. 384.0 million in each year, Rs. 117.9 million for fiscal 2009 and Nil for fiscal 2010 on account of amortization of expenses related to our early retirement option scheme over a period of five years as approved by the Reserve Bank of India.

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(6) Includes commissions paid to direct marketing agents or associates in connection with sourcing our retail assets. These commissions are expensed upfront and not amortized over the life of the loan.

(7) The amount of premium ceded on re-insurance has been reclassified from expenses pertaining to insurance business and netted off from non-interest income from fiscal 2007.

(8) Includes income tax (net of deferred tax), wealth tax and fringe benefit tax (up to fiscal 2009). The levy of fringe benefit tax is not applicable as Finance (No. 2) Act, 2009 has abolished fringe benefit tax with effect from fiscal 2010.

(9) Earning per share is computed based on weighted average number of shares and represents net profit/(loss) per share before dilutive impact.

(10) Earning per share is computed based on weighted average number of shares and represents net profit/(loss) per share adjusted for full dilution. Options to purchase 5,000; 123,500; 40,000; 5,098,000 and 2,500 equity shares granted to employees at a weighted average exercise price of Rs. 569.6, Rs. 849.2, Rs. 1,135.3, Rs. 914.4 and Rs. 901.8 were outstanding in fiscal 2006, 2007, 2008, 2009 and 2010 respectively, but were not included in the computation of diluted earnings per share because the exercise price of the options was greater than the average market price of the equity shares during the period.

(11) In India, dividends for a fiscal year are normally declared and paid in the following year. For fiscal 2006, we declared dividend of Rs. 8.50 per equity share which was paid out in fiscal 2007. For fiscal 2007, we declared dividend of Rs. 10.00 per equity share which was paid out in fiscal 2008. We declared a dividend of Rs. 11.00 per equity share for each of fiscal years 2008 and 2009, which were paid out in fiscal 2009 and fiscal 2010 respectively. We declared a dividend of Rs. 12.00 per equity share for fiscal 2010 which was paid out in fiscal 2011. The dividend per equity share shown above is based on the total amount of dividends declared for the year, exclusive of dividend tax.

(12) Represents equity share capital and reserves and surplus reduced by deferred tax asset, goodwill, debit balance in the profit and loss account and early retirement option expenses, not written off.

The following table sets forth, for the periods indicated, selected income statement data expressed as a percentage of average total assets for the respective period. For fiscal years 2006 through 2008, the average balances for a fiscal year are the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that year. For fiscal 2009 and 2010, the average balances are the sum of the daily average balances outstanding of ICICI Bank and the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that year for subsidiaries.

	Year ended March 31,									
	2006		2007		2008		2009		2010	
Selected income statement data:										
Interest income	6.61	%	7.38	%	7.82	%	7.40	%	6.12	%
Interest expense	(4.66	)	(5.44	)	(5.91	)	(5.41	)	(4.21	)
Net interest income	1.95		1.94		1.91		1.99		1.91	
Non-interest income	4.75		5.34		5.95		5.70		5.98	
Total income	6.70		7.28		7.86		7.69		7.89	
Operating expenses	(2.20	)	(2.44	)	(2.53	)	(2.21	)	(1.91	)
Direct marketing agency expenses	(0.56	)	(0.48	)	(0.36	)	(0.12	)	(0.05	)

Depreciation on leased assets	(0.13)	(0.06)	(0.04)	(0.04)	(0.03)
Expenses pertaining to insurance business	(2.00)	(2.56)	(3.27)	(3.38)	(3.64)
Non-interest expenses	(4.89)	(5.54)	(6.20)	(5.75)	(5.63)
Operating profit before provisions	1.81	1.74	1.66	1.94	2.26
Provisions and contingencies	(0.39)	(0.70)	(0.69)	(0.92)	(0.93)
Profit before tax	1.42	1.04	0.97	1.01	1.34
Provision for tax	(0.32)	(0.24)	(0.25)	(0.32)	(0.35)
Profit after tax	1.10	0.80	0.72	0.69	0.98
Minority interest	0.01	0.04	0.06	0.04	(0.04)
Net profit	1.11%	0.84%	0.78%	0.73%	0.95%

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The following table sets forth, for the periods indicated, our selected financial data.

	At or for the year ended March 31,					
	2006	2007	2008	2009	2010	2010(1)
			(in millions, except percentages)			
Selected balance sheet data:						
Total assets	Rs. 2,772,296	Rs. 3,943,347	Rs. 4,856,166	Rs. 4,826,910	Rs. 4,893,473	US$ 108,865
Investments	840,139	1,206,167	1,600,468	1,481,070	1,863,198	41,450
Advances, net	1,562,603	2,113,994	2,514,016.7	2,661,305	2,257,781	50,229
Non-performing customer assets (gross)(2)	23,086	42,557	77,963	99,921	105,821	2,354
Total liabilities	2,549,878	3,703,697	4,408,944	4,359,134	4,380,508	97,453
Deposits	1,724,510	2,486,136	2,769,832	2,618,558	2,415,723	53,742
Borrowings (includes subordinated debt and redeemable non-cumulative preference shares)	560,858	832,307	1,073,238	1,160,663	1,156,983	25,739
Equity share capital	8,898	8,993	11,127	11,133	11,149	254
Reserves and surplus	213,520	230,657	436,095	456,642	501,816	11,164
Period average(3):						
Total assets	2,166,897	3,250,679	4,361,169	4,898,664	4,930,720	109,693
Interest-earning assets	1,806,601	2,728,532	3,627,576	4,182,862	4,060,883	90,342
Advances, net	1,200,315	1,763,886	2,284,649	2,578,553	2,395,300	53,288
Total liabilities(4)	2,004,677	3,018,689	3,994,367	4,415,984	4,418,129	98,290
Interest-bearing liabilities	1,795,244	2,707,456	3,503,058	3,878,871	3,713,343	82,611
Borrowings	540,464	692,462	964,858	1,301,193	1,308,823	29,117
Stockholders' equity	162,220	231,990	366,802	482,680	512,591	11,404
Profitability:						
Net profit as a percentage of:						
Average total assets	1.11 %	0.84 %	0.78 %	0.73 %	0.95 %	
Average stockholders'	14.92	11.90	9.26	7.41	9.05	

equity										
Dividend payout ratio(5)	31.33		32.91		36.13		34.24		28.65	
Spread(6)	2.31		2.27		2.04		1.93		1.93	
Net interest margin(7)	2.34		2.32		2.30		2.43		2.40	
Cost-to-income ratio(8)	41.82		40.38		36.89		30.50		24.98	
Cost-to-average assets ratio(9)	2.75		2.92		2.89		2.33		1.96	
Capital(10):										
Average stockholders' equity as a percentage of average total assets	7.49	%	7.14	%	8.41	%	9.85	%	10.40	%
Average stockholders' equity (including preference share capital) as a percentage of average total assets	7.65	%	7.24	%	8.49	%	9.92	%	10.47	%
Asset quality:										
Net restructured assets as a percentage of net customer assets	3.28	%	2.21	%	1.77	%	2.10	%	2.36	%
Net non-performing assets as a percentage of net customer assets	0.67	%	0.92	%	1.36	%	1.67	%	1.84	%
Provision on restructured assets as a percentage of gross restructured assets	4.16	%	3.14	%	3.25	%	2.83	%	4.40	%
Provision on non-performing assets as a percentage of gross non-performing assets	53.19	%	52.28	%	53.91	%	52.62	%	55.83	%
Provision as a percentage of	1.31	%	1.71	%	2.20	%	2.45	%	3.02	%

gross customer
assets(11)

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(1) Rupee amounts at March 31, 2010 have been translated into US dollars using the exchange rate of Rs. 44.95 = US$ 1.00 as set forth in the H.10 statistical release of the Federal Reserve Board on March 31, 2010.

(2) Includes suspended interest and claims received from Export Credit Guarantee Corporation of India/Deposit Insurance Credit Guarantee Corporation on working capital loans.

(3) For fiscal years 2006 through 2008, the average balances for a fiscal year are the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that year. For fiscal 2009 and 2010, the average balances

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are the sum of daily average balances outstanding for ICICI Bank and the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that year for subsidiaries.

(4) Includes preference share capital and minority interest, but does not include stockholders' equity.

(5) Represents the ratio of total dividends paid on equity share capital, exclusive of dividend tax, as a percentage of net profit.

(6) Represents the difference between yield on average interest-earning assets and cost of average interest-bearing liabilities. Yield on average interest-earning assets is the ratio of interest income to average interest-earning assets. Cost of average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities.

(7) Represents the ratio of net interest income to average interest-earning assets. The difference in net interest margin and spread arises due to the difference in the amount of average interest-earning assets and average interest-bearing liabilities. If average interest-earning assets exceed average interest-bearing liabilities, net interest margin is greater than spread, and if average interest-bearing liabilities exceed average interest-earning assets, net interest margin is less than spread.

(8) Represents the ratio of non-interest expense (excluding lease depreciation and expenses pertaining to insurance business) to the sum of net interest income and non-interest income (net of lease depreciation).

(9) Represents the ratio of non-interest expense (excluding lease depreciation and expenses pertaining to insurance business) to average total assets.

(10) ICICI Bank's capital adequacy is computed in accordance with the Basel II norms stipulated by the Reserve Bank of India and is based on unconsolidated financial statements prepared in accordance with Indian GAAP and based on consolidated financial statements as per the Reserve Bank of India guidelines on consolidated prudential report. At year-end fiscal 2010, ICICI Bank's total capital adequacy ratio at the standalone level was 19.41% with a tier I capital adequacy ratio of 13.96% and a tier II capital adequacy ratio of 5.45%. At year-end fiscal 2010, the total capital adequacy ratio of the Bank at the consolidated level was 19.15% with a tier I capital adequacy ratio of 12.92% and a tier II capital adequacy ratio of 6.23%.

(11) Includes general provision on standard assets.

Selected US GAAP Financial Data

The following table sets forth, certain selected financial data under generally accepted accounting principles adopted in the United States.

	At or for the year ended March 31,					
	2006	2007	2008	2009	2010	2010(1)
	(in millions)					
Net income/(loss)	Rs. 20,040	Rs. 31,271	Rs. 33,111	Rs. 34,449	Rs. 45,250	US$ 1,007
Total assets	2,817,328	3,995,402	4,993,632	5,012,346	4,820,604	107,244
Stockholders' equity	218,647	240,980	464,755	485,847	523,063	11,637
Other comprehensive income/(loss)	522	(3,241)	(4,611)	(5,741)	(246)	(5)
Per equity share						

Net income/(loss) from continuing operation-basic(2)	25.64	35.02	31.37	30.95	40.63	0.90
Net income/(loss) from continuing operation-diluted(3)	25.34	34.79	30.87	30.78	40.35	0.90
Dividend(4)	Rs. 8.50	Rs. 8.50	Rs. 10.00	Rs. 11.00	Rs. 11.00	US$ 0.24

(1) Rupee amounts for fiscal 2010 have been translated into US dollars using the exchange rate of Rs. 44.95 = US$ 1.00 as set forth in the H.10 statistical release of the Federal Reserve Board on March 31, 2010.

(2) Represents net income/(loss) before dilutive impact.

(3) Represents net profit/(loss) adjusted for full dilution. Options to purchase 5,000, 123,500, 40,000, 5,098,000 and 9,238,020 equity shares granted to employees at a weighted average exercise price of Rs. 569.6, Rs. 849.2, Rs. 1,135.3, Rs. 914.4 and Rs. 926.3 were outstanding in fiscal 2006, 2007, 2008, 2009 and 2010 respectively, but were not included in the computation of diluted earnings per share because the exercise price of the options was greater than the average market price of the equity shares during the period.

(4) In India, dividends for a fiscal year are normally declared and paid in the following year. We declared a dividend of Rs. 8.50 per equity share for each of fiscal years 2006 , which were paid out in fiscal 2007 . For fiscal 2007, we declared dividend of Rs. 10.00 per equity share which was paid out in fiscal 2008. For fiscal 2008, we declared dividend of Rs. 11.00 per equity share, which was paid out in fiscal 2009. For fiscal 2009, we declared dividend of Rs. 11.00 per equity share, which was paid out in fiscal 2010. For fiscal year 2010, we declared dividend of Rs. 11.00 per equity share which was paid out in fiscal 2011. The dividend per equity share shown above is based on the total amount of dividends paid for the year, exclusive of

dividend tax. This was different from the dividend declared for the year. In US dollar terms, the dividend paid was US$ 0.24 per equity share for fiscal 2010

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations together with our audited consolidated financial statements. The following discussion is based on our audited consolidated financial statements and accompanying notes prepared in accordance with Indian GAAP, which varies in certain significant respects from US GAAP. For a reconciliation of net income and stockholders' equity to US GAAP, a description of significant differences between Indian GAAP and US GAAP and certain additional US GAAP information, see notes 22 and 23 to our consolidated financial statements included herein.

Executive Summary

Introduction

We are a diversified financial services group offering a wide range of banking and financial services to corporate and retail customers through a variety of delivery channels. ICICI Bank is the largest private sector bank in India and the second largest bank in India, in terms of total assets. Apart from banking products and services, we offer investment banking, life and general insurance, asset management, securities brokering and private equity products and services through specialized subsidiaries. Our total assets at year-end fiscal 2010 were Rs. 4,893.5 billion (US$ 108.9 billion). Our net worth at year-end fiscal 2010 was Rs. 501.6 billion (US$ 11.2 billion). During fiscal 2010, we earned a net profit of Rs. 46.7 billion (US$ 1.0 billion) compared to Rs. 35.8 billion (US$ 796 million) during fiscal 2009.

Our primary business consists of commercial banking operations for corporate and retail customers. We provide a range of commercial banking and project finance products and services, including loan products, fee and commission-based products and services, deposit products and foreign exchange and derivatives products to India's leading corporations, middle market companies and small and medium enterprises. Our commercial banking operations for retail customers consist of retail lending and deposit taking and distribution of third party investment products. We deliver our products and services through a variety of channels, including bank branches, ATMs, call centers, the internet and mobile phones. We had a network of 2,501 branches and 5,665 ATMs in India at August 19, 2010. These figures include 463 branches and 127 ATMs of the Bank of Rajasthan, an old private sector bank that merged with us effective from the close of business at August 12, 2010. We also offer agricultural and rural banking products. We earn interest and fee income from our commercial banking operations.

In our international banking operations, our primary focus is on persons of Indian origin and Indian businesses. Our international branches and banking subsidiaries take deposits, raise borrowings and make loans primarily to Indian companies for their overseas operations as well as for their foreign currency requirements in India. They also engage in advisory and syndication activities for fund-raising by Indian companies and their overseas operations. We currently have subsidiaries in the United Kingdom, Canada and Russia, branches in Singapore, Dubai, Sri Lanka, Hong Kong, Qatar, the United States and Bahrain and representative offices in China, the United Arab Emirates, Bangladesh, South Africa, Malaysia, Thailand and Indonesia. Our subsidiary in the United Kingdom has established a branch in Antwerp, Belgium and a branch in Frankfurt, Germany.

Our treasury operations include maintenance and management of regulatory reserves, proprietary trading in equity and fixed income and a range of foreign exchange and derivatives products and services for corporate customers, such as forward contracts, swaps and options. We take advantage of movements in markets to earn treasury income. Our international branches and subsidiaries also have investments in credit derivatives, in bonds of non-India financial institutions and in asset backed securities.

We are also engaged in insurance, asset management, securities business and private equity fund management through specialized subsidiaries. Our subsidiaries ICICI Prudential Life Insurance Company, ICICI Lombard General Insurance Company and ICICI Prudential Asset Management Company provide a wide range of life and general insurance and asset management products and services to retail and corporate customers. ICICI Prudential Life Insurance Company was the largest private sector life insurance company in India during fiscal 2010, with a market share of 9.3% of new business written (on a retail weighted received premium basis). ICICI Lombard General Insurance Company was the largest private sector general insurance company in India during fiscal 2010, with a market share of 9.5% of gross written premium. ICICI Prudential Asset Management Company manages the

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ICICI Prudential Mutual Fund, which was among the top three mutual funds in India in terms of average funds under management in March 2010, with a market share of 10.8%. We cross-sell the products of our insurance and asset management subsidiaries and other asset management companies to our retail and corporate customers. Our subsidiaries ICICI Securities Limited and ICICI Securities Primary Dealership Limited are engaged in equity underwriting and brokerage and primary dealership in government securities respectively. ICICI Securities owns icicidirect.com, a leading online brokerage platform. ICICI Securities Limited has a subsidiary in the United States, ICICI Securities Holdings Inc., which in turn has an operating subsidiary in the United States, ICICI Securities Inc., engaged in brokerage services. Our private equity fund management subsidiary ICICI Venture Funds Management Company manages funds that make private equity investments.

Business environment

Our loan portfolio, financial condition and results of operations have been and, in the future, are expected to be influenced by economic conditions in India, global economic developments affecting the business activities of our corporate customers, such as changes in commodity prices, and conditions in global financial markets and economic conditions in the United States and in foreign countries where we have a significant presence. For ease of understanding the following discussion of our results of operations, you should consider these macroeconomic factors and other key factors.

During fiscal 2010, India witnessed a significant revival in economic activity following the moderation in fiscal 2009, with the momentum increasing in the second half of fiscal 2010. Industrial activity, as reflected by the Index of Industrial Production, increased by 10.5% during fiscal 2010 as against 2.8% in fiscal 2009. The growth in Index of Industrial Production was largely driven by the manufacturing sector which recorded a growth of 10.9% in fiscal 2010 compared to 2.7% in fiscal 2009.

India’s gross domestic product grew by 7.4% during fiscal 2010, compared to 6.7% in fiscal 2009, led by a 10.4% growth in industry and an 8.3% growth in the services sector. However, the agricultural sector recorded a growth of only 0.2%, primarily due to below normal monsoon rainfall. During the first quarter of fiscal 2011, India’s gross domestic product grew by 8.8% primarily due to an 11.4% growth in industry and a 9.4% growth in the services sector. The agricultural sector grew by 2.8% in this period.

Liquidity in the Indian financial system remained comfortable throughout fiscal 2010, with average liquidity adjustment facility balances (short-term lending by banks to the Reserve Bank of India) in excess of Rs. 1.00 trillion for most of the year. During the second half of fiscal 2010, inflationary pressures increased driven largely by food price inflation. Inflation as measured by the wholesale price index increased from a low of –1.0% in June 2009 to 11.0% in March 2010. In view of increasing inflationary pressures and initial signs of economic recovery, the Reserve Bank of India in its quarterly review of monetary policy in October 2009 increased the statutory liquidity ratio by 100 basis points to 25.0% and withdrew certain special liquidity facilities instituted in response to the global financial crisis. In the third quarter review of monetary policy in January 2010, the Reserve Bank of India increased the cash reserve ratio by 75 basis points from 5.0% to 5.75% in a phased manner starting in February 2010. On March 19, 2010, the Reserve Bank of India increased the benchmark repo and reverse repo rates by 25 basis points with immediate effect. The yield on the benchmark ten-year government of India securities increased from 7.01% at year-end fiscal 2009 to 7.82% at year-end fiscal 2010. The fiscal deficit has increased from 2.7% of GDP in fiscal 2008 to 6.0% in fiscal 2009 and to 6.7% in fiscal 2010 mainly due to fiscal stimulus measures undertaken during the financial crisis, expenditure on various government schemes and lower than targeted tax revenues.

In response to ample systemic liquidity and a low interest rate environment, scheduled commercial banks reduced their deposit rates for various maturities by 25-250 basis points during March-December 2009. The impact of the

lower cost of funds for banks was also transmitted to interest rates on loans, with the benchmark prime lending rates of banks declining by 25-100 basis points during the same period. Deposit rates, however, increased by about 25 basis points in the fourth quarter of fiscal 2010 reflecting an increasing interest rate environment. Despite the decrease in interest rates, credit growth remained subdued during fiscal 2010. Non-food credit growth moderated to a low of 10.1% at October 30, 2009 on a year-on-year basis, compared to 28.3% at October 31, 2008. Lower loan growth and high liquidity led to increased price competition in the banking sector and introduction of products such as home loans with lower rates in the initial years. However, credit growth gained momentum from November 2009 onwards, with year-on-year growth of 16.9% at March 26, 2010 compared to year-on-year growth of 17.5% at

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March 27, 2009. Banking system deposits increased by 17.2% on a year-on-year basis at March 26, 2010 compared to 19.9% at March 27, 2009. Demand deposits increased by 23.4% on a year-on-year basis at March 26, 2010 compared to a decline of 0.2% at March 27, 2009.

Equity markets appreciated significantly during fiscal 2010 with the benchmark equity index, the BSE SENSEX, increasing by 80.5% to 17,528 at year-end fiscal 2010 from 9,709 at year-end fiscal 2009. Foreign institutional investments revived with net inflows of US$ 32.4 billion during fiscal 2010 compared to net outflows of US$ 14.0 billion in fiscal 2009. Net foreign direct investments at US$ 19.7 billion during fiscal 2010 were also higher compared to US$ 17.5 billion during fiscal 2009. The revival in trade combined with strong capital inflows improved India's balance of payments, which recorded a surplus of US$ 13.4 billion in fiscal 2010 compared to a deficit of US$ 20.1 billion in fiscal 2009. As a result, the rupee appreciated by 11.4% against the US dollar from Rs. 51.0 per US dollar at year-end fiscal 2009 to Rs. 44.9 per US dollar at year-end fiscal 2010 after a depreciation of 27.1% during fiscal 2009.

The recovery in economic activity and improvement in financial markets during fiscal 2010 led to a recovery in the demand for financial savings and investment products, resulting in a recovery in the life insurance and mutual fund sectors. First year retail underwritten premium in the life insurance sector increased by 16.7% (on a weighted received premium basis) to Rs. 550.2 billion in fiscal 2010 compared to a decrease of 10.4% in fiscal 2009. Total assets under management (on an average assets basis) of mutual funds increased by 51.5% from Rs. 4,932.9 billion in March 2009 to Rs. 7,475.3 billion in March 2010 compared to a decrease of 8.4% in March 2009 over March 2008. Until January 1, 2007, almost 70.0% of the general insurance market was subject to price controls under a tariff regime. The general insurance industry was de-tariffed with effect from January 1, 2007 resulting in reduction in premium rates and in the rate of growth of the industry. Gross premiums in the general insurance sector (excluding specialized insurance institutions) grew by 13.4% to Rs. 347.6 billion in fiscal 2010 compared to 9.2% growth in fiscal 2009 and 12.3% growth in fiscal 2008 with the private sector's market share at 40.9% in fiscal 2010.

There were a number of key regulatory developments in the Indian financial sector during fiscal 2010:

- Banks were allowed to open offsite ATMs without prior approval of the Reserve Bank of India. Banks were allowed to open branches in tier 3-6 cities (cities with a population of up to 49,999) as defined on the basis of population size in the 2001 census without the prior approval of the Reserve Bank of India.

- The Reserve Bank of India issued guidelines relating to the issuance and operation of mobile phone based payment instruments.

- The Reserve Bank of India issued a schedule for the introduction of advanced approaches for the measurement of risks (credit, market and operational) under the Basel II framework. Under this schedule, banks are permitted to apply to the Reserve Bank of India for migration to an internal models approach for market risk and the standardized approach for operational risk from April 1, 2010 and for advanced measurement approach for operational risk and internal ratings based approaches for credit risk from April 1, 2012. The Reserve Bank of India increased the capital requirements relating to securitization exposures and provided enhanced guidance on valuation adjustments for illiquid investments and derivatives. The guidelines also increased disclosure requirements for the mitigation of credit risk and securitized exposures.

- The Reserve Bank of India issued guidelines revising the method of payment of interest on savings accounts to a daily average basis effective April 1, 2010 which will result in an increase in cost of savings deposits for banks from fiscal 2011.

- In December 2009, the Reserve Bank of India directed banks to achieve a total provisioning coverage ratio of 70.0% on non-performing advances by September 30, 2010. The provisioning requirement for advances to

commercial real estate classified as standard assets was increased from 0.4% to 1.0%.

- In June 2009, the Securities and Exchange Board of India issued guidelines stating that mutual funds could not apply any entry charges to investors investing in mutual funds.

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- In July 2009, the Insurance Regulatory and Development Authority introduced a cap on charges of unit linked insurance products. These included a cap on the difference between gross and net yields on linked funds and the fund management charges included therein.

Business overview

While assessing our performance we monitor key financial variables such as movement in yield on assets, cost of funds and net interest margin, movement in fee income, cost ratios, loan loss provisions and return on assets and equity. We also monitor key business indicators such as deposit growth, funding mix, loan disbursements and loan delinquency trends. We also analyze changes in economic indicators such as interest rates, liquidity and exchange rates. In addition to these financial indicators, we monitor other non-financial indicators such as quality of customer service and the extent and nature of customer complaints and estimates of market share in key product lines.

Following the merger of ICICI with ICICI Bank in 2002, we experienced rapid growth in our business. The growth of our rupee loan portfolio was driven primarily by retail loans, including home loans, vehicle loans and unsecured personal loans and credit card receivables. We also commenced our strategy of international expansion and established subsidiaries and branches in several foreign countries. The growth of our international loan portfolio was driven primarily by foreign currency financing to Indian companies and their international operations, including financing for their overseas acquisitions. We also experienced robust growth in our insurance subsidiaries. These activities led to a rapid growth in our fee incomes from both retail and corporate customers. During this period, our branch network in India continued to be limited relative to the size of our balance sheet, and while deposits were our primary source of domestic funding, we had a high share of term deposits in our total deposits, including term deposits from companies and financial intermediaries. Our international branches were funded primarily by international bond issuances and other wholesale funding sources. Our principal international subsidiaries in the United Kingdom and Canada were funded primarily by deposits. Our subsidiary in the United Kingdom had a sizeable proportion of demand deposits in its deposit base, and made investments in bonds of US and European banks and investment banks as a liquidity management strategy. From fiscal 2003 to fiscal 2008, we raised capital to support our growth. In fiscal 2008, we issued equity shares in India and American Depository Shares in the United States, aggregating approximately Rs. 200.0 billion.

Following the onset of the global financial crisis, although we did not have any material direct exposure to US sub-prime assets, we were adversely impacted by mark-to-market and realized losses on our international investments and credit derivatives portfolios on account of the widening of credit spreads in general. More generally the global financial crisis impacted the Indian markets and led to reduced demand for retail savings and investment products and lower levels of corporate investment and merger and acquisition activity during the second half of fiscal 2009, which had a negative impact on our fee and other non-interest income (including dividends from subsidiaries). While we capitalized on opportunities in the fixed income markets due to a reduction in interest rates during the third quarter of fiscal 2009, our equity and credit derivatives portfolios were negatively impacted due to weaker equity markets and a widening of credit spreads during fiscal 2009. The global and Indian economic slowdown and its impact on equity and debt markets also adversely impacted the profitability of some of our borrowers and their ability to access equity and debt financing. We experienced an increase in the level of restructured loans in fiscal 2009 and fiscal 2010. We experienced an increase in the non-performing loans in our retail portfolio in fiscal 2009 and fiscal 2010, due to the seasoning of the portfolio and a higher level of defaults in unsecured personal loans and credit card receivables due to challenges in collections and the impact of adverse macroeconomic environment in fiscal 2009.

Given the volatile economic environment in fiscal 2009, we focused on capital conservation, liquidity management and risk containment. We tightened our lending norms, especially in the unsecured retail segment and moderated our credit growth. We expanded our branch network with a focus on increasing our low cost and retail deposit base. At the same time, we maintained a rigorous control on operating expenses. In fiscal 2010, we focused on repositioning our

balance sheet for the next phase of growth. We increased the proportion of low cost current and savings account deposits; reduced the level of net non-performing loans; continued to keep a rigorous control on operating expenses; reduced the level of unsecured retail loans and maintained a high level of capital adequacy. Our non-banking subsidiaries engaged in asset management, securities brokering and life insurance have benefited from the stabilization and improvement in economic conditions and the revival of the equity markets in India. Total premiums of our life insurance subsidiary increased by 7.7% during fiscal 2010 as a result of a 19.4% increase in

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renewal premium. Our life insurance company recorded its first year of accounting profit during fiscal 2010 with a net profit of Rs. 2.6 billion compared to a net loss of Rs. 7.8 billion during fiscal 2009. Stabilization in the markets also led to a reduction of mark-to-market losses on our equity, fixed income and credit derivatives portfolios.

Our net profit increased by 30.4% from Rs. 35.8 billion in fiscal 2009 to Rs. 46.7 billion in fiscal 2010.

Non-interest income increased by 5.5% driven by an increase in income from insurance business from Rs. 183.6 billion in fiscal 2009 to Rs. 204.8 billion in fiscal 2010, and an increase in treasury-related income from Rs. 21.9 billion in fiscal 2009 to Rs. 26.2 billion in fiscal 2010. The increase in treasury-related income in fiscal 2010 was primarily due to higher profits from our equity portfolio and the contraction in credit spreads on account of improved global market conditions resulting in the reduction of mark-to-market losses on our fixed income and credit derivatives portfolio. Non-interest expense decreased by 1.6% primarily due to a decrease of 5.8% in employee expenses, 18.7% in other administrative expenses due to cost reduction initiatives undertaken by us, and 60.6% decrease in direct marketing agency expenses due to lower retail loan origination volumes.

The increase in non-interest income and decrease in non-interest expense was partly offset by a decrease of 3.5% in net interest income and an increase of 1.0% in provisions (excluding provision for tax). The decrease in net interest income was mainly due to a 7.1% decrease in average advances primarily due to a decrease in retail advances. Provisions and contingencies (excluding provisions for tax) increased by 1.0% from Rs. 45.1 billion in fiscal 2009 to Rs. 45.6 billion in fiscal 2010, primarily due to a higher level of specific provisioning on non-performing retail loans and restructured corporate loans. This was partly offset by a reduction in impairment provision for investments. The increase in retail credit losses primarily reflects the seasoning of the secured loan portfolio and relatively higher losses on the unsecured portfolio due to challenges in collections and the impact of the adverse macroeconomic environment in fiscal 2009.

Net non-performing assets (including loans and credit substitutes) decreased from Rs. 47.3 billion at year-end fiscal 2009 to Rs. 46.7 billion at year-end fiscal 2010, with the increase in gross non-performing assets offset by higher provisioning. Net restructured assets increased from Rs. 59.6 billion at year-end fiscal 2009 to Rs. 59.9 billion at year-end fiscal 2010 primarily due to stress experienced by certain borrowers in the services and textiles sectors. The increase in restructured assets was partly offset by the reclassification of a portion of the existing restructured assets out of the restructured asset category based on satisfactory payment performance.

Loans decreased by 15.2% from Rs. 2,661.3 billion at year-end fiscal 2009 to Rs. 2,257.8 billion at year-end fiscal 2010 primarily due to a decrease in retail loans. Deposits decreased by 7.7% from Rs. 2,618.6 billion at year-end fiscal 2009 to Rs. 2,415.7 billion at year-end fiscal 2010, primarily due to our conscious strategy of reducing wholesale term deposits. ICICI Bank's current and savings account deposits as a percentage of total deposits increased from 28.7% at year-end fiscal 2009 to 41.7% at year-end fiscal 2010. We continued to expand our branch network in India during the year. Our branch network in India increased from 1,419 branches and extension counters at year-end fiscal 2009 to 1,707 branches and extension counters at year-end fiscal 2010. We also increased our ATM network from 4,713 ATMs at year-end fiscal 2009 to 5,219 ATMs at year-end fiscal 2010. Our network in India increased to 2,501 branches and 5,665 ATMs at August 19, 2010. This includes 463 branches and 127 ATMs of the Bank of Rajasthan, a private sector bank that merged with us effective from the close of business at August 12, 2010.

The total capital adequacy ratio of ICICI Bank on a standalone basis at year-end fiscal 2010, in accordance with the Reserve Bank of India guidelines on Basel II increased to 19.4% with a tier I capital adequacy ratio of 14.0% from a total capital adequacy of 15.5% and tier I capital adequacy of 11.8% at year-end fiscal 2009. Our total capital adequacy ratio on a consolidated basis at year-end fiscal 2010, in accordance with the Reserve Bank of India guidelines on Basel II increased to 19.1% with a tier I capital adequacy of 12.9% from a total capital adequacy of 14.7% and tier I capital adequacy of 10.3% at year-end fiscal 2009.

Business outlook

The outlook for GDP growth in fiscal 2011 has improved significantly, given the broad-based and robust recovery seen since the last quarter of fiscal 2010. The key drivers are the buoyant performance of the industrial sector, increased monsoon rains and the sustained resilience of the services sector. Investment demand has

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accelerated sharply since the last quarter of fiscal 2010 and trends in the growth of production of capital goods in the first quarter of fiscal 2011 suggest a continuation of the momentum. Private consumption demand, as seen from recent trends in corporate sales, consumer durables production and automobile sales growth, is showing a gradual improvement. Although concerns about a possible weakening of global recovery persist, domestic risks to growth have receded significantly. As a result, the Reserve Bank of India has placed its GDP growth projection for fiscal 2011 at 8.5%.

While the growth outlook for fiscal 2011 remains robust, inflation has emerged as an area of concern. Headline inflation has remained close to double digits in fiscal 2011. The fiscal deficit continues to remain high and this may lead to macroeconomic risks ranging from higher inflation to lower savings and the crowding out of private investment. Further, during fiscal 2011 to date, deposit growth in the banking system has lagged non-food credit growth.

We see favorable prospects for the Indian economy over the long-term. India’s strong domestic consumption and investment drivers are expected to continue to support healthy rates of growth. Against this backdrop, we expect increasing household incomes and consumption to lead to opportunities in retail savings, investment and loan products; significant industrial and infrastructure investment potentially leading to opportunities in project and corporate finance; and increasing globalization of India leading to opportunities in international banking for Indian corporates and non-resident Indians.

Over the last two years we have rebalanced our deposit profile, reduced costs, reduced net non-performing loans and maintained high levels of capital adequacy. The completion of this phase of our strategy has coincided with the strengthening of the economic growth momentum in India, which creates an environment with many opportunities for growth. Our objective going forward is to leverage our capital base for profitable growth, while sustaining the improvements in the ratio of current and savings account deposits, cost ratios and credit quality that we have already achieved. As we grow our businesses, meeting customer expectations on service quality will be a critical element of our strategy.

We believe that as a diversified financial services group we are well positioned to capitalize on these opportunities. However, the success of our strategy depends on several factors, including our ability to grow our low cost deposit base; our ability to contain non-performing loans; our ability to maintain regulatory compliance in an evolving regulatory environment and address regulators' assessments of and observations on our operations; and our ability to compete effectively in the Indian corporate and retail financial services market. The success of our strategy is also subject to the overall regulatory and policy environment in which we operate including the direction of monetary policy. In fiscal 2011, between April and September 2010 (up to September 17, 2010), the Reserve Bank of India announced a 25 basis point increase in the cash reserve ratio to 6.00%, a 100 basis point increase in the repo rate to 6.00% and a 150 basis point increase in the reverse repo rate to 5.00%. Profit on the sale of investments in fixed income securities, including government of India securities, is an important element of our profitability and is impacted by movement in market yields. With the increase in loan growth and an increase in the cash reserve ratio and repo and reverse repo rates, liquidity is expected to remain tight, and deposit and lending rates are expected to increase during fiscal 2011. Our insurance business may also be affected by changes in insurance regulations in India. Recently the Insurance Regulatory and Development Authority introduced revisions to the regulations governing unit linked insurance products such as an 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 of 4.5% on pension annuity products. The minimum guaranteed return of 4.5% on pension products is applicable up to year-end fiscal 2011. From fiscal 2012 the guaranteed return will be 50 basis points above the average reverse repo rate subject to a maximum of 6% and a minimum of 3%. These changes may impact the growth and profitability of our life insurance business.

For a detailed discussion of risks that we face in our business please refer to “Risk Factors”.

Other Key Factors

Under Indian GAAP, we have not consolidated certain entities (primarily 3i Infotech Limited) in which control is intended to be temporary. However under US GAAP, these entities have been accounted for in accordance with

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FASB ASC Topic 323 — "Investments — Equity Method and Joint Venture". See also "Business — Subsidiaries and Joint Ventures".

Effect of Other Acquisitions

During fiscal 2007, ICICI Bank entered into an all-stock merger with Sangli Bank at a share exchange ratio of 100 shares of ICICI Bank for 925 shares of Sangli Bank. Our financial statements for fiscal 2008 include the results of the operations of Sangli Bank from April 19, 2007. The value of this transaction was not material to our overall operations.

Amalgamation of the Bank of Rajasthan Limited

On May 23, 2010, the Board of Directors of ICICI Bank and the Board of Directors of the Bank of Rajasthan, a private sector Indian bank, at their respective meetings approved an all-stock amalgamation of the Bank of Rajasthan with ICICI Bank at a share exchange ratio of 25 shares of ICICI Bank for 118 shares of the Bank of Rajasthan. The Reserve Bank of India has approved the scheme of amalgamation effective from the close of business at August 12, 2010. At year-end fiscal 2010, the Bank of Rajasthan had total assets of Rs. 173.0 billion, deposits of Rs. 150.6 billion, loans of Rs. 83.3 billion, investments of Rs. 67.2 billion and capital adequacy of 7.5%. During fiscal 2010, it incurred a loss of Rs. 1.0 billion. We have issued 31.3 million shares representing 2.8% of our shares to shareholders of the Bank of Rajasthan in August 2010. The total assets of the Bank of Rajasthan represented 4.7% of the total assets of ICICI Bank at year-end fiscal 2010.

The amalgamation substantially enhances ICICI Bank's branch network and especially strengthens its presence in northern and western India. It combines the Bank of Rajasthan's branch franchise with ICICI Bank's strong capital base, to enhance the ability of the combined entity to capitalize on the growth opportunities in the Indian economy.

Introduction of the Base Rate System

Historically, interest rates on loans were set subject to restrictions established by the Reserve Bank of India and linked to a prime lending rate. With effect from July 1, 2010, the Reserve Bank of India implemented a new base rate system requiring banks in India to set and publicly disclose their minimum rate or base rate for all new loans and existing loans which come up for renewal, subject to certain limited exceptions. While existing loans based on the benchmark prime lending rate system will continue to be linked to the benchmark prime lending rate until their maturity, existing borrowers have an option to migrate to the base rate system before the expiry of existing contracts on mutually agreed terms. Except for certain categories of loans as specified by the Reserve Bank of India, banks are not allowed to lend below the base rate. Banks are required to review and, if necessary, revise their base rates at least once every quarter.

The Asset Liability Management Committee of the Bank at its meeting on June 30, 2010, set the base rate of ICICI Bank, called "I-Base", at 7.50% with effect from July 1, 2010.

Change in Methodology for Computing Interest Payable on Savings Deposits

The Reserve Bank of India has prescribed an interest rate of 3.5% on savings deposits. Until 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 last day of the month. Effective April 1, 2010, the Reserve Bank of India has changed the methodology of computation of the interest payable on savings deposits. Banks are now required to pay interest on the daily average balance maintained in a savings deposit account. This change in methodology has resulted in an increased effective interest rate on savings account deposits for Indian banks.

Average Balance Sheet

For fiscal 2008, the average balances are the averages of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that year. For fiscal 2009 and 2010, the average balances are the sum of the daily average balances outstanding for ICICI Bank and the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of

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that year for subsidiaries. The yield on average interest-earning assets is the ratio of interest income to average interest-earning assets. The cost of average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities. The average balances of advances include non-performing advances and are net of allowance for loan losses. For fiscal 2009 and 2010, we have recalculated tax-exempt income on a tax-equivalent basis. Other interest income has been bifurcated into rupee and foreign currency amounts in order to facilitate the explanation of movements of rupee and foreign currency spreads and margins. The rupee portion is primarily comprised of interest on income tax refunds and income from interest rate swaps. The foreign currency portion is primarily comprised of income from interest rate swaps in foreign currencies. The swaps considered in other interest income are part of the non-trading portfolio and are undertaken by the Bank to manage the market risk arising from our assets and liabilities. Prior period figures have been regrouped accordingly.

The following table sets forth, for the periods indicated, the average balances of the assets and liabilities outstanding, which contribute to the major components of interest income, interest expense and net interest income.

	Year ended March 31,								
	2008			2009			2010		
	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Ave yiel
	(in millions, except percentages)								
Assets:									
Advances:									
Rupee	Rs. 1,721,656	Rs. 202,245	11.75%	Rs. 1,712,680	Rs. 205,657	12.01%	Rs. 1,496,991	Rs. 167,553	11
Foreign currency	562,993	38,439	6.83	865,873	46,250	5.34	898,309	36,073	4.
Total advances	2,284,649	240,684	10.53	2,578,553	251,907	9.77	2,395,300	203,626	8.
Investments:									
Rupee	820,752	77,657	9.46	1,021,223	85,286	8.35	1,120,887	76,140	6.
Foreign currency	203,710	11,388	5.59	259,140	12,256	4.73	198,279	6,131	3.
Total investments	1,024,462	89,045	8.69	1,280,363	97,542	7.62	1,319,166	82,271	6.
Other interest-earning assets:									
Rupee	190,357	693	0.36	232,334	3,948	1.70	251,677	5,798	2.
Foreign currency	128,107	8,055	6.29	91,612	3,737	4.08	94,740	1,314	1.
Total other interest-earning assets	318,464	8,748	2.75	323,946	7,685	2.37	346,417	7,112	2.
Other interest Income									
Rupee		1,570			3,314			2,350	
Foreign currency		903			5,910			10,285	

Total other interest income		2,473			9,224			12,635	
Interest-earning assets:									
Rupee	2,732,765	282,165	10.33	2,966,237	298,205	10.05	2,869,555	251,840	8.
Foreign currency	894,810	58,785	6.57	1,216,624	68,153	5.60	1,191,328	53,804	4.
Total interest-earning assets	3,627,575	340,950	9.40	4,182,862	366,358	8.76	4,060,883	305,644	7.
Fixed assets	44,727			46,351			42,485		
Other assets	688,866			669,451			827,354		
Total non-earning assets	733,593			715,802			869,839		
Total assets	Rs. 4,361,168	Rs. 340,950		Rs. 4,898,664	Rs. 366,358		Rs. 4,930,722	Rs. 305,644	

	Year ended March 31,								
	2008			2009			2010		
	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Average yield/ cost	Average balance	Interest income/ expense	Average yield/ cost
	(in millions, except percentages)								
Liabilities:									
Savings account deposits:									
Rupee	Rs. 346,323	Rs. 8,803	2.54 %	Rs. 390,811	Rs. 10,624	2.72 %	Rs. 450,901	Rs. 12,576	2.79 %
Foreign currency	116,333	6,897	5.93	141,891	9,731	6.86	102,426	2,015	1.97
Total savings account deposits	462,656	15,700	3.39	532,701	20,355	3.82	553,327	14,591	2.64

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	Year ended March 31,								
	2008			2009			2010		
	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Average yield/ cost	Average balance	Interest income/ expense	Average yield/ cost
	(in millions, except percentages)								
Time deposits:									
Rupee	1,627,756	158,760	9.75	1,509,234	145,202	9.62	1,210,185	101,328	8.37
Foreign currency	218,567	12,760	5.84	345,237	16,950	4.91	446,396	19,174	4.30
Total time deposits	1,846,323	171,520	9.29	1,854,471	162,152	8.74	1,656,581	120,502	7.27
Other demand deposits:									
Rupee	216,479			176,312			178,012		
Foreign currency	12,741			14,194			16,600		
Total other demand deposits	229,220			190,506			194,612		
Total deposits:									
Rupee	2,190,558	167,563	7.65	2,076,356	155,826	7.50	1,839,098	113,904	6.19
Foreign currency	347,641	19,657	5.65	501,322	26,681	5.32	565,422	21,189	3.75
Total deposits	2,538,199	187,220	7.38	2,577,678	182,507	7.08	2,404,520	135,093	5.62
Borrowings:									
Rupee	374,124	37,698	10.08	515,340	47,804	9.28	626,428	44,769	7.15
Foreign currency	590,734	32,752	5.54	785,853	34,562	4.40	682,395	27,430	4.02
Total borrowings	964,858	70,450	7.30	1,301,193	82,366	6.33	1,308,823	72,199	5.52
Interest-bearing liabilities:									
Rupee	2,564,682	205,261	8.00	2,591,696	203,630	7.86	2,465,526	158,673	6.44
Foreign currency	938,375	52,409	5.59	1,287,175	61,243	4.76	1,247,817	48,619	3.90
Total interest-bearing liabilities	3,503,057	257,670	7.36	3,878,871	264,873	6.83	3,713,343	207,292	5.58
Preference share capital	3,500			3,500			3,500		
Other liabilities	487,809			533,613			701,288		
Total liabilities	3,994,366	257,670		4,415,984	264,873		4,418,131	207,292	
Stockholders' equity	366,802			482,680			512,591		

Total liabilities and stockholders' equity	Rs. 4,361,168	Rs. 257,670	Rs. 4,898,664	Rs. 264,873	Rs. 4,930,722	Rs. 207,292

Analysis of Changes in Interest Income and Interest Expense: Volume and Rate Analysis

The following table sets forth, for the periods indicated, the changes in the components of net interest income. The changes in net interest income between periods have been reflected as attributed either to volume or rate changes. For the purpose of this table, changes which are due to both volume and rate, have been allocated solely to volume.

	Fiscal 2009 vs. Fiscal 2008 Increase (decrease) due to			Fiscal 2010 vs. Fiscal 2009 Increase (decrease) due to		
	Net change	Change in average volume	Change in average rate	Net change	Change in average volume	Change in average rate
			(in millions)			
Interest income:						
Advances:						
Rupee	Rs. 3,412	Rs. (1,078)	Rs. 4,490	Rs. (38,104)	Rs. (24,141)	Rs. (13,963)
Foreign currency	7,811	16,178	(8,367)	(10,177)	1,303	(11,480)
Total advances	11,223	15,100	(3,877)	(48,281)	(22,838)	(25,443)
Investments:						
Rupee	7,629	16,741	(9,113)	(9,146)	6,770	(15,916)
Foreign currency	868	2,622	(1,754)	(6,125)	(1,882)	(4,243)
Total investments	8,497	19,363	(10,867)	(15,271)	4,888	(20,159)
Other interest-earning assets:						
Rupee	3,255	713	2,542	1,850	446	1,404

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	Fiscal 2009 vs. Fiscal 2008 Increase (decrease) due to			Fiscal 2010 vs. Fiscal 2009 Increase (decrease) due to		
	Net change	Change in average volume	Change in average rate	Net change	Change in average volume	Change in average rate
			(in millions)			
Foreign currency	(4,318)	(1,489)	(2,829)	(2,423)	43	(2,466)
Total other interest earning asset	(1,063)	(775)	(287)	(573)	489	(1,062)
Other interest income						
Rupee	1,744	–	1,744	(964)	–	(964)
Foreign currency	5,007	–	5,007	4,375	–	4,375
Other interest income	6,751	–	6,751	3,411	–	3,411
Total interest income:						
Rupee	16,040	16,377	(338)	(46,364)	(16,925)	(29,439)
Foreign currency	9,368	17,311	(7,943)	(14,350)	(536)	(13,814)
Total interest income	25,409	33,688	(8,281)	(60,714)	(17,461)	(43,253)
Interest expense:						
Savings account deposits:						
Rupee	1,821	1,209	612	1,952	1,676	276
Foreign currency	2,834	1,753	1,081	(7,716)	(776)	(6,940)
Total savings account deposits	4,655	2,962	1,693	(5,764)	900	(6,664)
Time deposits:						
Rupee	(13,558)	(11,403)	(2,156)	(43,874)	(25,039)	(18,835)
Foreign currency	4,190	6,219	(2,029)	2,224	4,345	(2,121)
Total time deposits	(9,368)	(5,184)	(4,185)	(41,650)	(20,694)	(20,956)
Total deposits:						
Rupee	(11,737)	(10,194)	(1,544)	(41,922)	(23,363)	(18,559)
Foreign currency	7,024	7,972	(948)	(5,492)	3,569	(9,061)
Total total deposits	(4,713)	(2,222)	(2,492)	(47,414)	(19,794)	(27,619)
Borrowings:						
Rupee	10,106	13,099	(2,993)	(3,035)	7,939	(10,974)
Foreign currency	1,810	8,581	(6,771)	(7,132)	(4,159)	(2,973)
Total borrowings	11,917	21,681	(9,764)	(10,167)	3,780	(13,947)
Total interest expense:						
Rupee	(1,631)	2,906	(4,537)	(44,957)	(15,424)	(29,533)
Foreign currency	8,834	16,553	(7,719)	(12,624)	(590)	(12,034)
Total interest expense	7,203	19,459	(12,256)	(57,581)	(16,014)	(41,567)
Net interest income:						
Rupee	17,671	13,471	4,199	(1,407)	(1,501)	94

Foreign currency	534	758	(224)	(1,726)	54	(1,780)
Total net interest income	Rs. 18,205	Rs. 14,229	Rs. 3,975	Rs. (3,133)	Rs. (1,447)	Rs. (1,686)

Yields, Spreads and Margins

The following table sets forth, for the periods indicated, the yields, spreads and net interest margins on interest-earning assets.

	Year ended March 31,				
	2006	2007	2008	2009	2010
	(in millions, except percentages)				
Interest income	Rs. 143,335	Rs. 240,026	Rs. 340,950	Rs. 366,358 (1)	Rs. 305,644 (1)

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	Year ended March 31,				
	2006	2007	2008	2009	2010
	(in millions, except percentages)				
Average interest-earning assets	1,806,601	2,728,531	3,627,575	4,182,862	4,060,883
Interest expense	101,015	176,757	257,670	264,873	207,292
Average interest-bearing liabilities	1,795,244	2,707,456	3,503,057	3,878,871	3,713,342
Average total assets	2,166,897	3,250,679	4,361,168	4,898,664	4,930,722
Average interest-earning assets as a percentage of average total assets	83.37 %	83.94 %	83.18 %	85.39 %	82.36 %
Average interest-bearing liabilities as a percentage of average total assets	82.85	83.29	80.32	79.18	75.31
Average interest-earning assets as a percentage of average interest-bearing liabilities	100.63	100.78	103.55	107.84	109.36
Yield	7.93	8.80	9.40	8.76	7.53
Rupee	8.37	9.35	10.33	10.05	8.78
Foreign currency	5.53	6.47	6.57	5.60	4.52
Cost of funds	5.63	6.53	7.36	6.83	5.58
Rupee	5.91	6.86	8.00	7.86	6.44
Foreign currency	4.24	5.31	5.59	4.76	3.90
Spread(2)	2.30	2.27	2.04	1.93	1.95
Rupee	2.46	2.49	2.33	2.19	2.34
Foreign currency	1.29	1.16	0.98	0.84	0.62
Net interest margin(3)	2.34	2.32	2.30	2.43	2.42
Rupee	2.61	2.74	2.81	3.19	3.25
Foreign currency	0.87	0.54	0.71	0.57	0.44

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(1) For fiscal 2009 and 2010, we have recalculated tax-exempt income on a tax-equivalent basis.

(2) Spread is the difference between yield on average interest-earning assets and cost of average interest-bearing liabilities. Yield on average interest-earning assets is the ratio of interest income to average interest-earning assets. Cost of average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities.

(3) Net interest margin is the ratio of net interest income to average interest-earning assets. The difference in net interest margin and spread arises due to the difference in amount of average interest-earning assets and average interest-bearing liabilities. If average interest-earning assets exceed average interest-bearing liabilities, net interest margin is greater than the spread and if average interest-bearing liabilities exceed average interest-earning assets, net interest margin is less than the spread.

Net Interest Income

The following table sets forth, for the periods indicated, the principal components of net interest income.

	Year ended March 31,			
	2009	2010	2010	2010/2009

				% change
	(in millions, except percentages)			
Interest income	Rs. 362,507	Rs. 301,537	US$ 6,708	(16.8)%
Interest expense	(264,873)	(207,292)	(4,611)	(21.7)
Net interest income(1)	Rs. 97,634	Rs. 94,245	US$ 2,097	(3.5)%

(1) Tax exempt income has not been recalculated on a tax-equivalent basis.

Net interest income decreased by 3.5% from Rs. 97.6 billion in fiscal 2009 to Rs. 94.2 billion in fiscal 2010 reflecting a decrease of 2.9% in the average volume of interest-earning assets. Net interest margin decreased by one basis point from 2.43% in fiscal 2009 to 2.42% in fiscal 2010.

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Net interest margin

Net interest margin decreased by one basis point from 2.43% in fiscal 2009 to 2.42% in fiscal 2010. There was an increase of six basis points in the net interest margin on the rupee portfolio, which was offset by a decrease of 13 basis points in the net interest margin on the foreign currency portfolio.

The yield on the rupee portfolio decreased by 127 basis points from 10.1% in fiscal 2009 to 8.8% in fiscal 2010 due to the following factors:

- Liquidity in the Indian banking system remained comfortable throughout fiscal 2010, with average liquidity adjustment facility balances (short-term lending by banks to the Reserve Bank of India) in excess of Rs. 1.00 trillion for a large part of the year. In response to abundant systemic liquidity and a low interest rate environment, banks reduced their deposit rates for various maturities by 25-250 basis points during March-December 2009. The impact of the lower cost of funds for banks was also transmitted to interest rates on loans, with the benchmark prime lending rates of banks declining by 25-100 basis points during the same period. Lower loan growth and high liquidity led to increased price competition in the banking sector and introduction of products such as home loans with lower rates in the initial years of such loans. We reduced our prime lending rate by 100 basis points from 16.75% to 15.75%, effective June 5, 2009. Further, we reduced the floating reference rate applicable for our floating rate home loans by 100 basis points from 13.75% to 12.75%, effective June 5, 2009. As a result, the yield on rupee loans decreased from 12.0% in fiscal 2009 to 11.2% in fiscal 2010.

- The proportion of high yielding unsecured retail loans in our loan portfolio declined as a result of our conscious strategy of reducing our exposure to this asset class.

- The yield on our government securities portfolio also declined, reflecting the systemic decline in yields on government securities since October 2008 and the realization of mark-to-market gains through the sale of higher yielding government securities in our portfolio in the second half of fiscal 2009 and the first quarter of fiscal 2010. We also deployed excess liquidity available with us in mutual funds and other liquid investments. The higher level of such investments and the decrease in yield on the government securities portfolio resulted in a decrease in yield on rupee investments by 156 basis points from 8.4% in fiscal 2009 to 6.8% in fiscal 2010.

- The Reserve Bank of India increased the cash reserve ratio by 75 basis points to 5.75% at year-end fiscal 2010. As cash reserve ratio balances do not earn any interest income, the increase in requirement resulted in a negative impact on yield on interest-earning assets. The full impact of recent increases in the cash reserve ratio requirement will be reflected in the net interest margin from the first quarter of fiscal 2011.

- We earned lower interest of Rs. 1.2 billion, on income tax refunds, in fiscal 2010 compared to Rs. 3.4 billion in fiscal 2009. 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.

- We deduct losses from the securitization of assets (including credit losses on existing securitized pools) from our interest income. The amount of such losses was Rs. 5.1 billion in fiscal 2010 compared to Rs. 3.2 billion in fiscal 2009. See also “Critical Accounting Policies – Transfer and Servicing of Assets”.

The cost of funds for the rupee portfolio decreased by 142 basis points from 7.9% in fiscal 2009 to 6.4% in fiscal 2010. The decrease in the cost of funds for the rupee portfolio was due to a decline in interest rates in the economy, a higher proportion of low cost current and savings deposits in our deposit base and a reduction in our wholesale term deposits. The proportion of current and savings accounts deposits to the total deposits of ICICI Bank increased from 28.7% at year-end fiscal 2009 to 41.7% at year-end fiscal 2010. As a result, the cost of rupee deposits decreased from

7.5% in fiscal 2009 to 6.2% in fiscal 2010. The cost of rupee borrowings decreased due to a decrease in the cost of call borrowings and repurchase transaction borrowings.

The six month LIBOR, which is generally the benchmark for our foreign currency loans and borrowings, decreased from 1.8% in March 2009 to 0.4% in March 2010, which led to a decrease in both the yield on and cost of

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funds of the foreign currency portfolio. The yield on the foreign currency portfolio decreased by 108 basis points from 5.6% in fiscal 2009 to 4.5% in fiscal 2010, whereas the cost of foreign currency funds decreased by 86 basis points from 4.8% in fiscal 2009 to 3.9% in fiscal 2010.

The Reserve Bank of India prescribes a rate of 3.5% on savings deposits and the methodology of computing the interest. Until March 31, 2010, banks were required to pay interest on the minimum outstanding balance in a savings account between the tenth and last day of the month. Accordingly, the effective cost of savings deposits for banks was much less than the prescribed rate of 3.5%. Effective April 1, 2010, the interest is paid on the average balance in a savings account which will adversely impact the net interest margin of Indian banks including us. ICICI Bank's cost of savings account deposits for fiscal 2010 was 2.8% which has increased to 3.5% from April 1, 2010. Based on average balances for fiscal 2010, this change would adversely impact our net interest margin by approximately eight basis points.

Interest-earning assets

The average volume of interest-earning assets decreased by 2.9% from Rs. 4,182.9 billion in fiscal 2009 to Rs. 4,060.9 billion in fiscal 2010. The decrease in interest-earning assets was primarily on account of a decrease in average loans by Rs. 183.3 billion. Average interest-earning investments increased by Rs. 38.8 billion in fiscal 2010.

Average loans decreased by 7.1% from Rs. 2,578.6 billion in fiscal 2009 to Rs. 2,395.3 billion in fiscal 2010 mainly due to a decrease in average rupee loans by 12.6% from Rs. 1,712.7 billion in fiscal 2009 to Rs. 1,497.0 billion in fiscal 2010, partly offset by a 3.7% increase in average foreign currency loans from Rs. 865.9 billion at year-end fiscal 2009 to Rs. 898.3 billion at year-end fiscal 2010. Rupee loans decreased mainly due to a decrease in the retail loan portfolio of ICICI Bank by 25.6% from Rs. 1,062.0 billion at year-end fiscal 2009 to Rs. 790.5 billion at year-end fiscal 2010. This was due to the strategy of reducing the unsecured retail loan portfolio, a moderation in new secured retail loan disbursements and contractual repayments and prepayments on the existing portfolio. In rupee terms, the loan portfolio of overseas branches and subsidiaries decreased by 13.1% from Rs. 945.4 billion at year-end fiscal 2009 to Rs. 821.1 billion at year-end fiscal 2010 mainly due to the impact of appreciation of the rupee vis-a-vis the US dollar. In US dollar terms, the loan portfolio of overseas branches and subsidiaries decreased marginally from US$ 18.3 billion at year-end fiscal 2009 to US$ 17.8 billion at year-end fiscal 2010.

Average interest-earning investments increased by 3.0% from Rs. 1,280.4 billion in fiscal 2009 to Rs. 1,319.2 billion in fiscal 2010, primarily due to an increase in average interest-earning investments other than the investment in government and other approved securities by 9.4% from Rs. 535.9 billion at year-end fiscal 2009 to Rs. 586.3 billion at year-end fiscal 2010. Average interest-earning investments, other than government and other approved securities primarily include the investments in credit substitutes and investments in liquid mutual funds to deploy excess liquidity. Average investments in government and other approved securities decreased due to reduction in domestic net demand and time liabilities partly offset by an increase of 100 basis points in the statutory liquidity ratio requirement from 24.0% to 25.0% during fiscal 2010.

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

Non-Interest Income

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

Year ended March 31,

	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Commission, exchange and brokerage	Rs. 65,748	Rs. 60,039	US$ 1,336	(8.7)%
Profit/(loss) on treasury-related activities (net)(1)	21,851	26,194	583	19.9
Profit/(loss) on sale of land, buildings and other assets (net)	15	822	18	–

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	Year ended March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Income pertaining to insurance business	183,582	204,758	4,555	11.5
Miscellaneous income (including lease income)	7,828	2,648	59	(66.2)
Total non-interest income	Rs. 279,024	Rs. 294,461	US$ 6,551	5.5 %

(1) Includes profit/(loss) on the sale/revaluation of investments and foreign exchange transactions.

Non-interest income primarily includes income pertaining to our insurance business, fee and commission income, income from treasury-related activities and other miscellaneous income (including lease income). This analysis of non-interest income should be read against the backdrop of global and Indian economic developments, financial market activities, the competitive environment, client activity levels and our strategy, as detailed in earlier sections.

Non-interest income increased by 5.5% from Rs. 279.0 billion in fiscal 2009 to Rs. 294.5 billion in fiscal 2010. The increase in non-interest income was primarily due to an increase in income related to our insurance business and our treasury-related activities. During fiscal 2010, there was a decrease in commission, exchange and brokerage income and a decrease in miscellaneous income (including lease income).

Commission, exchange and brokerage

Commission, exchange and brokerage income primarily includes fees from our banking business, and the fee and brokerage income of our securities broking and asset management subsidiaries. The fee income of our banking business is mainly comprised of loan processing and transaction banking fees from corporate and retail clients, credit card fees, appraisal, syndication and advisory fees from corporate clients and fees from the distribution of third-party retail products. Commission, exchange and brokerage income decreased by 8.7% from Rs. 65.8 billion in fiscal 2009 to Rs. 60.0 billion in fiscal 2010, primarily due to subdued credit demand from the corporate sector in fiscal 2010, resulting in lower appraisal and advisory fees, and lower retail loan origination and credit card business volumes resulting in lower fees from these products. This was partly offset by an increase in fee and brokerage income of our securities broking and asset management subsidiaries.

Fee income including appraisal, advisory, loan processing and other fees from the corporate sector decreased due to subdued credit demand from the corporate sector and slower domestic corporate activity during fiscal 2010. The fee income of our overseas branches and banking subsidiaries also decreased due to reduced international activity by Indian corporates. Moderation in retail disbursements resulted in lower retail loan related fees in fiscal 2010 compared to fiscal 2009. Following the reduction in our credit card portfolio, specifically products like equated monthly installments/personal loan on credit cards and lower issuance of new credit cards, the fees related to credit card business declined substantially in fiscal 2010 compared to fiscal 2009. Fee income from our credit card business was Rs. 6.9 billion in fiscal 2010, a decline of 31.0% from Rs. 10.0 billion in fiscal 2009.

Commission, exchange and brokerage of our securities broking subsidiary increased by 51.1% from Rs. 4.7 billion in fiscal 2009 to Rs. 7.1 billion in fiscal 2010, primarily due to improved capital market conditions resulting in a higher level of market trade volumes. The management fees of our asset management subsidiary increased by 43.8% from Rs. 3.2 billion in fiscal 2009 to Rs. 4.6 billion in fiscal 2010, primarily due to higher assets under management. The average assets under management increased from Rs. 498.1 billion in fiscal 2009 to Rs. 769.9 billion in fiscal 2010, primarily due to an increase in market price of securities.

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

Income from treasury-related activities includes income from sale of investments and the revaluation of investments on account of changes in unrealized profit/(loss) in the fixed income, equity and preference share portfolio, units of venture capital and private equity funds, and security receipts issued by asset reconstruction

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companies. It also includes income from foreign exchange transactions, consisting of various foreign exchange and derivatives transactions with clients, including options and swaps, and on credit derivatives instruments including credit default swaps, credit-linked notes and collateralized debt obligations. Profit from treasury-related activities increased from Rs. 21.9 billion in fiscal 2009 to Rs. 26.2 billion in fiscal 2010. The increase in treasury-related income in fiscal 2010 was primarily due to higher profits from our equity portfolio, realized gain and mark-to-market loss reversal on our credit derivatives portfolio, write-back of provisions related to derivatives contracts with clients and lower provisions on our investment in security receipts issued by asset reconstruction companies. This was offset by lower profits from investments in government securities and other domestic fixed income positions and lower income from foreign exchange and derivatives transactions with our clients.

The benchmark equity index, the BSE SENSEX, increased by 80.5% from 9,709 at year-end fiscal 2009 to 17,528 at year-end fiscal 2010, compared to a decline of 37.9% during fiscal 2009. We made a profit of Rs. 6.9 billion from our equity portfolio in fiscal 2010, against a loss of Rs. 4.6 billion in fiscal 2009.

We deal in credit derivatives instruments including credit default swaps, credit-linked notes and collateralized debt obligations. These include both funded and non-funded instruments. The notional principal amount of funded instruments at year-end fiscal 2010 was Rs. 28.0 billion compared to Rs. 33.7 billion at year-end fiscal 2009. The notional principal amount of non-funded instruments at year-end fiscal 2010 was Rs. 32.9 billion compared to Rs. 38.7 billion at year-end fiscal 2009. During fiscal 2010, the contraction in credit spreads due to improved global market conditions resulted in reversal of mark-to-market provisions and realized gains of Rs. 5.1 billion compared to a loss of Rs. 3.6 billion in fiscal 2009.

We offer various derivatives products, including options and swaps, to our clients primarily for their risk management purposes. We generally do not carry market risk on client derivatives positions as we cover ourselves in the inter-bank market. Profits or losses on account of currency movements on these transactions are borne by the clients. During fiscal 2009, due to high exchange rate volatility as a result of the financial crisis, a number of clients experienced significant mark-to-market losses in derivatives transactions. On maturity or premature termination of the derivatives contracts, these mark-to-market losses became receivables owed to us. Some clients did not pay their derivatives contract obligations to us in a timely manner and, in some instances, clients filed lawsuits to avoid payment of derivatives contract obligations entirely. In other instances, at the request of clients, we converted overdue amounts owed to us into loans and advances. In October 2008, the Reserve Bank of India issued guidelines requiring banks to classify derivatives contract receivables overdue for 90 days or more as non-performing assets. Pursuant to these guidelines, we reverse derivatives contract receivables in our income statement when they are overdue for 90 days or more. After reversal, any recovery is accounted for only on actual receipt of payment. We pursue a variety of recovery strategies to collect receivables owed in connection with derivatives contracts. These strategies include, among other approaches, set-offs against any other payables to the same client, negotiated settlements, rescheduling of obligations, the exercise of rights against collateral (if available) and legal redress. We select collection strategies and make assessments of collectability based on all available financial information about a client account as well as economic and legal factors that may affect our recovery efforts. In fiscal 2009, we reversed an amount equal to Rs. 4.4 billion under Indian GAAP relating to receivables under derivatives contracts that were overdue for more than 90 days, in accordance with the Reserve Bank of India guidelines. In fiscal 2010, there was a net write back of Rs. 0.4 billion.

The treatment of receivables owed in connection with derivatives contracts differs under US GAAP from that under Indian GAAP. Under US GAAP, these receivables are analyzed to identify the required provisions in the same manner as provisions for loan losses. Accordingly, under US GAAP, the amount receivable by us when a derivatives contract obligation arises is charged to the client's account and treated like a loan. We periodically conduct a comprehensive analysis of our corporate loan portfolio, including overdue derivatives receivables, to determine appropriate allowances for loan losses. This analysis takes into account both qualitative and quantitative criteria, including among other considerations, the account conduct, future prospects, repayment history and financial performance. This

comprehensive analysis includes an account-by-account review of a substantial portion of our corporate loan portfolio, and an allowance is made for probable loss, if any, on each account. In addition to the detailed review of large balance loans, we also classify our portfolio based on the overdue status of each account and classify loans as impaired if principal or interest has remained overdue for more than 90 days.

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At year-end fiscal 2010, we had an outstanding net investment of Rs. 33.9 billion in security receipts issued by asset reconstruction companies in relation to the sale of non-performing assets. In accordance with the Reserve Bank of India guidelines on "Prudential norms for classification, valuation and operation of investment portfolio by banks", all instruments received by banks, whether as consideration for transferred non-performing assets or otherwise, are securities. The Reserve Bank of India guidelines on the valuation and classification of securities apply to these security receipts as well. At the end of each reporting period, security receipts issued by asset reconstruction companies are valued in accordance with the guidelines applicable to such instruments, as prescribed by the Reserve Bank of India from time to time. Accordingly, in cases where the cash flows from security receipts issued by asset reconstruction companies are limited to the actual realization of the financial assets assigned to the instruments in the concerned scheme, we consider the net asset value obtained from the asset reconstruction company from time to time, for the valuation of such investments at each reporting period end and record the mark-to-market adjustment on this basis as part of our income from treasury activities. During fiscal 2010, the mark-to-market loss on this account was Rs. 1.9 billion compared to Rs. 3.3 billion in fiscal 2009.

During fiscal 2010, we capitalized on market opportunities to realize gains from our government securities portfolio and other fixed income positions. However, the opportunities were limited compared to fiscal 2009. We earned a profit of Rs. 8.2 billion on our government securities portfolio and other fixed income positions in fiscal 2010 compared to Rs. 26.5 billion in fiscal 2009. Our fixed income portfolio generally benefits from declining interest rates. During fiscal 2009, subsequent to the bankruptcy filing by Lehman Brothers and the developments with respect to other financial institutions in the United States and United Kingdom, central banks across the world including the Reserve Bank of India announced various monetary easing measures along with infusion of liquidity in the banking system. This led to a sharp reduction in domestic interest rates. The yield on ten-year government of India securities after increasing from 7.94% at year-end fiscal 2008 to a peak of about 9.47% declined sharply to a low of 5.09% at January 5, 2009. We positioned ourselves to take advantage of the change in the interest rate scenario by increasing the duration of the government securities as well as taking trading positions to benefit from the drop in yields. This resulted in significant gains from the fixed income securities during fiscal 2009. During fiscal 2010, concerns over the fiscal deficit together with the Reserve Bank of India's gradual exit from expansionary monetary policy and inflationary pressures led to expectations of hardening of interest rates. The yield on ten-year government of India securities, after declining in the initial months increased by 81 basis points from 7.01% at year-end fiscal 2009 to 7.82% at year-end fiscal 2010.

Our income from foreign exchange transactions with clients and from margins on derivatives transactions with clients declined from Rs. 10.6 billion in fiscal 2009 to Rs. 7.3 billion in fiscal 2010. This was primarily due to lower client transaction volumes and market activity during this period.

Our subsidiary, ICICI Bank UK had an investment portfolio comprised of bonds, credit-linked notes, asset backed securities and equity of Rs. 148.5 billion at year-end fiscal 2009 and Rs. 89.8 billion at year-end fiscal 2010. The investment portfolio of ICICI Bank UK includes investments of Rs. 140.6 billion at year-end fiscal 2009 and Rs. 81.3 billion at year-end fiscal 2010 classified as "available-for-sale" investments. In the "available-for-sale" investments category, the mark-to-market post-tax loss reflected in the shareholders' equity decreased from Rs. 12.4 billion at year-end fiscal 2009 to Rs. 4.3 billion at year-end fiscal 2010, due to the impact of tightening credit spreads on the bond portfolio. During fiscal 2009, the mark-to-market post-tax loss reflected in the shareholders' equity had increased from Rs. 4.1 billion at year-end fiscal 2008 to Rs. 12.4 billion at year-end fiscal 2009.

In October 2008, the UK Accounting Standards Board amended FRS 26 on 'Financial Instruments: Recognition and Measurement' and permitted reclassification of financial assets in certain circumstances from the "held for trading" category to the "available-for-sale" category, "held for trading" category to the "loans and receivables" category and from the "available-for-sale" category to the "loans and receivables" category. Pursuant to these amendments ICICI Bank UK in fiscal 2009 had reclassified certain corporate bonds and asset backed securities with fair value of Rs. 34.0 billion from

the held for trading category to the available-for-sale category, certain asset backed securities with a fair value of Rs. 0.1 billion from the "held for trading" category of investments to the "loans and receivables" category and certain corporate bonds and asset backed securities with a fair value of Rs. 20.4 billion from the "available-for-sale" category of investments to the "loans and receivables" category. If these reclassifications had not been made, our pre-tax profit for fiscal 2009 would have been reduced by Rs. 2.5 billion and our pre-tax profit for fiscal 2010 would have increased by Rs. 2.3 billion.

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Income relating to our insurance business

Income from our insurance business increased by 11.5% from Rs. 183.6 billion in fiscal 2009 to Rs. 204.8 billion in fiscal 2010. Income from our insurance business includes net premium income, fee income and commission income of our life insurance subsidiary amounting to Rs. 182.0 billion and general insurance subsidiary amounting to Rs. 22.8 billion in fiscal 2010 compared to income of Rs. 161.9 billion from our life insurance subsidiary and Rs. 21.7 billion from our general insurance subsidiary in fiscal 2009. The increase in income from our insurance business was from the life insurance business primarily due to an increase our in life insurance business volume (including renewal premiums) and an increase in fees, including fund management fees and policy discontinuation charges.

Income from our life insurance business includes net premium income of Rs. 164.7 billion and fee and other income of Rs. 17.3 billion in fiscal 2010 compared to net premium income of Rs. 153.1 billion and fee and other income of Rs. 8.8 billion from our life insurance business in fiscal 2009.

The net premium income (net of premium on reinsurance ceded) of ICICI Prudential Life Insurance Company increased by 7.6% from Rs. 153.1 billion in fiscal 2009 to Rs. 164.7 billion in fiscal 2010, primarily due to growth in renewal premiums (gross of premium on reinsurance ceded) by 19.4% from Rs. 85.4 billion in fiscal 2009 to Rs. 102.0 billion in fiscal 2010. The renewal premium contributed to 61.7% of total premiums in fiscal 2010. The new business premiums (gross of premium on reinsurance ceded) of ICICI Prudential Life Insurance Company decreased by 7.0% from Rs. 68.1 billion in fiscal 2009 to Rs. 63.3 billion in fiscal 2010 due to declining new business growth in the first half of fiscal 2010, relative to the first half of fiscal 2009. New business premium growth moderated sharply in the second half of fiscal 2009 primarily due to the financial crisis its impact on the equity markets. ICICI Prudential Life Insurance Company's other income increased from Rs. 8.8 billion in fiscal 2009 to Rs. 17.3 billion in fiscal 2010 primarily due to an increase in fund management fees and policy discontinuation charges. These relate primarily to the unit-linked insurance business. The unit-linked insurance business is comprised of life insurance, pension or health insurance contracts under which the benefits due to the policy holder are determined wholly or partly by reference to the value of underlying asset or index chosen by the policy holder. Therefore, the risks and rewards of the investments made out of premiums paid on linked policies largely lie with policy holders and accordingly the liability on the linked policies moves more or less in line with the movement in the underlying asset or index.

Income from our general insurance business includes net premium income amounting to Rs. 20.7 billion and commission income amounting to Rs. 2.1 billion in fiscal 2010, compared to net premium income of Rs. 18.4 billion and commission income of Rs. 3.3 billion from our general insurance subsidiary in fiscal 2009.

Gross written premiums of ICICI Lombard General Insurance Company decreased marginally by 1.3% from Rs. 37.5 billion in fiscal 2009 to Rs. 37.0 billion in fiscal 2010. The net premium income of ICICI Lombard General Insurance Company increased by 12.5% from Rs. 18.4 billion in fiscal 2009 to Rs. 20.7 billion in fiscal 2010. Until January 1, 2007, almost 70.0% of the general insurance market was subject to price controls under a tariff regime. The general insurance industry was de-tariffed with effect from January 1, 2007 resulting in a reduction in premium rates and in the rate of growth of the industry. Commission income of ICICI Lombard General Insurance Company decreased by 36.4% from Rs. 3.3 billion in fiscal 2009 to Rs. 2.1 billion in fiscal 2010 due to changes in reinsurance arrangements resulting in lower commission income.

Miscellaneous income (including lease income)

Miscellaneous income decreased from Rs. 7.8 billion in fiscal 2009 to Rs. 2.6 billion in fiscal 2010, primarily due to lower profit on buyback of bonds. During fiscal 2009, the spread on foreign currency bonds issued by ICICI Bank and ICICI Bank UK widened significantly. We therefore initiated a buyback of our bonds in the secondary market. During fiscal 2009, our UK subsidiary realized a gain of Rs. 4.0 billion on the buyback of bonds as against Rs. 0.3 billion in

fiscal 2010. During fiscal 2009, ICICI Bank realized a gain of Rs. 3.4 billion on buyback of bonds whereas ICICI Bank did not buy back any bonds in fiscal 2010.

During the third quarter of fiscal 2010, ICICI Bank and First Data, a global company engaged in electronic commerce and payment services, formed a merchant acquiring alliance and a new entity, ICICI Merchant Services

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Private Limited, which is 81.0% owned by First Data and 19.0% owned by ICICI Bank. ICICI Merchant Services Private Limited acquired ICICI Bank's merchant acquiring operations through a transfer of assets, primarily comprising fixed assets, receivables and payables, and assumption of liabilities for a total consideration of Rs. 3.7 billion. The Bank realized a profit of Rs. 2.0 billion from this transaction in fiscal 2010, which is included in miscellaneous income.

Lease income of the Bank, net of lease depreciation, decreased by 34.8% from Rs. 0.23 billion in fiscal 2009 to Rs. 0.15 billion in fiscal 2010, primarily due to a reduction in leased assets from Rs. 4.6 billion at year-end fiscal 2009 to Rs. 3.5 billion at year-end fiscal 2010.

Non-Interest Expense

The following table sets forth, for the periods indicated, the principal components of non-interest expense.

	Year ended March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Payments to and provisions for employees	Rs.39,043	Rs.36,784	US$818	(5.8)%
Depreciation on own property	5,966	6,212	138	4.1
Auditor's fees and expenses	137	148	3	8.0
Other administrative expenses	62,990	51,199	1,139	(18.7)
Operating expenses	108,136	94,343	2,098	(12.8)
Direct marketing agency expenses	6,122	2,413	54	(60.6)
Depreciation on leased assets	2,101	1,416	32	(32.6)
Expenses pertaining to insurance business	165,499	179,160	3,986	8.3
Total non-interest expenses	Rs.281,858	Rs.277,332	US$6,170	(1.6)%

Non-interest expense primarily includes expenses relating to our insurance business, payment to and provision for employees, direct marketing agency expenses and other administrative expenses. The operating expenses were contained at Rs. 277.3 billion in fiscal 2010 compared to Rs. 281.9 billion in fiscal 2009. There was a decrease in direct marketing agency expenses employee expenses and other administrative expenses. There was an increase in expenses related to our insurance business.

Payments to and provisions for employees

Employee expenses decreased by 5.8% from Rs. 39.0 billion in fiscal 2009 to Rs. 36.8 billion in fiscal 2010, primarily due to a decrease in the employee base, including sales executives, employees on fixed term contracts and interns, from 91,777 at year-end fiscal 2009 to 74,056 at year-end fiscal 2010. This decrease in the employee base was partly offset by the annual increase in salaries and a higher performance bonus payout.

The employee expenses for ICICI Bank decreased by 2.0% from Rs. 19.7 billion in fiscal 2009 to Rs. 19.3 billion in fiscal 2010, despite provision of performance bonuses and performance-linked retention pay for fiscal 2010 while there was no performance bonus or performance-linked retention pay in fiscal 2009. The decrease in employee expenses for ICICI Bank was primarily due to a decrease in the employee base. The employee base, including sales executives, employees on fixed term contracts and interns, at year-end fiscal 2010 was 41,068 compared to 51,835 at year-end fiscal 2009. The employee expenses for ICICI Prudential Life insurance Company decreased by 12.5% from Rs. 10.4 billion in fiscal 2009 to Rs. 9.1 billion in fiscal 2010, due to a decrease in the employee base from 24,518 at year-end fiscal 2009 to 20,295 at year-end fiscal 2010. The employee expenses for ICICI Lombard General Insurance

Company decreased by 23.7% from Rs. 3.8 billion in fiscal 2009 to Rs. 2.9 billion in fiscal 2010, due to a decrease in the employee base from 5,697 at year-end fiscal 2009 to 4,650 at year-end fiscal 2010. The reduction in the employee base is due to a decrease in the number of fixed term contract employees, reduced staffing requirements in certain product lines and functions and our overall cost reduction and productivity improvement initiatives.

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Depreciation

Depreciation on owned property increased from Rs. 6.0 billion in fiscal 2009 to Rs. 6.2 billion in fiscal 2010, reflecting the addition of new branches. Depreciation on leased assets decreased from Rs. 2.1 billion in fiscal 2009 to Rs. 1.4 billion in fiscal 2010 due to a reduction in assets given on lease.

Other administrative expenses

Other administrative expenses decreased from Rs. 63.0 billion in fiscal 2009 to Rs. 51.2 billion in fiscal 2010, primarily due to a reduction in expenses relating to the retail assets business such as collection expenses and our overall cost reduction initiatives although there was an increase in expenses related to additional branches opened and ATMs installed by ICICI Bank. The reduction in retail collection expenses was due to de-emphasizing on the retail unsecured portfolio. There was a reduction in expenses on account of a decline in printing and stationery, advertisement and publicity and postage and communication expenses in fiscal 2010 compared to fiscal 2009. The number of branches (excluding foreign branches and offshore banking units) and extension counters of ICICI Bank increased from 1,419 at year-end fiscal 2009 to 1,707 at year-end fiscal 2010. The number of ATMs increased from 4,713 at year-end fiscal 2009 to 5,219 at year-end fiscal 2010. The number of branches and offices of our insurance subsidiaries decreased from 2,513 at year-end fiscal 2009 to 2,277 at year-end fiscal 2010.

In fiscal 2009, other administrative expenses included scheme support expenses of Rs. 920 million incurred by ICICI Prudential Asset Management Company Limited. During fiscal 2010, no such scheme support expenses were incurred by ICICI Prudential Asset Management Company Limited. The scheme support expenses were incurred to address market valuation shortfalls in fixed maturity plans and money market schemes due to liquidity constraints and volatility in the fixed income markets; and for compensation against a diminution in the value of shares held in an equity scheme. These measures were taken to protect the interests of investors and to preserve the franchise, although there was no contractual obligation to do so.

Direct marketing agency expenses

Direct marketing agency expenses decreased from Rs. 6.1 billion in fiscal 2009 to Rs. 2.4 billion in fiscal 2010, primarily due to lower retail loan disbursements, lower issuance of new credit cards and rationalization of our payout structure. We use marketing agents, called direct marketing agents or associates, for sourcing our retail assets. We include commissions paid to these direct marketing agents in non-interest expense. In line with the Reserve Bank of India guidelines, these commissions are expensed upfront and not amortized over the life of the loan.

Expenses related to our insurance business

Expenses related to our insurance business includes claims and benefit payouts, commission expenses and reserves for actuarial liability (including the investible portion of the premium on unit-linked policies of our life insurance business). The expenses relating to our insurance business increased by 8.3% from Rs. 165.5 billion in fiscal 2009 to Rs. 179.2 billion in fiscal 2010, primarily due to an increase in life insurance business volume (including renewal premiums) and claims and benefit payouts. The impact of such increases in expenses was reduced to a certain extent by a decline in the commission expenses. The expenses related to our insurance business includes expenses of our life insurance subsidiary amounting to Rs. 158.3 billion and of our general insurance subsidiary amounting to Rs. 20.9 billion in fiscal 2010, compared to expenses of Rs. 146.7 billion for our life insurance subsidiary and Rs. 18.8 billion for our general insurance subsidiary in fiscal 2009.

The expenses of our life insurance business includes reserves for actuarial liabilty of Rs. 150.9 billion, claims and benefit payouts of Rs. 2.9 billion and commission expenses of Rs. 4.5 billion in fiscal 2010 compared to Rs. 139.1

billion of reserves for actuarial liability, Rs. 2.2 billion of claims and benefit payouts and Rs. 5.4 billion of commission expenses in fiscal 2009.

During fiscal 2010, the reserves for the actuarial liability of the life insurance business (including the investible portion of the premium on unit-linked policies) increased from Rs. 139.1 billion in fiscal 2009 to Rs. 150.9 billion in fiscal 2010 primarily due to an increase in the volume of unit-linked insurance business (including renewal

premiums). The investible portion of the premium on linked policies of life insurance business represents the amount of premium including renewal premium received on linked policies of life insurance business invested, after deducting charges and the premium for risk coverage, in the underlying asset or index chosen by the policy holder. The claims and benefit payouts increased from Rs. 2.2 billion in fiscal 2009 to Rs. 2.9 billion in fiscal 2010, due to an increase in death and health claims together with the increase in payment of survival benefits. Commission expenses decreased by 16.7% from Rs. 5.4 billion in fiscal 2009 to Rs. 4.5 billion in fiscal 2010 despite the increase in total premium, primarily due to an increase in the proportion of renewal premium of our life insurance business to total premium of the business and an increase in the proportion of pension business in our life insurance new business premium. Commission rates for pension products are lower compared to the other products. In line with Indian accounting norms for insurance companies, we do not amortize the customer acquisition cost, but account for the expenses upfront.

The expenses of general insurance business includes claims and benefit payouts of Rs. 18.9 billion and Rs. 2.0 billion of commission expenses in fiscal 2010 compared to Rs. 16.9 billion of claims and benefit payouts and Rs. 1.9 billion of commission expenses in fiscal 2009. The claims and benefit payouts of ICICI Lombard General Insurance Company increased from Rs. 16.9 billion in fiscal 2009 to Rs. 18.9 billion in fiscal 2010, primarily due to an increase in motor and health claims.

Provisions for Restructured Loans and Non-performing Assets

We classify our loans and credit substitutes in accordance with the Reserve Bank of India guidelines into performing and non-performing assets. Further, non-performing assets are classified into substandard, doubtful and loss assets based on the criteria stipulated by the Reserve Bank of India. The Reserve Bank of India has separate guidelines for restructured loans. A fully secured standard loan can be restructured by rescheduling principal repayments and/or the interest element, but must be separately disclosed as a restructured loan in the year of restructuring. Similar guidelines apply to restructuring of substandard and doubtful loans. See also “Business—Classification of Loans”.

The following table sets forth, at the dates indicated, certain information regarding restructured loans.

	At March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Gross restructured loans	Rs. 61,368	Rs. 62,662	US$ 1,394	2.1 %
Provisions for restructured loans	(1,736)	(2,758)	(61)	58.9
Net restructured loans	Rs. 59,632	Rs. 59,904	US$ 1,333	0.5
Gross customer assets	Rs. 2,892,808	Rs. 2,601,135	US$ 57,867	(10.1)
Net customer assets	2,836,439	2,536,941	56,439	(10.6)
Gross restructured loans as a percentage of gross customer assets	2.12 %	2.41 %		
Net restructured loans as a percentage of net customer assets	2.10 %	2.36 %		

Gross restructured loans increased by 2.1% from Rs. 61.4 billion at year-end fiscal 2009 to Rs. 62.7 billion at year-end fiscal 2010 primarily due to stress experienced by certain borrowers in the services and textiles sectors. After restructuring, based on the satisfactory performance of the borrower over a period of time, the restructured account is upgraded, and removed from this category. During fiscal 2010, the Bank upgraded corporate borrower accounts aggregating Rs. 33.5 billion primarily in the oil and petrochemical sector based on payment performance. During fiscal 2009, there were no such upgrades. As a percentage of net customer assets, net restructured loans were 2.36% at

year-end fiscal 2010 compared to 2.10% at year-end fiscal 2009. During fiscal 2010, the diminution in fair value of restructured loans, including funded interest reversal charged to the profit and loss account amounted to Rs. 2.6 billion, compared to Rs. 0.1 billion in fiscal 2009.

All standard restructured loans must be fully secured by tangible assets. In December 2008, the Reserve Bank of India permitted banks to undertake one-time restructuring of loans classified as real estate exposures and to undertake a second restructuring for accounts that were previously restructured, without downgrading such accounts

to the non-performing category, up to June 30, 2009. The Reserve Bank of India also permitted banks to classify all eligible accounts that met the basic criteria for restructuring and which were classified as standard at September 1, 2008, as standard accounts irrespective of their subsequent asset classification. This treatment was subject to banks receiving an application from the borrower for restructuring the loan at or before year-end fiscal 2009 and to the implementation of the restructuring package within 120 days from the date of receipt of the application. During fiscal 2010, the Bank restructured loans aggregating Rs. 53.1 billion, including eight borrower accounts restructured for a second time up to June 30, 2009 aggregating Rs. 24.3 billion.

The following table sets forth, at the dates indicated, certain information regarding non-performing assets.

	At March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Gross non-performing assets(1)	Rs. 99,921	Rs. 105,821	US$ 2,354	5.9
Provisions for non-performing assets(1)	(52,580)	(59,083)	(1,314)	12.4
Net non-performing assets(1)	Rs. 47,341	Rs. 46,738	US$ 1,040	(1.3)
Gross customer assets	2,892,808	2,601,135	57,867	(10.1)
Net customer assets	2,836,439	2,536,941	56,439	(10.6)
Gross non-performing assets as a percentage of gross customer assets	3.45%	4.07%		
Net non-performing assets as a percentage of net customer assets	1.67%	1.84%		

(1) Includes loans identified as impaired in line with the guidelines issued by regulators of the respective subsidiaries.

Gross non-performing assets increased by 5.9% from Rs. 99.9 billion at year-end fiscal 2009 to Rs. 105.8 billion at year-end fiscal 2010, net of write-off of unsecured and small value secured retail loans aggregating Rs. 27.5 billion during fiscal 2010. These loans were fully provided for at the date of write-off. During fiscal 2009, we wrote-off corporate and retail loans aggregating Rs. 24.2 billion (consisting of corporate loans of Rs. 5.9 billion and retail loans of Rs. 18.3 billion). The additions (gross of write-off) to our retail gross non-performing loans during fiscal 2010 amounted to Rs. 34.2 billion compared to Rs. 42.1 billion during fiscal 2009. We experienced an increase in non-performing loans in our retail portfolio in fiscal 2009 and fiscal 2010, due to the seasoning of the portfolio and higher level of defaults in unsecured personal loans and credit card receivables due to challenges in collections and the impact of the adverse macroeconomic environment in fiscal 2009. Retail gross non-performing loans constituted 63.3% of total gross non-performing assets at year-end fiscal 2010 compared to 72.4% at year-end fiscal 2009. In fiscal 2010, our non-performing assets in foreign currency increased mainly due to certain borrowers from the food and beverages, auto and services - finance sectors experiencing financial difficulties or being extended concessionary modifications in the repayment of loans by our overseas banking subsidiaries.

We sold Rs. 7.6 billion of net non performing assets, including Rs. 7.5 billion of mortgage loans, to asset reconstruction companies in fiscal 2010. In fiscal 2009 we sold Rs. 6.8 billion of our net non-performing assets to asset reconstruction companies, including mortgage loans of Rs. 5.6 billion. We also sold net non-performing assets of Rs. 479 million to companies, other than asset reconstruction companies in fiscal 2010. See also “Business — Classification of Loans — Non-Performing Asset Strategy”.

As a percentage of net customer assets, net non-performing assets were 1.8% at year-end fiscal 2010, compared to 1.7% at year-end fiscal 2009. The net non-performing loans in the retail portfolio increased from 2.6% of net retail loans at year-end fiscal 2009 to 2.8% of net retail loans at year-end fiscal 2010, primarily due to a decline in net retail loans.

The following table sets forth, for the periods indicated, the composition of provisions and contingencies, excluding provisions for tax.

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	Year ended March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Provision for investments (including credit substitutes) (net)	Rs. 6,305	Rs. 328	US$ 7	(94.8)%
Provision for non-performing assets	37,707	44,898	999	19.1
Provision for standard assets	1,409	(153)	(3)	–
Others	(304)	514	11	–
Total provisions and contingencies (excluding tax)	Rs. 45,117	Rs. 45,587	US$ 1,014	1.0 %

Provisions are made by ICICI Bank on standard, substandard and doubtful assets at rates prescribed by the Reserve Bank of India. Loss assets and unsecured portions of doubtful assets are provided/written off to the extent required by Reserve Bank of India guidelines. Subject to the minimum provisioning levels prescribed by the Reserve Bank of India, provisions on retail non-performing loans are made at the borrower level in accordance with the provisioning policy of ICICI Bank. The specific provisions on retail loans held by ICICI Bank are higher than the minimum regulatory requirement. See also "Business — Classification of Loans".

Provisions and contingencies (excluding provisions for tax) increased by 1.0% from Rs. 45.1 billion in fiscal 2009 to Rs. 45.6 billion in fiscal 2010, primarily due to a higher level of specific provisioning for retail non-performing loans and an increase in provisions for restructured corporate assets, offset, in part, by a reduction in provision for investments and a net write-back of provision for standard assets. The increase in specific provisioning for retail non-performing loans primarily reflects the seasoning of the secured loan portfolio and relatively higher losses on the unsecured portfolio, challenges in collections and the impact of adverse macro-economic environment in fiscal 2009.

In the second quarter review of monetary policy for fiscal 2010, the Reserve Bank of India directed banks to ensure that their total provisioning coverage ratio against non-performing loans is not less than 70.0% by end-September 2010. On December 1, 2009, the Reserve Bank of India issued detailed guidelines on provisioning coverage for advances by banks. In March 2010, the Reserve Bank of India permitted ICICI Bank to reach the stipulated provisioning coverage ratio of 70.0% in a phased manner by March 31, 2011. ICICI Bank's provisioning coverage ratio at year-end fiscal 2010 computed as per the Reserve Bank of India guidelines was 59.5%. At June 30, 2010, the Bank's provisioning coverage ratio was 64.8%.

Provision for investments decreased from Rs. 6.3 billion in fiscal 2009 to Rs. 0.3 billion in fiscal 2010. In fiscal 2009, provision for investments was higher primarily due to the impairment provision for investments held by our consolidating venture capital funds and other provisions of Rs. 4.2 billion made by ICICI Bank UK, primarily on its investments in securities issued by Lehman Brothers after the failure of Lehman Brothers.

During fiscal 2010, the Bank did not make additional general provisions on standard assets. In November 2009, the Reserve Bank of India issued guidelines reducing the general provision requirement. However, these guidelines did not permit a write-back of excess provisions already made and we therefore held a cumulative general provision of Rs. 14.4 billion at year-end fiscal 2010 compared to the general provision requirement as per the revised guidelines of Rs. 7.3 billion. There was a reversal of general provision on standard assets in our subsidiaries amounting to Rs. 153 million.

Provisions, including general provisions on performing assets, as a percentage of gross customer assets were 3.0% at year-end fiscal 2010 compared to 2.5% at year-end fiscal 2009.

Tax Expense

Income tax expense increased by 9.4% from Rs. 15.9 billion in fiscal 2009 to Rs. 17.4 billion in fiscal 2010. The effective tax rate of 26.4% in fiscal 2010 was lower compared to the effective tax rate of 32.0% in fiscal 2009, primarily due to a change in the mix of taxable profits having a higher component of exempt income, and the abolition of fringe benefit tax. In fiscal 2009, fringe benefit tax expense was Rs. 659 million. These positive effects

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were moderated by a negative impact arising from the revaluation of deferred tax assets on account of a reduction in surcharge on tax from 10.0% to 7.5% by the Finance Act, 2010.

Financial Condition

Assets

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

	At March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Cash and cash equivalents	Rs. 350,614	Rs. 471,441	US$ 10,488	34.5 %
Investments	1,481,070	1,863,198	41,451	25.8
Advances (net of provisions)	2,661,305	2,257,781	50,229	(15.2)
Fixed assets	44,975	38,623	859	(14.1)
Other assets	288,946	262,430	5,838	(9.2)
Total assets	Rs. 4,826,910	Rs. 4,893,473	US$ 108,865	1.4 %

Our total assets increased marginally from Rs. 4,826.9 billion at year-end fiscal 2009 to Rs. 4,893.5 billion at year-end fiscal 2010, primarily due to an increase in cash and cash equivalents and investments. Net advances decreased by 15.2% from Rs. 2,661.3 billion at year-end fiscal 2009 to Rs. 2,257.8 billion at year-end fiscal 2010.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, and balances with the Reserve Bank of India and other banks, including money at call and on short notice. Cash and cash equivalents increased from Rs. 350.6 billion at year-end fiscal 2009 to Rs. 471.4 billion at year-end fiscal 2010. The increase was primarily due to an increase in balances held with the Reserve Bank of India. Balances with the Reserve Bank of India increased from Rs. 146.8 billion at year-end fiscal 2009 to Rs. 241.7 billion at year-end fiscal 2010, due to a higher level of liquidity on that date and on account of the 75 basis point increase in the cash reserve ratio from 5.00% to 5.75%.

Investments

Total investments increased by 25.8% from Rs. 1,481.1 billion at year-end fiscal 2009 to Rs. 1,863.2 billion at year-end fiscal 2010, primarily due to an increase in investments held to cover linked liabilities of ICICI Prudential Life Insurance Company and an increase in investment in government and other approved securities. Investments held to cover the liabilities on unit-linked insurance policies of ICICI Prudential Life Insurance Company increased by 79.9% from Rs. 286.1 billion at year-end fiscal 2009 to Rs. 514.7 billion at year-end fiscal 2010, due to the mark-to-market impact of improvement in the capital markets and the increase in our insurance business. Investments in government and other approved securities increased due to a 100 basis point increase in the statutory liquidity ratio requirement applicable to ICICI Bank from 24.0% to 25.0% during fiscal 2010, although the reduction in domestic net demand and time liabilities had a moderating effect. At year-end fiscal 2010, we had an outstanding net investment of Rs. 33.9 billion in security receipts issued by asset reconstruction companies in relation to sales of non-performing assets compared to Rs. 32.2 billion at year-end fiscal 2009.

Advances

Net advances decreased by 15.2% from Rs. 2,661.3 billion at year-end fiscal 2009 to Rs. 2,257.8 billion at year-end fiscal 2010, primarily due to a decrease in retail advances, advances of our overseas branches and advances of our overseas banking subsidiaries. Net retail advances of ICICI Bank (including dealer financing and developer financing) decreased by 25.6% from Rs. 1,062.0 billion at year-end fiscal 2009 to Rs. 790.5 billion at year-end fiscal 2010. Advances of our overseas branches and subsidiaries decreased primarily due to the impact of rupee appreciation on foreign currency denominated advances. Net advances of our overseas branches (including our offshore banking unit) decreased in US dollar terms by 6.5% from US$ 10.7 billion at year-end fiscal 2009 to US$

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10.0 billion at year-end fiscal 2010, and in rupee terms by 16.9% from Rs. 542.9 billion at year-end fiscal 2009 to Rs. 451.4 billion at year-end fiscal 2010. Net advances of overseas subsidiaries increased marginally in US dollar terms by 2.6% from US$ 7.6 billion at year-end fiscal 2009 to US$ 7.8 billion at year-end fiscal 2010, while in rupee terms, net advances of overseas subsidiaries decreased by 10.1% from Rs. 387.1 billion at year-end fiscal 2009 to Rs. 347.9 billion at year-end fiscal 2010.

Fixed and other assets

Fixed assets include premises, furniture and fixtures, assets given on lease and other fixed assets. Fixed assets decreased by 14.1% from Rs. 45.0 billion at year-end fiscal 2009 to Rs. 38.6 billion at year-end fiscal 2010 due to sale or surrender of certain properties, sale of fixed assets of merchant acquiring business and annual depreciation charge. Other assets decreased by 9.2% from Rs. 288.9 billion at year-end fiscal 2009 to Rs. 262.4 billion at year-end fiscal 2010.

Liabilities and Stockholders' Equity

The following table sets forth, at the dates indicated, the principal components of liabilities and stockholders' equity.

	At March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Deposits	Rs. 2,618,558	Rs. 2,415,723	US$ 53,742	(7.7)%
Borrowings(1)	1,160,664	1,156,983	25,739	(0.3)
Proposed dividend (including corporate dividend tax)	13,872	15,136	337	9.1
Other liabilities	556,936	779,962	17,352	40.0
Minority interest	9,105	12,704	283	39.5
Total liabilities	4,359,135	4,380,508	97,453	0.5
Equity share capital	11,133	11,149	248	0.1
Reserves and surplus	456,642	501,816	11,164	9.9
Total liabilities (including capital and reserves)	Rs. 4,826,910	Rs. 4,893,473	US$ 108,865	1.4%

(1) Includes subordinated debt and redeemable non-cumulative preference shares.

Our total liabilities (including capital and reserves) increased marginally from Rs. 4,826.9 billion at year-end fiscal 2009 to Rs. 4,893.5 billion at year-end fiscal 2010, primarily due to an increase in borrowings and other liabilities (including liabilities on insurance policies in force) and retained earnings. During fiscal 2010, deposits decreased by 7.7% from Rs. 2,618.6 billion at year-end fiscal 2009 to Rs. 2,415.7 billion at year-end fiscal 2010.

Deposits

Deposits decreased by 7.7% from Rs. 2,618.6 billion at year-end fiscal 2009 to Rs. 2,415.7 billion at year-end fiscal 2010, primarily due to our conscious strategy of reducing wholesale term deposits. During fiscal 2010, ICICI Bank focused on rebalancing its funding mix by increasing the share of current and savings account deposits in total deposits. The Bank's current and savings account deposits increased from Rs. 626.7 billion at year-end fiscal 2009 to Rs. 842.2 billion at year-end fiscal 2010 and the ratio of current and savings account deposits to the Bank's total deposits increased from 28.7% to 41.7%. ICICI Bank's savings account deposits increased from Rs. 410.4 billion at year-end fiscal 2009 to Rs. 532.2 billion at year-end fiscal 2010.

Since fiscal 2009, ICICI Bank UK has focused on re-balancing its deposit base towards term deposits in order to increase the proportion of its deposits that may be deployed in medium-term loan assets. Accordingly, ICICI Bank UK's savings deposits declined from Rs. 84.8 billion at year-end fiscal 2009 to Rs. 58.8 billion at year-end fiscal 2010.

Our total term deposits decreased from Rs. 1,880.8 billion at year-end fiscal 2009 to Rs. 1,478.0 billion at year-end fiscal 2010, while savings deposits increased from Rs. 515.1 billion at year-end fiscal 2009 to Rs. 622.2 billion

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at year-end fiscal 2010. Total deposits at year-end fiscal 2010 formed 67.6% of our funding (i.e., deposits, borrowings and subordinated debt).

Borrowings

Borrowings (including redeemable non-cumulative preference shares and subordinated debt) decreased marginally by 0.3% from Rs. 1,160.7 billion at year-end fiscal 2009 to Rs. 1,157.0 billion at year-end fiscal 2010. Although capital-eligible rupee borrowings in the nature of subordinated debt increased, the impact of rupee appreciation on foreign currency denominated borrowings led to an overall decrease in the level of borrowings.

The Reserve Bank of India has issued guidelines effective April 1, 2010, which require repurchase transactions (currently accounted for as sale and repurchase) to be accounted for as borrowing and lending. This will be reflected in our financial statements for fiscal 2011. At year-end fiscal 2010, outstanding amount of securities sold through repurchase transactions with other banks and financial institutions was Rs. 48.6 billion compared to Rs. 48.1 billion at year-end fiscal 2009.

Proposed dividend

In India, dividends declared for a fiscal year are normally paid out in the following year. We declared a dividend of Rs. 11.00 per equity share for fiscal 2009, which was paid out in fiscal 2010. We declared a dividend of Rs. 12.00 per equity share for fiscal 2010, which was paid out in fiscal 2011.

Other liabilities

Other liabilities primarily consist of liabilities on insurance policies in force, pertaining to our insurance subsidiaries. Other liabilities increased by 40.0% from Rs. 556.9 billion at year-end fiscal 2009 to Rs. 780.0 billion at year-end fiscal 2010 primarily due to an increase in liabilities on policies in force of our life insurance business from Rs. 310.5 billion at year-end fiscal 2009 to Rs. 539.7 billion at year-end fiscal 2010. This was in line with the mark-to-market impact of improvement in the capital markets on the assets and liabilities of unit-linked insurance plans.

Equity share capital and reserves

Stockholders' equity increased from Rs. 467.8 billion at year-end fiscal 2009 to Rs. 513.0 billion at year-end fiscal 2010 primarily due to retained earnings for fiscal 2010 and mark-to-market gains on investments classified as available for sale securities by ICICI Bank UK. Minority interest increased by 39.5% from Rs. 9.1 billion at year-end fiscal 2009 to Rs. 12.7 billion at year-end fiscal 2010, primarily due to an increase of Rs. 13.1 billion in reserves of our insurance subsidiaries, in which the minority shareholding is approximately 26.0%.

Fiscal 2009 to Fiscal 2008

Summary

Net profit increased by 5.3% from Rs. 34.0 billion in fiscal 2008 to Rs. 35.8 billion in fiscal 2009, primarily due to a 17.2% increase in net interest income and a 7.5% increase in non-interest income, offset, in part, by a 49.5% increase in provisions (excluding provision for tax) and a 4.2% increase in non-interest expenses. The increase in provisions (excluding provision for tax) was primarily due to a higher level of specific provisioning on non-performing loans, though the lower general provisioning on standard loans lessened this impact.

Net interest income increased by 17.2% from Rs. 83.3 billion in fiscal 2008 to Rs. 97.6 billion in fiscal 2009, reflecting an increase in net interest margin by 13 basis points from 2.30% in fiscal 2008 to 2.43% for fiscal 2009 and an increase of 15.3% in the average volume of interest earning assets, in rupee terms.

Non-interest income increased by 7.5% from Rs. 259.6 billion in fiscal 2008 to Rs. 279.0 billion in fiscal 2009, primarily due to an increase in income from our insurance business from Rs. 159.9 billion in fiscal 2008 to Rs. 183.6 billion in fiscal 2009 and an increase in miscellaneous income (including lease income) from Rs. 0.8 billion in fiscal 2008 to Rs. 7.8 billion in fiscal 2009.

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Non-interest expense increased by 4.2% from Rs. 270.4 billion in fiscal 2008 to Rs. 281.9 billion in fiscal 2009, primarily due to an increase of 15.9% in expenses pertaining to insurance business and an increase of 19.9% in rent, taxes and lighting expenses, offset, in part by a 61.1% decrease in direct marketing agency expenses from Rs. 15.7 billion in fiscal 2008 to Rs. 6.1 billion in fiscal 2009.

Provisions and contingencies (excluding provisions for tax) increased by 49.5% from Rs. 30.2 billion in fiscal 2008 to Rs. 45.1 billion in fiscal 2009, primarily due to a higher level of specific provisioning on non-performing retail loans, though the lower general provisioning on standard loans reduced this impact. The increase in retail non-performing loans was due to the seasoning of the secured loan portfolio, relatively higher losses in the unsecured portion of the portfolio and the adverse macro-economic environment.

Gross restructured loans increased by 26.8% from Rs. 48.4 billion at year-end fiscal 2008 to Rs. 61.4 billion at year-end fiscal 2009. Gross non-performing assets increased by 28.2% from Rs. 78.0 billion at year-end fiscal 2008 to Rs. 99.9 billion at year-end fiscal 2009, primarily due to an increase in retail non-performing loans due to higher delinquencies in the unsecured retail loan portfolio and the seasoning of the overall retail loan portfolio.

Total assets decreased by 0.6% from Rs. 4,856.2 billion at year-end fiscal 2008 to Rs. 4,826.9 billion at year-end fiscal 2009 primarily due to a decrease in investments by Rs. 119.4 billion, reflecting the lower statutory liquidity ratio requirement and the decline in demand and time liabilities requiring the maintenance of this ratio, and the decrease in cash and balances held with the Reserve Bank of India by Rs. 118.5 billion, reflecting a reduction in the cash reserve ratio requirement.

Net Interest Income

The following table sets forth, for the periods indicated, the principal components of net interest income.

	Year ended March 31,			
	2008	2009	2009	2009/2008 % change
	(in millions, except percentages)			
Interest income(1)	Rs. 340,950	Rs. 362,507	US$ 8,065	6.3 %
Interest expense	(257,670)	(264,873)	(5,893)	2.8
Net interest income	Rs. 83,280	Rs. 97,634	US$ 2,172	17.2 %

(1) Tax exempt income has not been recalculated on a tax-equivalent basis.

Net interest income (net of amortization of premium on government securities) increased by 17.2% from Rs. 83.3 billion in fiscal 2008 to Rs. 97.6 billion in fiscal 2009 reflecting mainly the following:

- an increase of Rs. 555.3 billion or 15.3% in the average volume of interest-earning assets (after taking into account the impact of depreciation of the rupee on the rupee equivalent of foreign currency denominated assets); and

- an increase in net interest margin by 13 basis points from 2.30% in fiscal 2008 to 2.43% in fiscal 2009.

The average volume of interest-earning assets increased by 15.3% or Rs. 555.3 billion from Rs. 3,627.6 billion in fiscal 2008 to Rs. 4,182.9 billion in fiscal 2009, primarily due to an increase in average advances by Rs. 293.9 billion and an increase in average investments by Rs. 255.9 billion. Average advances increased by 12.9% from Rs. 2,284.6 billion in fiscal 2008 to Rs. 2,578.6 billion in fiscal 2009, primarily due to an increase in non-retail advances, offset, in part, by a decrease in retail advances. While the net advances of our overseas branches (including our offshore

banking unit) decreased by US$ 1.2 billion or 10.1% from US$ 11.9 billion at year-end fiscal 2008 to US$ 10.7 billion at year-end fiscal 2009, the net advances of our overseas branches, in rupee terms, increased by 13.7% from Rs. 477.5 billion at year-end fiscal 2008 to Rs. 542.9 billion at year-end fiscal 2009 due to the impact of rupee depreciation in fiscal 2009. Advances of our overseas subsidiaries increased, in rupee terms, from Rs. 195.2 billion at year-end fiscal 2008 to Rs. 387.1 billion at year-end fiscal 2009. Average interest-earning investments increased by 25.0% from Rs. 1,024.5 billion in fiscal 2008 to Rs. 1,280.4 billion in fiscal 2009, primarily due to the increase in average interest-earning non-statutory liquidity ratio investments, offset, in part, by

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the decrease in average statutory liquidity ratio investments. Average statutory liquidity ratio investments decreased due to reduction in domestic net demand and time liabilities and a reduction of 100 basis points in the statutory liquidity ratio requirement from 25.0% to 24.0% during fiscal 2009.

Interest income increased by 6.3% from Rs. 341.0 billion in fiscal 2008 to Rs. 362.5 billion in fiscal 2009, primarily due to an increase of 15.3% in the average volume of interest-earning assets from Rs. 3,627.6 billion in fiscal 2008 to Rs. 4,182.9 billion in fiscal 2009. The overall yield on average interest-earning assets decreased by 64 basis points from 9.4% for fiscal 2008 to 8.8% for fiscal 2009, primarily due to a decrease in yield on investments by 111 basis points from 9.5% for fiscal 2008 to 8.4% for fiscal 2009, offset, in part, by a reduction in the cash reserve ratio requirement from 7.5% at the beginning of fiscal 2009 to 5.0% at the end of fiscal 2009. As cash reserve ratio balances do not earn any interest income, the reduction in the required level of cash reserve ratio resulted in a positive impact on yield on interest-earning assets. Yield on average interest-earning investments decreased primarily due to a decrease of 86 basis points in the yield of foreign currency investments from 5.6% for fiscal 2008 to 4.7% for fiscal 2009.

Interest income was positively impacted by the receipt of interest of Rs. 3.4 billion on our income tax refund in fiscal 2009 compared to Rs. 0.9 billion in fiscal 2008 and negatively impacted by a loss on securitization (including credit losses on existing pools) of Rs. 3.2 billion in fiscal 2009.

Total interest expense increased by 2.8% from Rs. 257.7 billion in fiscal 2008 to Rs. 264.9 billion in fiscal 2009, primarily due to an increase of 34.9% in average interest-bearing liabilities from Rs. 964.9 billion in fiscal 2008 to Rs. 1,301.2 billion in fiscal 2009, offset by a 53 basis points decrease in the cost of funds from 7.4% in fiscal 2008 to 6.8% in fiscal 2009. Average deposits, with a cost of 7.1% in fiscal 2009, constituted 66.5% of total average interest-bearing liabilities compared to 72.5% of the total average interest-bearing liabilities with a cost of 7.4% in fiscal 2008. The decrease in average deposits as a percentage of total funding was primarily on account of our conscious strategy of reducing our wholesale term deposit base. Our cost of funds decreased from 7.4% in fiscal 2008 to 6.8% in fiscal 2009. The cost of deposits decreased by 30 basis points from 7.4% in fiscal 2008 to 7.1% in fiscal 2009, as a consequence of an increase in the ratio of low-cost current account and savings account deposits in total deposits, offset, in part, by high interest-bearing wholesale deposits raised during the quarter ended December 31, 2008. The average cost of total borrowings including subordinated debt decreased by 97 basis points from 7.3% in fiscal 2008 to 6.3% in fiscal 2009, primarily due to a decrease in the cost of foreign currency borrowings as the benchmark rate (LIBOR) decreased.

Our net interest margin is expected to continue to be lower than other banks in India until we increase the proportion of low-cost deposits and retail deposits in our total funding. Our net interest margin is also impacted by the relatively lower net interest margin earned by our overseas branches and subsidiaries. See also “Risk Factors — Risks Relating to Our Business — Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance”.

Non-Interest Income

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

	Year ended March 31,			
	2008	2009	2009	2009/2008 % change
	(in millions, except percentages)			
Commission, exchange and brokerage	Rs.67,673	Rs.65,748	US$1,463	(2.8)%

Profit/(loss) on sale of investments (net)	34,042	24,318	541	(28.6)%
Profit/(loss) on revaluation of investments (net)	(4,788)	(4,432)	(99)	(7.4)%
Profit/(loss) on sale of land, buildings and other assets (net)	613	15	–	(97.6)%
Profit/(loss) on foreign exchange transactions (net)	1,280	1,965	44	53.5%
Income pertaining to insurance business	159,920	183,582	4,084	14.8%
Miscellaneous income (including lease income)	841	7,828	174	831.6%
Total non-interest income	Rs. 259,581	Rs. 279,024	US$ 6,207	7.5%

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Non-interest income increased by 7.5% from Rs. 259.6 billion in fiscal 2008 to Rs. 279.0 billion in fiscal 2009, primarily due to a 14.8% increase in income pertaining to our insurance business from Rs. 159.9 billion in fiscal 2008 to Rs. 183.6 billion in fiscal 2009, a 53.5% increase in net profit on foreign exchange transactions from Rs. 1.3 billion in fiscal 2008 to Rs. 2.0 billion in fiscal 2009, a 7.4% decrease in net loss on revaluation of investments from Rs. 4.8 billion in fiscal 2008 to Rs. 4.4 billion in fiscal 2009 and an increase in miscellaneous income (including lease income) from Rs. 841 million in fiscal 2008 to Rs. 7.8 billion in fiscal 2009, offset, in part, by a 28.6% decrease in profit on sale of investments from Rs. 34.0 billion in fiscal 2008 to Rs. 24.3 billion in fiscal 2009.

Income pertaining to our insurance business representing premium income of our life and general insurance subsidiaries increased by 14.8% from Rs. 159.9 billion in fiscal 2008 to Rs. 183.6 billion in fiscal 2009. The income pertaining to our insurance business includes Rs. 161.9 billion from our life insurance business and Rs. 21.7 billion from our general insurance business. The total premium income of ICICI Prudential Life Insurance Company increased by 13.2% from Rs. 135.6 billion in fiscal 2008 to Rs. 153.6 billion in fiscal 2009. The new business premium (on a weighted received premium basis) of ICICI Prudential Life Insurance Company decreased by 22.9% from Rs. 66.8 billion in fiscal 2008 to Rs. 51.5 billion in fiscal 2009. However, our renewal premium increased by 60.4% from Rs. 55.3 billion in fiscal 2008 to Rs. 88.7 billion in fiscal 2009. The gross written premium (excluding share of motor third party insurance pool) of ICICI Lombard General Insurance Company increased by 3.3% from Rs. 33.5 billion in fiscal 2008 to Rs. 34.6 billion in fiscal 2009. There was a slowdown in the growth of the general insurance industry in India due to de-tariffing, wherein insurance premiums were freed from price controls resulting in a significant reduction in premium rates.

Commission, exchange and brokerage income decreased by 2.8% from Rs. 67.7 billion in fiscal 2008 to Rs. 65.7 billion in fiscal 2009, primarily due to lower fee income from corporate and retail customers. Fee income in the second half of fiscal 2009 was impacted by the slowdown in the domestic economy and continued turmoil in the international markets. The high interest rates prevalent for a large part of the year, combined with our strategy to moderate balance sheet growth impacted domestic lending activity, with retail disbursements slowing down considerably. This resulted in low retail asset related fees in fiscal 2009. Sales of third party products such as insurance and mutual funds slowed down considerably in the second half of fiscal 2009 resulting in lower third party distribution fees. Our commission, exchange and brokerage income was impacted by the level of corporate activity, the demand for retail financial products and the overall level of economic and trade activity. Volatile market conditions also had an adverse impact on mergers and acquisitions activity by Indian companies, affecting our fee and other income related to such activity. We have experienced a decline in these income streams since the second half of fiscal 2009 as a result of the general decline in business activity during the global financial crisis and economic turmoil. Commission, exchange and brokerage of our banking subsidiaries decreased by 24.9% from Rs. 5.0 billion in fiscal 2008 to Rs. 3.8 billion in fiscal 2009, primarily due to a decrease in advisory and structuring fees. Commission, exchange and brokerage of our security brokering and primary dealership subsidiaries decreased from Rs. 7.6 billion in fiscal 2008 to Rs. 5.0 billion in fiscal 2009, primarily due to adverse conditions in both equity and fixed income markets and lower equity trading volumes.

Income from foreign exchange transactions increased by 53.5% from Rs. 1.3 billion in fiscal 2008 to Rs. 2.0 billion in fiscal 2009, primarily due to an increase in income from the merchant foreign exchange and client-related derivatives business in our Canadian subsidiary, offset, in part, by a mark-to-market and realized loss of Rs. 3.6 billion on our credit derivatives portfolio. At year-end fiscal 2009, we had a credit derivatives portfolio of Rs. 72.4 billion, including funded investments of Rs. 33.7 billion in credit derivatives instruments such as credit default swaps, credit-linked notes and collateralized debt obligations. The entire exposure is to Indian corporates. During fiscal 2009, we sold our entire non-India linked credit derivatives portfolio on which we realized a loss of about Rs. 6.6 billion, which was provided for in fiscal 2008.

We offer various derivatives products, including options and swaps, to our clients primarily for their risk management purposes. We generally do not carry market risk on client derivatives positions as we cover ourselves in the inter-bank market. Profits or losses on account of currency movements on these transactions are borne by the clients. During fiscal 2009, due to high exchange rate volatility as a result of the financial crisis, a number of clients experienced significant mark-to-market losses in derivatives transactions. On maturity or premature termination of the derivatives contracts, these mark-to-market losses became receivables owed to us. Some clients did not pay their

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derivatives contract obligations to us in a timely manner and, in some instances, clients filed lawsuits to avoid payment of derivatives contract obligations entirely. In other instances, at the request of clients, we converted the overdue amounts owed to us into loans and advances. In October 2008, the Reserve Bank of India issued guidelines requiring banks to classify derivatives contract receivables overdue for 90 days or more as non-performing assets. Pursuant to these guidelines we reverse derivatives contracts receivables in our income statement when they are overdue for 90 days or more. After reversal, any recovery is accounted for only on actual receipt of payment. Accordingly, in fiscal 2009, we reversed an amount equal to Rs. 4.4 billion under Indian GAAP relating to receivables under derivatives contracts that were overdue for more than 90 days.

At year-end fiscal 2008, we had an investment of approximately €57 million in senior bonds of Lehman Brothers, through our UK subsidiary, which we fully provided for during fiscal 2009. We have an insignificant amount of unreceived premium due from Lehman Brothers for protection sold in certain credit derivatives transactions, which are in the process of being novated. The mark-to-market loss of Rs. 12.4 billion at year-end fiscal 2009 on investment classified as "available for sale securities" in our UK and Canadian subsidiaries is directly reflected in the shareholders' equity.

In October 2008, the UK Accounting Standards Board amended FRS 26 on "Financial Instruments: Recognition and Measurement" and permitted the reclassification of financial assets in certain circumstances from the "held for trading" category to the "available for sale" category, from the "held for trading" category to the "loans and receivables" category and from the "available for sale" category to the "loans and receivables" category. Pursuant to these amendments, during fiscal 2009, ICICI Bank UK transferred certain assets with a fair value of Rs. 34.0 billion from the held for trading category to the "available for sale" category, certain assets with a fair value of Rs. 0.1 billion from the held for trading category of investments to "the loans and receivables" category and certain assets with a fair value of Rs. 20.4 billion from the "available for sale" category of investments to "the loans and receivables" category. If these reclassifications had not been made, our profit for fiscal 2009 would have been lower by Rs. 2.5 billion.

Our mark-to-market provisions against available for sale investments adjusted against shareholders' equity increased by a post-tax amount of Rs. 8.3 billion during fiscal 2009 to a post-tax amount of Rs. 13.4 billion at year-end fiscal 2009. If the above reclassifications had not been made, these provisions would have increased by a further pre-tax amount of Rs. 0.5 billion.

Profit/(loss) on sale and revaluation of investments decreased by 32.0% from Rs. 29.3 billion in fiscal 2008 to Rs. 19.9 billion in fiscal 2009, primarily due to a decline in equity markets resulting in mark-to-market losses in the equity portfolio, a loss on proprietary equity trading and mutual fund portfolio, and mark-to-market provisioning on security receipts, offset, in part, by realized profit on the sale of fixed income investments. At year-end fiscal 2009, we had an outstanding net investment of Rs. 32.2 billion in security receipts issued by asset reconstruction companies in relation to sales of non-performing assets. In accordance with Reserve Bank of India guidelines on "Prudential norms for classification, valuation and operation of investment portfolio by banks", all instruments received by banks, whether as consideration for transferred non-performing assets or otherwise, are securities. The Reserve Bank of India regulations on the valuation and classification of securities apply to these securities receipts as well. At the end of each reporting period, security receipts issued by asset reconstruction companies are valued in accordance with the guidelines applicable to such instruments, as prescribed by the Reserve Bank of India from time to time. Accordingly, in cases where the cash flows from security receipts issued by asset reconstruction companies are limited to the actual realization of the financial assets assigned to the instruments in the concerned scheme, the Bank calculates the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting period end. During fiscal 2009, the mark-to-market impact on these security receipts was a loss of Rs. 3.3 billion.

During the year, the spread on foreign currency bonds issued by ICICI Bank and ICICI Bank UK widened significantly. We initiated buyback of our bonds in the secondary market resulting in a gain of Rs. 3.4 billion to ICICI Bank and Rs. 4.0 billion to our UK subsidiary. This led to an increase in miscellaneous income from Rs. 0.8 billion in fiscal 2008 to Rs. 7.8 billion in fiscal 2009.

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Non-Interest Expense

The following table sets forth, for the periods indicated, the principal components of non-interest expense.

	Year ended March 31,			
	2008	2009	2009	2009/2008 % change
	(in millions, except percentages)			
Payments to and provisions for employees	Rs. 39,698	Rs. 39,043	US$ 869	(1.6)%
Depreciation on own property	4,973	5,966	133	20.0 %
Auditor's fees and expenses	100	137	3	37.0 %
Other administrative expenses	65,299	62,990	1,401	(3.5)%
Operating expenses	110,070	108,136	2,406	(1.8)%
Direct marketing agency expenses	15,750	6,122	136	(61.1)%
Depreciation on leased assets	1,821	2,101	47	15.4 %
Expenses pertaining to insurance business	142,793	165,499	3,681	15.9 %
Total non-interest expenses	Rs. 270,434	Rs. 281,858	US$ 6,270	4.2 %

Non-interest expense increased by 4.2% from Rs. 270.4 billion in fiscal 2008 to Rs. 281.9 billion in fiscal 2009, primarily due to a 15.9% increase in expenses pertaining to our insurance business and a 20.0% increase in depreciation expenses, offset, in part, by a reduction in direct marketing agency expenses.

Expenses pertaining to our insurance business, representing provisions for claims, commissions paid and reserving for actuarial liability increased by 15.9% from Rs. 142.8 billion in fiscal 2008 to Rs. 165.5 billion in fiscal 2009, primarily due to an increase in life insurance business volume and an increase in claims including certain high value claims in the general insurance business, offset, in part, by a decline in commission expenses. In the case of ICICI Prudential Life Insurance Company, higher renewal premiums and lower new business premiums resulted in a lower increase in upfront expenses and commission expenses. The provisions for claims are determined based on actuarial valuation. In line with Indian accounting norms for insurance companies we do not amortize the customer acquisition cost, but account for the expenses upfront.

Depreciation on our owned property increased by 20.0% from Rs. 5.0 billion in fiscal 2008 to Rs. 6.0 billion in fiscal 2009, reflecting the addition of new branches. Depreciation on leased assets was Rs. 2.1 billion in fiscal 2009 compared to Rs. 1.8 billion in fiscal 2008.

Employee expenses decreased by 1.6% from Rs. 39.7 billion in fiscal 2008 to Rs. 39.0 billion in fiscal 2009, primarily due to a decrease in the employee base, including sales executives, employees on fixed term contracts and interns, from 108,393 at year-end fiscal 2008 to 91,777 at year-end fiscal 2009, offset, in part, by an annual increase in salaries and other employee benefits. The employee expenses for ICICI Bank decreased by 5.1% from Rs. 20.8 billion in fiscal 2008 to Rs. 19.7 billion in fiscal 2009, primarily due to a 17.9% decrease in our employee base from 63,098 at year-end fiscal 2008 to 51,835 at year-end fiscal 2009, offset, in part, by an annual increase in salaries. ICICI Bank did not pay a performance bonus to employees for fiscal 2009 (other than bonuses payable under statute). The performance bonus included in ICICI Bank's employee expenses in fiscal 2008 was Rs. 2.1 billion.

Other administrative expenses decreased by 3.5% from Rs. 65.3 billion in fiscal 2008 to Rs. 63.0 billion in fiscal 2009, primarily due to overall cost reduction initiatives undertaken by ICICI Bank, offsetting an increase in expenses related to retail business (primarily related to collections) and an increase in ICICI Bank's branch and ATM network. The number of branches (excluding foreign branches and offshore banking units) and extension counters of ICICI Bank in India increased from 1,262 at year-end fiscal 2008 to 1,419 at year-end fiscal 2009. The number of ATMs

increased from 3,881 at year-end fiscal 2008 to 4,713 at year-end fiscal 2009. The number of branches and offices of our insurance subsidiaries increased from 2,223 at year-end fiscal 2008 to 2,513 at year-end fiscal 2009.

Other administrative expenses include a scheme support expense of Rs. 920 million of ICICI Prudential Asset Management Company Limited in fiscal 2009. The scheme support expense consists of support of Rs. 27 million to fixed maturity plans towards yield shortfall, Rs. 55 million to money market schemes and Rs. 838 million to equity schemes. The scheme support expenses were incurred to address market valuation shortfalls in fixed maturity plans and money market schemes due to liquidity constraints and volatility in the fixed income markets;

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and for compensation against a diminution in the value of shares held in an equity scheme. These measures were taken to protect the interests of investors and to preserve the franchise, although there was no contractual obligation to do so.

Direct marketing agency expenses of ICICI Bank decreased by 61.1% from Rs. 15.7 billion in fiscal 2008 to Rs. 6.1 billion in fiscal 2009, primarily due to lower retail loan origination, the lower issuance of new credit cards and the reduction in the rate of commission. We use marketing agents, called direct marketing agents or associates, for sourcing our retail assets. We include commissions paid to these direct marketing agents of our retail assets in non-interest expense. These commissions are expensed upfront and not amortized over the life of the loan.

Provisions for Restructured Loans and Non-performing Assets

We classify our loans in accordance with the Reserve Bank of India guidelines into performing and non-performing loans. Further, non-performing assets are classified into substandard, doubtful and loss assets based on the criteria stipulated by the Reserve Bank of India. The Reserve Bank of India has separate guidelines for restructured loans. A fully secured standard loan can be restructured by rescheduling principal repayments and/or the interest element, but such loan must be separately disclosed as a restructured loan in the year of restructuring. Similar guidelines apply to restructuring of substandard and doubtful loans. See also “Business — Loan portfolio — Classification of loans”.

The following table sets forth, at the dates indicated, certain information regarding restructured loans.

	At March 31,			
	2008	2009	2009	2009/2008 % change
	(in millions, except percentages)			
Gross restructured loans	Rs. 48,411	Rs. 61,368	US$ 1,365	26.8 %
Provisions for restructured loans	(1,572)	(1,736)	(39)	10.4
Net restructured loans	46,839	59,632	1,326	27.3
Gross customer assets	2,687,999	2,892,808	64,356	7.6
Net customer assets	Rs. 2,642,697	Rs. 2,836,439	US$ 63,102	7.3
Gross restructured loans as a percentage of gross customer assets	1.8 %	2.1 %		
Net restructured loans as a percentage of net customer assets	1.8	2.1		

The deterioration in the global economic environment during fiscal 2009, in particular following the bankruptcy of Lehman Brothers in September 2008, adversely impacted the operations of several Indian companies. Indian businesses were impacted by the lack of access to financing and refinancing capital from the global debt capital markets, losses on existing inventories due to the sharp decline in commodity prices, a reduction in demand for and prices of output and a reduction in cash accruals and profitability. This led to the additional restructuring of loans in the Indian banking system, including loans made by us. Our gross restructured loans increased by 26.8% from Rs. 48.4 billion at year-end fiscal 2008 to Rs. 61.4 billion at year-end fiscal 2009 primarily due to stress experienced by certain borrowers in real estate and developer financing, auto ancillaries, textiles and retail mortgage sectors. As a percentage of net customer assets, net restructured loans were 2.1% at year-end fiscal 2009 compared to 1.8% at year-end fiscal 2008.

The following table sets forth, at the dates indicated, certain information regarding non-performing assets.

At March 31,

	2008	2009	2009	2009/2008 % change
	(in millions, except percentages)			
Gross non-performing assets	Rs. 77,963	Rs. 99,921	US$ 2,223	28.2
Provisions for non-performing assets	(42,031)	(52,580)	(1,170)	25.1
Net non-performing assets	Rs. 35,932	Rs. 47,341	US$ 1,053	31.8
Gross customer assets	2,687,999	2,892,808	64,356	7.6
Net customer assets	Rs. 2,642,697	Rs. 2,836,439	US$ 63,102	7.3

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	At March 31,			
				2009/2008
	2008	2009	2009	% change
	(in millions, except percentages)			
Gross non-performing assets as a percentage of gross customer assets	2.9	3.5		
Net non-performing assets as a percentage of net customer assets	1.4	1.7		

Gross non-performing assets increased by 28.2% from Rs. 78.0 billion at year-end fiscal 2008 to Rs. 99.9 billion at year-end fiscal 2009 primarily due to an increase in retail non-performing loans due to higher delinquencies in the unsecured retail portfolio and the seasoning of the overall retail loan portfolio. The net non-performing loans in the retail portfolio at year-end fiscal 2009 were 2.6% of net retail loans compared to 1.7% at year-end fiscal 2008. Retail gross non-performing loans constituted 72.4% of total gross non-performing assets at year-end fiscal 2009 compared to 71.6% at year-end fiscal 2008, due to an increase in retail non-performing loans, particularly in the non-collateralized portfolio. We sold Rs. 6.8 billion of our non-performing assets, including mortgage loans of Rs. 5.6 billion, during fiscal 2009 and Rs. 9.3 billion of our net non-performing assets including mortgage loans of Rs. 6.9 billion, during fiscal 2008 to asset reconstruction companies registered with the Reserve Bank of India. As a percentage of net customer assets, net non-performing assets were 1.7% at year-end fiscal 2009 compared to 1.4% at year-end fiscal 2008. Provisions including general provision on performing assets as required by the Reserve Bank of India as a percentage of gross customer assets were 2.5% at year-end fiscal 2009 compared to 2.2% at year-end fiscal 2008.

The following table sets forth, for the periods indicated, the composition of provision and contingencies, excluding provision for tax.

	Year ended March 31,			
				2009/2008 %
	2008	2009	2009	change
	(in millions, except percentages)			
Provisions for investments (including credit substitutes)(net)	Rs. 730	Rs. 6,305	US$ 140	–
Provision for non-performing assets	25,552	37,707	839	47.6 %
Provision for standard assets	2,172	1,409	31	(35.1)
Others	1,724	(304)	(6)	–
Total provisions and contingencies (excluding tax)	Rs. 30,178	Rs. 45,117	US$ 1,004	49.5 %

Provisions are made by ICICI Bank on standard, substandard and doubtful assets at rates prescribed by the Reserve Bank of India. Loss assets and the unsecured portion of doubtful assets are provided/written off as prescribed by the current Reserve Bank of India guidelines. Subject to the minimum provisioning levels prescribed by the Reserve Bank of India, provisions on homogeneous retail loans/receivables are assessed at a portfolio level, on the basis of days past due. See also "Business — Classification of Loans".

Provisions and contingencies (excluding provisions for tax) increased by 49.5% from Rs. 30.2 billion in fiscal 2008 to Rs. 45.1 billion in fiscal 2009, primarily due to a higher level of specific provisioning on non-performing retail loans, impairment provisions for certain held-to-maturity investments and provisions made for investment in securities issued by Lehman Brothers and other investments held by ICICI Bank UK, offset, in part by the absence of general provision on standard assets.

Provisions for investments increased from Rs. 0.7 billion in fiscal 2008 to Rs. 6.3 billion in fiscal 2009 primarily due to the impairment provisions for certain held-to-maturity investments and provisions of Rs. 4.2 billion made for investment in securities issued by Lehman Brothers and other investments held by ICICI Bank UK.

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Specific provisioning on non-performing assets increased primarily due to an increase in retail credit losses. The increase in retail credit losses primarily reflects the seasoning of the secured loan portfolio and relatively higher losses on unsecured portfolio.

The government of India issued guidelines for the implementation of the agriculture debt waiver and the relief scheme for farmers on May 23, 2008, which we have adopted. Pursuant to the scheme, an aggregate amount of Rs. 2.7 billion has been waived which is recoverable from government of India. Of the above, an amount of Rs. 773 million was received by year-end fiscal 2009. Correspondingly, amounts of Rs. 145 million and Rs. 57 million have been written back from the excess non-performing assets provision and the interest suspense account, respectively.

We did not make additional general provisions on standard assets pursuant to guidelines issued by the Reserve Bank of India which reduced the general provisioning requirement. However, these guidelines do not permit the write-back of excess provisions already made and we therefore held a cumulative general provision of Rs. 14.4 billion at year-end fiscal 2009 compared to the general provisioning requirement under the revised guidelines, of Rs. 8.4 billion.

Tax Expense

Total tax expense was Rs. 15.9 billion in fiscal 2009 compared to Rs. 11.1 billion in fiscal 2008. Income tax expense was Rs. 15.2 billion in fiscal 2009 compared to Rs. 10.3 billion in fiscal 2008. The effective tax rate of 30.6% in fiscal 2009 was higher compared to the effective tax rate of 24.3% in fiscal 2008, primarily due to change in mix of taxable profits, which had a lower component of income from dividend and capital gains. The effective income tax rate of 30.6% for fiscal 2009 was lower compared to the statutory tax rate of 33.99%, primarily due to the exempt dividend income, deduction towards special reserve and deduction of income of offshore banking unit.

As per the clarification relating to the creation of deferred tax asset by an insurance company, issued by the Insurance Regulatory and Development Authority, ICICI Prudential Life Insurance Company created deferred tax assets of Rs. 1.0 billion for fiscal 2009.

In accordance with the provisions of the Income Tax Act, 1961, companies are obligated to pay additional income tax referred to as fringe benefit tax on the value of fringe benefits provided or deemed to be provided to their employees, computed as per the prescribed methodology. The fringe benefit tax expense decreased from Rs. 780 million in fiscal 2008 to Rs. 659 million in fiscal 2009. The fringe benefit tax on employee stock options is not reflected above as it is recovered from employees. The Finance Act, 2009, abolished the levy of fringe benefit tax, effective fiscal 2010.

Financial Condition

Assets

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

	At March 31,			
				2009/2008
	2008	2009	2009	% change
	(in millions, except percentages)			
Cash and cash equivalents	Rs. 453,287	Rs. 350,614	US$ 7,800	(22.7)%
Investments	1,600,468	1,481,070	32,949	(7.5)
Advances (net of provisions)	2,514,017	2,661,305	59,206	5.9
Fixed assets	46,783	44,975	1,001	(3.9)
Other assets	241,611	288,946	6,428	19.6

Total assets	Rs. 4,856,166	Rs. 4,826,910	US$ 107,384	(0.6)%

Our total assets decreased marginally by 0.6% from Rs. 4,856.2 billion at year-end fiscal 2008 to Rs. 4,826.9 billion at year-end fiscal 2009, primarily due to a decrease in cash and cash equivalents by 22.7%. Net advances increased by 5.9% from Rs. 2,514.0 billion at year-end fiscal 2008 to Rs. 2,661.3 billion at year-end fiscal 2009, primarily due to an increase in advances of overseas branches and banking subsidiaries. Advances of our overseas

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branches and subsidiaries increased due to the impact of rupee depreciation on foreign currency denominated advances. Net advances of our overseas branches (including our offshore banking unit) decreased in US dollar terms by 10.1% from US$ 11.9 billion at year-end fiscal 2008 to US$ 10.7 billion at year-end fiscal 2009. Net advances of overseas subsidiaries increased in US dollar terms by 55.1% from US$ 4.9 billion at year-end fiscal 2008 to US$ 7.6 billion at year-end fiscal 2009. Total investments at year-end fiscal 2009 decreased by 7.5% from Rs. 1,600.5 billion at year-end fiscal 2008 to Rs. 1,481.1 billion, primarily due to a 13.2% decrease in statutory liquidity ratio investments from Rs. 786.6 billion at year-end fiscal 2008 to Rs. 683.0 billion at year-end fiscal 2009. Investments held to cover the linked liabilities of ICICI Prudential Life Insurance Company increased by 15.1% from Rs. 248.5 billion at year-end fiscal 2008 to Rs. 286.1 billion at year-end fiscal 2009, primarily due to the growth of our insurance business.

Other assets increased by 19.6% from Rs. 241.6 billion at year-end fiscal 2008 to Rs. 288.9 billion at year-end fiscal 2009, primarily due to an increase in receivables on derivatives transactions with customers, other income receivables and deferred tax assets. Deferred tax assets increased by 45.7% from Rs. 17.3 billion at year-end fiscal 2008 to Rs. 25.2 billion at year-end fiscal 2009, primarily due to an increase in deferred tax assets created to provide for loan losses.

Liabilities and Stockholders' Equity

The following table sets forth, at the dates indicated, the principal components of liabilities and stockholders' equity.

	At March 31,			
	2008	2009	2009	2009/2008 % change
	(in millions, except percentages)			
Deposits	Rs. 2,769,832	Rs. 2,618,558	US$ 58,255	(5.5)%
Borrowings	1,073,238	1,160,664	25,821	8.1
Other liabilities(1)	544,681	556,936	12,390	2.2
Proposed dividend (including corporate dividend tax)	13,881	13,872	309	(0.1)
Minority interest	7,312	9,105	203	24.5
Total liabilities	4,408,944	4,359,135	96,977	(1.1)
Equity share capital	11,127	11,133	248	0.1
Reserves and surplus	436,095	456,642	10,159	4.7
Total liabilities (including capital and reserves)	Rs. 4,856,166	Rs. 4,826,910	US$ 107,384	(0.6)%

(1) Includes liabilities on policies in force but does not include subordinated debt reclassified to borrowings and proposed dividend.

Deposits decreased by 5.5% from Rs. 2,769.8 billion at year-end fiscal 2008 to Rs. 2,618.6 billion at year-end fiscal 2009, primarily due to our conscious strategy of reducing wholesale term deposits. Term deposits decreased from Rs. 1,982.5 billion at year-end fiscal 2008 to Rs. 1,880.8 billion at year-end fiscal 2009 and savings deposits decreased from Rs. 537.6 billion at year-end fiscal 2008 to Rs. 515.1 billion at year-end fiscal 2009. Total deposits at year-end fiscal 2009 constituted 69.4% of our funding (i.e., deposit and borrowings excluding preference shares). Borrowings increased by 8.1% from Rs. 1,073.2 billion at year-end fiscal 2008 to Rs. 1,160.7 billion at year-end fiscal 2009, primarily due to capital-eligible borrowings, in the nature of subordinated debt and the impact of rupee depreciation on foreign currency denominated borrowings. Minority interest increased by 24.5% from Rs. 7.3 billion at year-end fiscal 2008 to Rs. 9.1 billion at year-end fiscal 2009, primarily due to an increase of Rs. 7.2 billion in the share capital and reserves of our insurance subsidiaries. Stockholders' equity increased from Rs. 447.2 billion at year-end fiscal 2008 to Rs. 467.8 billion at year-end fiscal 2009, primarily due to the profit for fiscal 2009, offset in part, by dividend

payments on equity shares.

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Off Balance Sheet Items, Commitments and Contingencies

Foreign Exchange and Derivatives Contracts

We enter into foreign exchange forwards, options, swaps and other derivatives products to enable customers to transfer, modify or reduce their foreign exchange and interest rate risks and to manage our own interest rate and foreign exchange positions. These instruments are used to manage foreign exchange and interest rate risk relating to specific groups of on-balance sheet assets and liabilities. The following table sets forth, at the dates indicated, the notional amount of foreign exchange and interest rate derivatives contracts.

	Notional principal amounts At March 31,				Balance sheet credit exposure(1) At March 31,			
	2008	2009	2010	2010	2008	2009	2010	2010
				(in millions)				
Interest rate products:								
Swap agreements	Rs. 7,440,119	Rs. 3,277,582	Rs. 3,960,258	US$ 88,104	Rs. 30,346	Rs. 10,134	Rs. 20,120	US$ 447
Others	115,266	236,732	253,973	5,650	72	1,201	222	5
Total interest rate products	Rs. 7,555,385	Rs. 3,514,314	Rs. 4,214,231	US$ 93,754	Rs. 30,418	Rs. 11,335	Rs. 20,342	US$ 452
Foreign exchange products:								
Forward contracts	Rs. 2,086,254	Rs. 2,429,365	Rs. 1,644,474	US$ 36,585	Rs. (2,402)	Rs. 1,173	Rs. –	US$ –
Swap agreements	1,158,421	662,172	582,155	12,951	(1,046)	15,855	12,656	282
Others	1,681,353	643,024	634,665	14,119	426	9,249	(873)	(19)
Total foreign exchange products	Rs. 4,926,028	Rs. 3,734,561	Rs. 2,861,294	US$ 63,655	Rs. (3,022)	Rs. 26,277	Rs. 11,783	US$ 263

(1) Denotes the net mark-to-market impact of the derivatives and foreign exchange products on the reporting date.

The notional principal amount of interest rate products increased to Rs. 4,214.2 billion at year-end fiscal 2010 compared to Rs. 3,514.3 billion at year-end fiscal 2009. The notional principal amount of foreign exchange products decreased to Rs. 2,861.3 billion at year-end fiscal 2010 compared to Rs. 3,734.6 billion at year-end fiscal 2009, primarily due to the termination and maturities of derivatives contracts with clients and the impact of rupee appreciation during fiscal 2010. There was also a significant decline in trading volumes of currency options during fiscal 2010, on account of generally subdued corporate business activities.

An interest rate swap does not entail the exchange of notional principal and the cash flow arises because of the difference between the interest rate pay and receive portions of the swap, which is generally much lower than the notional principal of the swap. A large proportion of interest rate swaps, currency swaps and forward exchange contracts are on account of market making, which involves providing regular two-way prices to customers or inter-bank counter-parties. This results in the generation of a higher number of outstanding transactions, and hence a

large value of gross notional principal of the portfolio. For example, if a transaction entered into with a customer is covered by an exactly opposite transaction entered into with another counterparty, the net market risk of the two transactions will be zero whereas the notional principal amount of the portfolio will be the sum of both transactions. We also deal in credit derivatives instruments including credit default swaps, credit-linked notes, collateralized debt obligations and principal protected structures. The notional principal amount of these credit derivatives outstanding at year-end fiscal 2010 was Rs. 28.0 billion in funded instruments and Rs. 32.9 billion in non-funded instruments which includes Rs. 225 million of protection we have bought. The notional principal amount of these credit derivatives outstanding at year-end fiscal 2009 was Rs. 33.7 billion in funded instruments and Rs. 38.7 billion in non-funded instruments which included Rs. 254 million of protection we have bought.

Securitization

We primarily securitize commercial loans through "pass-through" securitization transactions involving special purpose entities, usually constituted as trusts. After securitization, we generally continue to maintain customer account relationships and service loans transferred to the securitization trusts. Our securitization transactions are

made either on a limited or no-recourse basis. In certain cases, we may enter into derivatives transactions such as interest rate swaps with the contributors to the securitization trusts. Effective February 1, 2006, the Reserve Bank of India issued guidelines on the securitization of standard assets. In accordance with these guidelines, we account for any loss arising out of a securitization transaction immediately at the time of sale and amortize the profit or premium over the life of the asset. Prior to February 1, 2006, any profit arising out of a securitization transaction was recorded at the time of sale.

In certain cases prior to the issuance of guidelines, we have written put options which require us to purchase upon request of the holders securities issued in certain securitization transactions. The put options seek to provide liquidity to holders of such instruments. If exercised we are obligated to purchase the securities at the pre-determined exercise price. The value of put options outstanding at year-end fiscal 2010 was Rs. 652 million.

The Bank acts in different capacities and under different contracts for consideration including as originator, liquidity or credit enhancement provider, underwriter and senior contributor.

Excess interest spreads from the underlying assets in securitization transactions are subordinated to provide credit enhancement. Upon the origination of transactions, the Bank values the subordinated excess interest spreads on the basis of the future cash flows estimated after payment of dues to the senior contributors. These subordinate contributions represent the beneficial interest in the monthly cash flows received as per the payment waterfall defined at the time of sale.

In addition to the subordination of excess interest spreads, the Bank provides further credit enhancement facilities to mitigate cash flow shortfalls that may arise from the underlying asset delinquencies. These facilities include first loss credit enhancement representing the first or primary level of protection provided to bring the ratings accorded to the beneficial interests of senior contributors to investment grade. The Bank also provides second loss credit enhancement representing a subsequent level of protection provided to protect the beneficiaries against further cash flow shortfalls. The first loss and second loss credit enhancements are provided either in the form of undertakings or cash maintained separately for the benefit of the special purpose vehicles constituted as trusts. The total outstanding first loss credit enhancements at year-end fiscal 2010 were Rs. 17.2 billion and second loss credit enhancements were Rs. 12.7 billion. Of the above, the outstanding credit enhancements in the form of guarantees amounted to Rs. 19.9 billion.

The Bank also provides liquidity facilities to help smoothen the timing differences faced by the special purpose vehicles between the receipt of cash flows from the underlying assets and the payments to be made to the investors. The liquidity facility enjoys a priority of claim over the future cash flows from the underlying assets, which is senior to the claims of the senior contributors.

Loan Commitments

We have outstanding undrawn commitments to provide loans and financing to customers. These loan commitments (including fund-based commitments fungible with non fund-based facilities) aggregated Rs. 849.2 billion at year-end fiscal 2010 compared to Rs. 868.3 billion at year-end fiscal 2009. The interest rate on a significant portion of these commitments is dependent on the lending rates prevailing on the date of the loan disbursement. Further, the commitments have fixed expiration dates and are contingent upon the borrower’s ability to maintain specific credit standards.

Capital Commitments

We are obligated under a number of capital contracts which have been committed. The estimated amounts of contracts remaining to be executed on capital projects increased from Rs. 4.6 billion at year-end fiscal 2009 to Rs. 5.5 billion at

year-end fiscal 2010.

The following table sets forth contractual obligations on long-term debt, operating lease and guarantees at year-end fiscal 2010.

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Contractual Obligations	Total	Payments due by period Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in millions, except percentages)				
Long-term debt obligations	Rs. 970,245	Rs. 181,471	Rs. 332,365	Rs. 93,018	Rs. 363,391
Operating lease obligations	7,364	1,652	2,575	1,636	1,501
Guarantees					
Financial guarantees	168,487	100,994	46,183	20,982	328
Performance guarantees	468,598	177,407	203,206	59,182	28,803
Total	Rs. 1,614,694	Rs. 461,524	Rs. 584,329	Rs. 174,818	Rs. 394,023

Long-term debt obligations

Long-term debt represents debt with an original contractual maturity greater than one year. Maturity distribution is based on contractual maturity or the date, at which the debt is callable at the option of the holder, whichever is earlier. For a detailed discussion on long-term debt, see note no. 4 in our consolidated financial statements included herein.

Operating Lease Commitments

We have commitments under long-term operating leases principally for premises. The following table sets forth a summary of future minimum lease rental commitments at year-end fiscal 2010.

Lease rental commitments for fiscal	(in millions)
2011	Rs. 1,652
2012	1,419
2013	1,156
2014	912
2015	724
Thereafter	1,501
Total minimum lease commitments	Rs. 7,364

Guarantees

As a part of our project financing and commercial banking activities, we have issued guarantees to support the regular business activities of our clients. These generally represent irrevocable assurances that we will make payments in the event that the customer fails to fulfill its financial or performance obligations. Financial guarantees are obligations to pay a third party beneficiary, where a customer fails to make payment towards a specified financial obligation. Performance guarantees are obligations to pay a third party beneficiary, where a customer fails to perform a non-financial contractual obligation. The guarantees are generally for a period not exceeding ten years. The credit risks associated with these products, as well as the operating risks, are similar to those relating to other types of unfunded facilities. We enter into guarantee arrangements after conducting appropriate due diligence on our clients. We generally review these facilities on an annual basis. If a client's risk profile deteriorates to an unacceptable level, we may decline to renew the guarantee at expiration or may require additional security sufficient to protect our exposure. Guarantees increased by 7.2% from Rs. 594.4 billion at year-end fiscal 2009 to Rs. 637.1 billion at year-end fiscal 2010.

The following table sets forth, at the dates indicated, guarantees outstanding.

	At March 31,					
	2008	2009	2009/2008 % change	2010	2010	2010/2009 % change
	(in millions, except percentages)					
Financial guarantees	Rs. 163,746	Rs. 175,455	7.2 %	Rs. 168,487	US$ 3,748	(4.0)%
Performance guarantees	302,988	418,903	38.3 %	468,598	10,425	11.9 %
Total guarantees	Rs. 466,734	Rs. 594,358	27.3 %	Rs. 637,085	US$ 14,173	7.2 %

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Financial guarantees constituted approximately 26% of our guarantee exposure at year-end fiscal 2010. Of these financial guarantees, approximately 30% were issued in favor of other lenders as beneficiaries to allow our clients to receive credit assistance or credit enhancement from such lender-beneficiaries. The balance of financial guarantees was issued to support other business activities of our clients, such as guarantees for the procurement of goods or guarantees in lieu of security/cash deposits. Performance guarantees constituted 74% of our guarantee exposure at year-end fiscal 2010.

Illustrative examples of client business activities requiring guarantees include: contracts to procure goods from suppliers, where guarantees are obtained by clients to provide suppliers with assurance of payment in case the clients fail to pay upon receipt of goods; submission of bids for projects, where the guarantees are obtained by clients to provide assurance of performance of contract obligations, in case the bid is awarded to them; advances against goods or services to be supplied by clients to their own customers, where the guarantees are obtained by clients to assure their customers of a refund of advance in case the clients are unable to supply goods or services; guarantees provided in lieu of security deposits or cash deposits, that clients would otherwise be required to maintain with stock exchanges, commodity exchanges, regulatory authorities or other bodies, or for participating in tenders or in other business contracts; and guarantees obtained by the clients in favor of lenders that enable the clients to receive credit assistance or credit enhancement from lenders by providing such lenders with assurance of payment.

If our clients default under the terms of the guarantees, the beneficiaries may exercise their rights under the guarantees and we are obligated to make certain payments to the beneficiaries. Other banks and financial institutions are the beneficiaries of some of our financial guarantees, which clients request so that they may receive loans from these banks and financial institutions. If our clients default on these loans, the banks and financial institutions exercise their rights under the guarantees and we are obligated to make certain payments to them. Amounts that we pay to the other banks and financial institutions and do not recover from clients are subject to the Reserve Bank of India’s prudential norms on income recognition, asset classification and provisioning pertaining to advances.

We also issue guarantees for clients to whom we have provided other funded facilities in the form of loans. The outstanding amount of such guarantees related to non-performing or restructured loans was Rs. 6,867 million at year-end fiscal 2010. The guarantees we issue are not unilaterally changed or revised when a related loan is restructured. Guarantees are valid for a specified amount and a specified period. Any change in expiry date or amount requires the consent of both the beneficiary and the guarantor. We generally provide guarantee facilities to our customers for a validity period of 12-18 months, and we review the guarantees at least annually during their validity period. If a client’s risk profile deteriorates to an unacceptable level, we may decline to renew the guarantee at expiration or may require additional security sufficient to protect the Bank’s exposure.

Our related party guarantees amounted to Rs. 0.1 million at year-end fiscal 2010.

The following table sets forth the roll-forward of activity for guarantees at year-end fiscal 2010.

Particulars	Performance Guarantees	Financial Guarantees
	(in millions)	
Opening balance at April 1, 2009	Rs. 418,902.9	Rs. 175,454.8
Additions: Issued during the year	166,040.3	125,032.2
Deletions: Closed due to expiry/termination during the year	(115,521.0)	(131,120.1)
Invoked and paid during the year	(824.5)	(880.0)
Closing balance at March 31, 2010	Rs. 468,597.7	Rs. 168,486.9

Capital Resources

The Bank actively manages its capital to meet regulatory norms and current and future business needs considering the risks in its businesses, expectations of rating agencies, shareholders and investors, and the available options of raising capital. The capital management framework of the Bank is administered by the Finance Group and

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the Global Risk Management Group under the supervision of the Board and the Risk Committee. The capital adequacy position and assessment is periodically reported to the Board and the Risk Committee.

Regulatory capital

ICICI Bank is subject to the capital adequacy norms stipulated by the Reserve Bank of India guidelines on Basel II, effective from year-end fiscal 2008. Prior to year-end fiscal 2008, ICICI Bank was subject to the capital adequacy norms as stipulated by the Reserve Bank of India guidelines on Basel I. The Reserve Bank of India guidelines on Basel II require ICICI Bank to maintain a minimum ratio of total capital to risk weighted assets of 9.0%, with a minimum tier I capital adequacy ratio of 6.0%. The total capital adequacy ratio of ICICI Bank at the standalone level at year-end fiscal 2010 as per the Reserve Bank of India guidelines on Basel II was 19.4% with a tier I capital adequacy ratio of 14.0%. Our total capital adequacy ratio at the consolidated level at year-end fiscal 2010 as per the Reserve Bank of India guidelines on Basel II was 19.1% with a tier I capital adequacy ratio of 12.9%.

Under Pillar 1 of the Reserve Bank of India guidelines on Basel II, ICICI Bank follows the standardized approach for measurement of credit and market risks and basic indicator approach for measurement of operational risk.

At year-end fiscal 2010, ICICI Bank was required to maintain capital adequacy based on the higher of the minimum capital required under Basel II or at 80.0% of the minimum capital required under Basel I. The computation under Basel II guidelines results in a higher minimum capital requirement compared to Basel I, and hence the capital adequacy at year-end fiscal 2010 has been maintained and reported as per Basel II guidelines.

Standalone capital adequacy position

The following table sets forth, at the dates indicated, risk-based capital, risk-weighted assets and risk-based capital adequacy ratios computed in accordance with the Reserve Bank of India guidelines on Basel I and Basel II and based on ICICI Bank's unconsolidated financial statements prepared in accordance with Indian GAAP.

	As per the Reserve Bank of India guidelines on Basel I			As per the Reserve Bank of India guidelines on Basel II		
	At March 31,					
	2009	2010	2010	2009	2010	2010
	(in millions)					
Tier I capital	Rs. 420,098	Rs. 432,614	US$ 9,624	Rs. 421,968	Rs. 410,615	US$ 9,135
Tier II capital	129,716	181,569	4,039	131,585	160,410	3,569
Total capital	Rs. 549,814	Rs. 614,183	US$ 13,663	Rs. 553,553	Rs. 571,025	US$ 12,704
Credit risk- risk weighted assets.	Rs. 3,171,942	Rs. 2,899,149	US$ 64,497	Rs. 3,151,951	Rs. 2,485,581	US$ 55,297
Market risk- risk weighted assets	281,437	309,276	6,880	206,977	221,065	4,918
Operational risk- risk weighted assets	–	–		205,702	235,160	5,232
Total risk weighted assets	Rs. 3,453,379	Rs. 3,208,425	US$ 71,377	Rs. 3,564,630	Rs. 2,941,806	US$ 65,447
Tier I capital adequacy ratio	12.2 %	13.5 %		11.8 %	14.0 %	
	3.7 %	5.6 %		3.7 %	5.4 %	

Tier II capital adequacy ratio								
Total capital adequacy ratio	15.9	%	19.1	%	15.5	%	19.4	%

The following key changes were introduced by the Reserve Bank of India under Pillar 1 of the Basel II guidelines during fiscal 2010:

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- The Reserve Bank of India issued a clarification on July 1, 2009 that the special reserve (created by banks under Section 36(1) (viii) of the Income Tax Act, 1961) should be included, net of tax payable, in the tier I capital.

- The Reserve Bank of India in its revised Basel II guidelines issued on February 8, 2010 stipulated that banks are not permitted to use any external credit assessment for risk weighting securitization exposures where the assessment is at least partly based on unfunded support provided by the bank.

- The Reserve Bank of India in its revised Basel II guidelines issued on February 8, 2010, also issued guidance on the assessment of valuation adjustments on account of illiquidity for less liquid/illiquid that is subject to market risk capital requirements. The Reserve Bank of India also stipulated that these valuation adjustments are to be deducted from tier I capital. ICICI Bank applied this guidance in its computation of its capital adequacy position at year-end fiscal 2010. In May 2010, Reserve Bank of India issued a clarification deferring of the application of this guidance to a future date, pending the finalization of a standardized methodology for computing the valuation adjustments for less liquid/illiquid positions, to be formulated by a working group of the Reserve Bank of India.

Movement in ICICI Bank's capital funds and risk weighted assets from year-end fiscal 2009 to year-end fiscal 2010 (as per the Reserve Bank of India guidelines on Basel II)

During fiscal 2010, capital funds increased by Rs. 17.5 billion primarily due to the issuance of tier II debt capital instruments and retained earnings, moderated by certain incremental deductions from capital. Tier II debt capital of Rs. 62.0 billion was raised during the year. The incremental impact of items entirely deducted from tier I capital comprised the tax adjustment of Rs. 9.0 billion on account of the revised treatment of special reserves, valuation adjustments of Rs. 0.9 billion for less liquid positions and an increase of Rs. 2.8 billion for deferred tax asset. The incremental impact of items deducted at 50% each from tier I and tier II capital comprised increase of Rs. 41.6 billion in securitization exposures (including due to revisions in the Reserve Bank of India guidelines on Basel II) that are deducted from capital, and a capital infusion of Rs. 1.0 billion by the Bank in its securities broking subsidiary during fiscal 2010.

During fiscal 2010, risk weighted assets on account of credit risk decreased by Rs. 666.4 billion primarily due to a decrease in the loan portfolio and the increased coverage of external credit ratings on the portfolio. Risk weighted assets in respect of loans and advances decreased by Rs. 432.9 billion and risk weighted assets in respect of held-to-maturity investments decreased by Rs. 38.8 billion. Further, in the case of off-balance sheet items, risk weighted assets on derivatives contracts (interest rate, exchange rate and gold) decreased by Rs. 77.9 billion and risk weighted assets for other contingent liabilities and undrawn commitments decreased by Rs. 49.5 billion. Risk weighted assets on account of market risk increased by Rs. 14.1 billion primarily due to the increase in market value of equities. Risk weighted assets on account of operational risk increased by Rs. 29.5 billion due to the increase in the average of previous three years' gross income which is the basis for computation as per the basic indicator approach.

Consolidated capital adequacy position

Consolidation for capital adequacy calculation is based on the consolidated financial statements of ICICI Bank and its subsidiaries in line with the norms on consolidated prudential reporting issued by the Reserve Bank of India. The entities considered for consolidation for capital adequacy calculation include subsidiaries, associates and joint ventures of the Bank, which carry on activities of banking or of a financial nature as stated in the reporting guidelines prescribed by Reserve Bank of India. Entities engaged in the insurance business and businesses not pertaining to financial services are excluded from consolidation for capital adequacy calculation. Investment above 30% in the paid-up equity capital of financial entities which are not consolidated for capital adequacy (including insurance entities) and investments in other instruments eligible for regulatory capital status in those entities are deducted to the extent of 50% from tier I and 50% from tier II capital of the Bank.

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Movement in our capital funds and risk weighted assets at the consolidated level from year-end fiscal 2009 to year-end fiscal 2010:

Capital funds increased by Rs. 34.2 billion primarily due to the issuance of tier II debt capital instruments and retained earnings, moderated by certain changes in the Reserve Bank of India guidelines which resulted in an increase in deductions on account of securitization exposures and in special reserve being considered net of tax. The incremental deduction (at 50% each from tier I and tier II capital) on account of securitization deduction was Rs. 41.1 billion. The revised treatment of special reserves to be calculated at net of tax payable resulted in a reduction of Rs. 9.5 billion from tier I capital.

Total risk weighted assets decreased by Rs. 836.9 billion primarily due to a decrease in the loan portfolio and increased coverage of external credit ratings on the portfolio. Risk weighted in respect of loans and advances (on-balance sheet) decreased by Rs. 454.5 billion and risk weighted assets on held-to-maturity investments decreased by Rs. 50.5 billion. Further, under credit risk for off-balance sheet items, risk weighted assets on derivatives contracts (interest rate, exchange rate and gold) decreased by Rs. 75.7 billion and risk weighted assets for other contingent liabilities and undrawn commitments decreased by Rs. 98.9 billion. Risk weighted assets on account of market risk decreased by Rs. 149.2 billion and risk weighted assets on account of operational risk increased by Rs. 38.2 billion.

Internal assessment of capital

ICICI Bank's capital management framework includes a comprehensive internal capital adequacy assessment process conducted annually, which determines the adequate level of capitalization necessary to meet regulatory norms and current and future business needs, including under stress scenarios. The internal capital adequacy assessment process is formulated at both the standalone bank level and the consolidated group level. The process encompasses capital planning for a certain time horizon, identification and measurement of material risks and the relationship between risk and capital.

The capital management framework is complemented by its risk management framework, which includes a comprehensive assessment of all material risks. Stress testing, which is a key aspect of the capital assessment process and the risk management framework, provides an insight into the impact of extreme but plausible scenarios on the risk profile and capital position. Based on our Board-approved stress testing framework, we conduct stress tests on our various portfolios and assess the impact on our capital ratios and the adequacy of our capital buffers for current and future periods. We periodically assess and refine our stress tests in an effort to ensure that the stress scenarios capture material risks as well as reflect possible extreme market moves that could arise as a result of market conditions. Internal capital adequacy assessment process at the consolidated level integrates the business and capital plans, and the stress testing results of the group entities.

Based on the internal capital adequacy assessment process, we determine our capital needs and the optimum level of capital by considering the following in an integrated manner:

- strategic focus, business plan and growth objectives;
- regulatory capital requirements as per Reserve Bank of India guidelines;
- assessment of material risks and impact of stress testing;
- perception of credit rating agencies, shareholders and investors;
- future strategy with regard to investments or divestments in subsidiaries; and

- evaluation of options to raise capital from domestic and overseas markets, as permitted by Reserve Bank of India from time to time.

We formulate our internal capital level targets based on the internal capital adequacy assessment process and endeavor to maintain the capital adequacy level in accordance with the targeted levels at all times. See also "Basel II —Pillar 3 disclosures (consolidated)" filed as exhibit to this report.

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Impending regulatory developments associated with capital adequacy

Basel III proposals

In order to strengthen the resilience of the banking sector to potential future shocks, together with ensuring adequate liquidity in the banking system, the Basel Committee on Banking Supervision issued consultative documents on capital and liquidity (popularly known as "Basel III" proposals) on December 17, 2009. Subsequent amendments to and guidance regarding these proposals were issued in July 2010, August 2010 and September 2010. The Basel III proposals seek to increase capital requirements for the banking system and introduce internationally harmonized global liquidity standards. Some aspects of the proposals continue to be at the stage of consultation. The complete form of the Basel III framework is expected to be finalized by end of calendar year 2010. Implementation is expected to begin at the start of calendar year 2013 with substantial transition arrangements to be put in place.

The Basel III proposals on capital consist of proposals on improving the quality, consistency and transparency of capital, enhancing risk coverage, introducing a supplementary leverage ratio, reducing procyclicality and promoting counter-cyclical buffers, and addressing systemic risk and interconnectedness. In September 2010, the Basel Committee announced the strengthening of capital requirements, which comprised an increase in minimum common equity from 2.0% to 4.5% with an additional capital conservation buffer requirement of 2.5%, thereby bringing the total common equity requirement to 7.0%. The capital conservation buffer is a buffer established above the regulatory minimum capital requirement and capital distribution constraints will be imposed on the bank when capital levels fall below the buffer limit. Further, the minimum tier I capital requirement has been increased from 4.0% to 6.0% and with the above-mentioned capital conservation buffer; the total tier I capital requirement would be 8.5%. The total capital adequacy requirement (tier I and tier II) remains at the existing 8.0% level and with the above-mentioned capital conservation buffer, the total capital adequacy requirement would be 10.5%. The Basel III proposals on liquidity consist of a proposal on short-term liquidity coverage ratio aimed at building liquidity buffers to meet stress situations, and a proposal on long-term net stable funding ratio aimed at promoting longer term structural funding. These proposals are scheduled to be implemented in a phased manner over the next several years.

Some of the proposed measures of Basel III such as the predominance of equity in tier I capital, an increased tier I capital requirement, capital conservation, a counter-cyclical buffer and deduction of deferred tax asset over a certain threshold, already exist in some form in the Reserve Bank of India's current prudential regulatory regime on capital adequacy for the Indian banking system. Further, the Reserve Bank of India currently stipulates a capital adequacy requirement of 9.0% compared to 8.0% stipulated by the Basel Committee. The Reserve Bank of India's current stipulation for banks in India on maintaining a minimum statutory liquid ratio through mandatory holdings of government of India securities already reflects the emphasis of Basel III on building adequate liquidity buffers through the holding of high quality liquid assets.

We continue to monitor developments regarding these proposals. While the Basel III proposals may increase capital requirements and impose additional costs on the Bank in the future, we believe that our current robust capital adequacy position, adequate headroom currently available to raise hybrid/debt capital, demonstrated track record of access to domestic and overseas markets for capital raising and adequate flexibility in its balance sheet structure and business model will enable us to adapt to the Basel III framework along with any amendments by the Reserve Bank of India, as and when they are implemented.

Liquidity Risk

Liquidity risk arises in the funding of lending, trading and investment activities and in the management of trading positions. It includes both the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price. The goal of

liquidity management is to be able, even under adverse conditions, to meet all liability repayments on time and fund all investment opportunities.

Most of our incremental funding requirements are met through short-term funding sources, primarily in the form of deposits including inter-bank deposits. However, a large portion of our assets, primarily our corporate and project finance and home loan portfolio, have medium or long-term maturities, creating a potential for funding

mismatches. We actively monitor our liquidity position and attempt to maintain adequate liquidity at all times to meet all the requirements of our depositors and bondholders, while also meeting the credit demand of our customers.

We seek to establish a continuous information flow and an active dialogue between the funding and borrowing divisions of the organization to enable optimal liquidity management. A separate group is responsible for liquidity management. We are required to submit gap analysis on a monthly basis to the Reserve Bank of India. Pursuant to the Reserve Bank of India guidelines, the liquidity gap (if negative) must not exceed 20.0% of outflows in the 1 to 14 day and the 15 to 28 day time category. We prepare a fortnightly maturity gap analysis to review our liquidity position. Our static gap analysis is also supplemented by a short-term dynamic analysis, in order to provide the liability raising units with a fair estimate of our short-term funding requirements. In addition, we also monitor certain liquidity ratios on a fortnightly basis. We have in place a liquidity contingency plan through which we monitor key indicators that could signal potential liquidity challenges, to enable us to take necessary measures to ensure sufficient liquidity.

We maintain diverse sources of liquidity to facilitate flexibility in meeting funding requirements. Incremental operations 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. We also have recourse to the liquidity adjustment facility and the refinance window, which are short-term funding arrangements provided by the Reserve Bank of India. We generally maintain a substantial portfolio of liquid high quality securities that may be sold on an immediate basis to meet our liquidity needs. We also have the option of managing liquidity by borrowing in the inter-bank market on a short-term basis. The overnight market, which is a significant part of the inter-bank market, is susceptible to volatile interest rates. These interest rates on certain occasions have touched highs of 100.0% and above. To curtail reliance on such volatile funding, our liquidity management policy has stipulated daily limits for borrowing and lending in this market. Our limit on daily borrowing is more conservative than the limit set by the Reserve Bank of India. ICICI Securities Primary Dealership like us relies for a certain proportion of its funding on the inter-bank market for overnight money and is therefore also exposed to similar risk of volatile interest rates.

Our liquid assets consist of nostro balances, overnight and other money market placements maturing within 90 days, government bonds and treasury bills that are held in excess of regulatory requirements, other money market investments such as commercial paper, certificate of deposits, banker’s acceptance and bearer depository notes, bills rediscounting, inter-bank participations, mutual fund investments and unutilized repurchase/refinance lines. We deduct our short-term borrowings (borrowings with maturity up to one month) from the aggregate of these assets to determine our net liquid assets.

Our domestic operations in India and our overseas banking subsidiaries are funded primarily by deposits. Our international branches are funded primarily by bond issuances, syndicated loans, inter-bank funding and commercial paper, in addition to deposit taking subject to local regulations and have longer maturity assets relative to liabilities. While conditions in the international markets have improved, prolonged uncertainty regarding growth partly due to sovereign downgrades, together with new liquidity regimes being imposed by regulators, have resulted in continued challenges in the funding market. We have, therefore, limited new loan disbursements from our international branches and increased the focus on the deposit rollover, prepayments and inter-bank borrowings for managing liquidity, while accessing institutional markets through bond issuances and bilateral loans at appropriate times.

Additionally, we have continued to successfully raise funds through banker’s acceptance and access refinance from export credit agencies. We have the ability to use our rupee liquidity in India to meet refinancing needs at our overseas branches, though this may be at a relatively high cost based on swap and exchange rates prevailing at the time of such refinancing. ICICI Bank has raised US$ 1.3 billion through bonds denominated in US dollars through two issuances in November 2009 and July 2010. These bonds have an original maturity exceeding five years.

The terms of our bond issuances and loans from other financial institutions and export credit agencies contain cross-default clauses, restrictions on our ability to merge or amalgamate with another entity and restrictions on our ability to prematurely redeem or repay such bonds or loans. The terms of our subordinated debt issuances eligible for inclusion in tier I or tier II capital include the suspension of interest payments in the event of losses or capital deficiencies, and a prohibition on redemption, even at maturity or on specified call option dates, without the prior

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approval of the Reserve Bank of India. We are currently not, and do not expect to be, in breach of any material covenants of our borrowings that would be construed as events of default under the terms of such borrowings.

There are restrictions on the use of liquidity maintained by our UK and Canada subsidiaries to meet our overall liquidity needs. The Office of the Superintendent of Financial Institutions has prescribed a limit of 100% on tier I and tier II capital, on the exposure to any single entity. ICICI Bank Canada, our Canadian subsidiary has internally capped this exposure at 50% of the limit specified by the Office of the Superintendent of Financial Institutions. The Financial Services Authority of the United Kingdom has prescribed a limit of 25% of the large exposure capital base, on the exposure to an individual counterparty (or a group of connected counterparties). The large exposure capital base is calculated as the sum of allowable tier I and tier II capital less any deductions required by the Financial Services Authority. ICICI Bank UK has a capital base of US$ 1.0 billion at year-end fiscal 2010, resulting in a limit of US$ 254 million.

The successful management of credit, market and operational risk is an important consideration in managing our liquidity because it affects the evaluation of our credit ratings by rating agencies. Rating agencies may reduce or indicate their intention to reduce the ratings at any time.

Capital Expenditure

The following tables set forth, for the periods indicated, certain information related to capital expenditure by category of fixed assets.

	Fiscal 2008					
	Cost at year-end fiscal 2007	Additions/ transfers	Deletions/ transfers	Depreciation	Net assets at year-end fiscal 2008	
	(in millions)					
Premises	Rs. 23,574	Rs. 3,986	Rs. (325)	Rs. (4,181)	Rs. 23,054	US$ 513
Other fixed assets (including furniture and fixes)	27,621	6,917	(687)	(18,093)	15,759	351
Assets given on lease	18,347	–	(57)	(10,318)	7,971	177
Total	Rs. 69,542	Rs. 10,903	Rs. (1,069)	Rs. (32,592)	Rs. 46,784	US$ 1,041

	Fiscal 2009					
	Cost at year-end fiscal 2008	Additions/ transfers	Deletions/ transfers	Depreciation	Net assets at year-end fiscal 2009	
	(in millions)					
Premises	Rs. 27,235	Rs. 2,875	Rs. (547)	Rs. (5,485)	Rs. 24,078	US$ 536
Other fixed assets (including furniture and fixes)	33,852	5,496	(1,209)	(21,865)	16,274	362
Assets given on lease	18,289	–	(328)	(13,338)	4,623	103
Total	Rs. 79,376	Rs. 8,371	Rs. (2,084)	Rs. (40,688)	Rs. 44,975	US$ 1,001

	Fiscal 2010					
	Cost at year-end fiscal 2009	Additions/ transfers	Deletions/ transfers	Depreciation	Net assets at year-end fiscal 2010	
	(in millions)					

Premises	Rs. 29,563	Rs. 1,369	Rs. (2,251)	Rs. (6,472)	Rs. 22,209	US$ 494
Other fixed assets (including furniture and fixes)	38,139	2,298	(4,205)	(23,352)	12,880	286
Assets given on lease	17,961	-	(201)	(14,226)	3,534	79
Total	Rs. 85,663	Rs. 3,667	Rs. (6,657)	Rs. (44,050)	Rs. 38,623	US$ 859

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Our capital expenditure on premises and other assets was Rs. 3.7 billion in fiscal 2010 compared to Rs. 8.4 billion in fiscal 2009. Capital expenditure of Rs. 2.3 billion on other fixed assets in fiscal 2010 included Rs. 1.4 billion on software. Our capital expenditure on premises and other assets decreased by 23.2% from Rs. 10.9 billion for fiscal 2008 to Rs. 8.4 billion for fiscal 2009. Deletion of fixed assets during fiscal 2010 is primarily due to sale or surrender of certain properties and sale of fixed assets of merchant acquiring business.

Collateral Management

Overview

The Bank defines collateral as the assets or rights provided to the Bank by a borrower or a third party in order to secure a credit facility. The Bank would have the rights of secured creditor in respect of the assets/contracts offered as security for the obligations of the borrower/obligor. The Bank ensures that the underlying documentation for the collateral provides the Bank with appropriate rights over the collateral or other forms of credit enhancement including the right to liquidate retain or take legal possession of such collateral in a timely manner in the event of default by the counterparty. The Bank also endeavors to keep the assets provided as security to the Bank under adequate insurance during the tenor of the Bank’s exposure. The collateral is monitored periodically.

Collateral valuation

As stipulated by the Reserve Bank of India guidelines, the Bank uses the comprehensive approach for collateral valuation. The Bank adjusts the value of any collateral received to adjust for possible future fluctuations in the value of the collateral in line with the requirements specified by the Reserve Bank of India guidelines. These adjustments, also referred to as ‘haircuts’, to produce volatility-adjusted amounts for collateral, are reduced from the exposure to compute the capital charge.

Types of collateral taken by the Bank

ICICI Bank determines the appropriate collateral for each facility based on the type of product and risk profile of the counterparty. In the case of corporate and small and medium enterprise financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance. For project finance, the assets of the borrower and assignment of the underlying project contracts is generally taken as security. In some cases, additional security such as a pledge of shares, cash collateral, a charge on receivables with an escrow arrangement and guarantees is also taken. For retail products, the security to be taken is defined in the product policy for the respective products. Housing loans and automobile loans are secured by the security of the property or automobile being financed. The valuation of the properties is carried out by an approved valuation agency at the time the loan is approved. The Bank also offers products that are primarily based on collateral including shares, specified securities, warehoused commodities and gold jewelry. These products are offered in line with the approved product policies, which include types of collateral, valuation and margining.

The Bank also extends unsecured facilities to its clients (corporate and retail) based on the merits of the case and credit strength of the borrower and within the limits with respect to unsecured facilities approved by our board of directors. The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the credit approval authorization approved by the board of directors. The Bank typically stipulates security creation as a condition precedent to disbursement of the facilities. In certain cases, time is allowed for security creation. For facilities provided as per approved product policies including retail products, and loan against shares, collateral is taken in line with the policy.

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Significant Changes

Except as otherwise stated in this annual report, we have experienced no significant changes since the date of the fiscal 2010 consolidated financial statements contained in this annual report.

Segment Revenues and Assets

The Reserve Bank of India in its guidelines on "segmental reporting" has stipulated specified business segments and their definitions, for the purposes of public disclosures on business information for banks in India.

The consolidated segmental report for fiscal 2010, based on the segments identified and defined by the Reserve Bank of India, has been presented as follows:

- Retail Banking includes exposures of the Bank, which satisfy the four qualifying criteria of 'regulatory retail portfolio' as stipulated by the Reserve Bank of India guidelines on the Basel II framework. These criteria are as follows:

(i) Orientation criterion: Exposures is to an individual person or persons (not to be restricted to an individual, Hindu Undivided Family, trust, partnership firm, private limited companies, public limited companies, co-operative societies, etc.) or to a small business are classified as retail. A small business is defined as one where the three year average annual turnover is less than Rs. 500 million.

(ii) Product criterion: All exposure should take the form of any of the following:

- revolving credits and lines of credit (including overdrafts);
- term loans and leases (e.g. installment loans and leases, student and educational loans); and
- small business facilities and commitments.

(iii) Low value of individual exposures: The maximum aggregate retail exposure to one counterparty should not exceed the absolute threshold limit of Rs. 50 million.

(iv) Granularity criterion: The Regulatory retail portfolio should be sufficiently diversified to a degree that reduces the risks in the portfolio. The aggregate exposure to one counterparty should not exceed 0.2% of overall retail portfolio.

- Wholesale Banking includes all advances to trusts, partnership firms, companies and statutory bodies, by the Bank which are not included in the Retail Banking segment, as per the Reserve Bank of India guidelines for the Bank.

- Treasury includes the entire investment portfolio of the Bank, ICICI Eco-net Internet and Technology Fund, ICICI Equity Fund, ICICI Emerging Sectors Fund, ICICI Strategic Investments Fund and ICICI Venture Value Fund (with effect from April 1, 2009).

- Other Banking includes the Bank's banking subsidiaries that is, ICICI Bank UK PLC, ICICI Bank Canada and its subsidiary ICICI Wealth Management Inc. (up to December 31, 2009) and ICICI Bank Eurasia LLC. Further, it includes hire purchase and leasing operations and other items not attributable to any particular business segment of the Bank.

- Life Insurance represents results of ICICI Prudential Life Insurance Company Limited.

- General Insurance represents results of ICICI Lombard General Insurance Company Limited.

- Venture Fund Management represents results of ICICI Venture Funds Management Company Limited.

- Others includes ICICI Home Finance Company Limited, ICICI International Limited, ICICI Securities Primary Dealership Limited, ICICI Securities Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Prudential Asset Management Company Limited, ICICI Prudential Trust Limited, ICICI Investment Management Company Limited, ICICI Trusteeship Services Limited, TCW/ICICI Investment

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Partners LLC., ICICI Kinfra Limited, ICICI West Bengal Infrastructure Development Corporation Limited, Loyalty Solutions & Research Limited, I-Ven Biotech Limited and ICICI Prudential Pension Funds Management Company Limited (with effect from April 22, 2009).

Framework for transfer pricing

All liabilities are transfer priced to a central treasury unit, which pools all funds and lends to the business units at appropriate rates based on the relevant maturity of assets being funded after adjusting for regulatory reserve requirements and specific charge on account of directed lending to certain sectors categorized as priority sector. Current and savings account deposits are transfer priced at a fixed rate. For term deposits and borrowings the transfer pricing is based on the categories specified in the Transfer Pricing Policy. Transfer pricing to our asset creation units is based on the incremental cost of deposits (blended for current and savings account deposits) and borrowings adjusted for the maturity of the asset (term premium), regulatory reserve requirements, liquidity maintenance costs and specific charges due to priority sector lending. The allocated capital is also considered as a source of funding for this purpose.

Fiscal 2010 Compared with Fiscal 2009

The following table sets forth, for the periods indicated, profit before tax of various segments.

	Year ended March 31,			
				2009/2010
	2009	2010	2010	% change
	(in millions, except percentages)			
Retail Banking	Rs. 580	Rs. (13,335)	US$ (297)	–
Wholesale Banking	34,133	36,451	811	6.8 %
Treasury	13,069	27,444	611	110.0
Other Banking	6,079	7,734	172	27.2
Life Insurance	(8,596)	2,777	62	132.3
General Insurance	3	1,583	35	–
Venture fund management	2,021	744	17	(63.2)
Others	5,894	6,814	152	15.6
Profit before tax	Rs. 53,183	Rs. 70,212	US$ 1,563	32.0 %

Retail Banking

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
				2009/2010
	2009	2010	2010	% change
	(in millions, except percentages)			
Net interest income	Rs. 48,473	Rs. 37,594	US$ 836	(22.4)%
Non-interest income	29,415	26,192	583	(11.0)
Total income	77,888	63,786	1,419	(18.1)
Non-interest expenses	47,933	43,565	969	(9.1)
Profit before provisions	29,955	20,221	450	(32.5)
Provisions	29,375	33,556	747	14.2
Profit before tax	Rs. 580	Rs. (13,335)	US$ (297)	–

The following table sets forth, for the periods indicated, the outstanding balances of key assets and liabilities.

	Outstanding balance at March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Advances	Rs. 875,251	Rs. 665,364	US$ 14,802	(24.0)%
Deposits	1,057,499	1,129,894	25,137	6.8

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Loans in the retail banking segment declined by 24.0% from Rs. 875.3 billion at year-end fiscal 2009 to Rs. 665.4 billion at year-end fiscal 2010, due to moderation in retail loan growth in the system, our strategy of reducing our unsecured retail portfolio and repayments and prepayments from our existing retail portfolio. The retail banking segment focused on increasing current and savings account deposits. Retail savings account deposits increased by 29.5% from Rs. 409.8 billion at year-end fiscal 2009 to Rs. 530.8 billion at year-end fiscal 2010. Retail current account deposits increased by 28.5% from Rs. 97.9 billion at year-end fiscal 2009 to Rs. 125.8 billion at year-end fiscal 2010.

The profit before tax of the retail banking segment decreased from a profit of Rs. 0.6 billion in fiscal 2009 to a loss of Rs. 13.3 billion in fiscal 2010, primarily due to a lower level of net interest income and loan-related fees, and higher provision for loan losses. These negative trends were partly offset by rigorous control over operating expenses.

Net interest income decreased by 22.4% from Rs. 48.5 billion in fiscal 2009 to Rs. 37.6 billion in fiscal 2010 primarily due to a reduction in the loan portfolio. During fiscal 2010, we moderated the growth in our retail credit portfolio. Further, our strategy of reducing unsecured retail loans resulted in a shift in the portfolio mix towards a higher proportion of lower yielding secured assets. We also reduced the floating reference rate applicable to our floating rate home loan portfolio. Although there was a declining interest rate trend in the banking system in fiscal 2010 resulting in lower incremental funding cost, the retail lending business did not fully reflect this benefit as a sizeable part of the loan portfolio, such as vehicle loans and unsecured loans are fixed rate retail loans, and the cost of funding these loans continued to be the cost at the time of the origination of the loan.

Non-interest income decreased by 11.0% from Rs. 29.4 billion in fiscal 2009 to Rs. 26.2 billion in fiscal 2010, primarily due to lower level of incremental lending, which resulted in a lower level of loan related fees. Following the reduction in our credit card portfolio, and specifically in products such as equated monthly installments, personal loans via credit cards and the lower issuance of new credit cards, the fee income from the credit card portfolio decreased from Rs. 10.0 billion in fiscal 2009 to Rs. 6.9 billion in fiscal 2010. In fiscal 2010, ICICI Bank and First Data, a global company engaged in electronic commerce and payment services, formed a merchant acquiring alliance. A new entity, 81.0% owned by First Data, was formed, which has acquired ICICI Bank's merchant acquiring operations through a transfer of assets, primarily constituting fixed assets, receivables and payables, and the assumption of liabilities for a total consideration of Rs. 3.7 billion. The retail banking segment realized a profit of Rs. 2.0 billion in fiscal 2010 from this transaction.

Non-interest expenses decreased by 9.1% from Rs. 47.9 billion in fiscal 2009 to Rs. 43.6 billion in fiscal 2010, primarily due to lower business volumes and the Bank's strategy of controlling operating expenses.

Provisions and contingencies increased by 14.2% from Rs. 29.4 billion in fiscal 2009 to Rs. 33.6 billion in fiscal 2010, primarily due to the seasoning of the secured loan portfolio, higher level of credit losses in the unsecured retail asset portfolio and challenges in collections and the adverse macro-economic environment in fiscal 2009. We made various efforts to contain losses in the unsecured retail segment by improving the loan collection architecture and minimizing incremental lending to this segment. We also tightened credit standards for incremental credit card issuance and unsecured lending, as a result of which there was reduction in incremental addition to retail non-performing loans on a quarter-on-quarter basis. Going forward this is expected to be reflected in a lower provisioning requirement.

Wholesale Banking

The following table sets forth, for the periods indicated, the principal components of profit before tax.

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	Year ended March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Net interest income	Rs. 26,503	Rs. 31,072	US$ 691	17.2 %
Non-interest income	34,697	28,075	625	(19.1)
Total income	61,200	59,147	1,316	(3.4)
Non-interest expenses	19,147	12,353	275	(35.5)
Profit before provisions	42,053	46,794	1,041	11.3
Provisions	7,920	10,343	230	30.6
Profit before tax	Rs. 34,133	Rs. 36,451	US$ 811	6.8 %

The following table sets forth, for the periods indicated, the outstanding balances of key assets and liabilities.

	Outstanding balance at March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Advances	Rs. 1,305,394	Rs. 1,144,172	US$ 25,454	(12.4)%
Deposits	1,080,069	888,942	19,776	(17.7)

The second half of fiscal 2009 was impacted by the global financial and liquidity crisis and loss of business confidence. These effects continued until the early part of fiscal 2010, due to which the wholesale banking business was impacted through subdued credit demand from the corporate sector and slower domestic corporate activity. The wholesale banking loan book declined by 12.4% from Rs. 1,305.4 billion at year-end fiscal 2009 to Rs. 1,144.2 billion at year-end fiscal 2010, primarily due to the above factors and the impact of the rupee appreciation on foreign currency denominated loans of our overseas operations. The wholesale banking segment continued to maintain its focus on increasing non-interest bearing deposits. Term deposits decreased by 26.7% from Rs. 964.3 billion at year-end fiscal 2009 to Rs. 707.2 billion at year-end fiscal 2010, reflecting our conscious strategy of reducing wholesale deposits.

Profit before tax of the wholesale banking segment increased from Rs. 34.1 billion in fiscal 2009 to Rs. 36.5 billion in fiscal 2010 primarily due to a higher level of net interest income and reduction in operating expenses. These positive impacts were offset by a lower level of non-interest income and higher provisioning on restructured loans.

Net interest income increased by 17.2% from Rs. 26.5 billion in fiscal 2009 to Rs. 31.1 billion in fiscal 2010. Net interest income increased in fiscal 2010, due to the benefit of lower funding costs as a result of a decline in systemic interest rates, on the existing floating rate wholesale loan portfolio.

Non-interest income decreased by 19.1% from Rs. 34.7 billion in fiscal 2009 to Rs. 28.1 billion in fiscal 2010. Fee income including appraisal, advisory and syndication fees decreased due to subdued credit demand from the corporate sector and slower domestic corporate activity during fiscal 2010. Further, the fee income of our overseas branches also decreased due to reduced international activity by Indian corporates.

Non-interest expenses decreased by 35.5% from Rs. 19.2 billion in fiscal 2009 to Rs. 12.4 billion in fiscal 2010, primarily due to the Bank’s strategy of controlling operating expenses.

Provisions and contingencies increased by 30.6% from Rs. 7.9 billion in fiscal 2009 to Rs. 10.3 billion in fiscal 2010, primarily due to provisioning of Rs. 2.5 billion on account of the restructuring of corporate loans.

Treasury

The following table sets forth, for the periods indicated, the principal components of profit before tax.

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	Year ended March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Net interest income	Rs. 5,789	Rs. 11,507	US$ 256	98.8 %
Non-interest income	10,794	17,874	398	65.6
Total income	16,583	29,381	654	77.2
Non-interest expenses	1,801	1,615	36	(10.3)
Profit before provisions	14,782	27,766	618	87.8
Provisions	1,713	322	7	(81.2)
Profit before tax	Rs. 13,069	Rs. 27,444	US$ 611	110.0 %

The following table sets forth, for the periods indicated, the closing balances of key assets and liabilities.

	Closing balance at March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Investments	Rs. 1,026,642	Rs. 1,208,507	US$ 26,886	17.7
Deposits	45,910	1,330	30	(97.1)
Borrowings	673,237	942,636	20,971	40.0

Our treasury operations include the maintenance and management of regulatory reserves, proprietary trading in equity and fixed income, a range of products and services, such as forward contracts and interest rate and currency swaps, and foreign exchange products and services. It also includes investments made by ICICI Eco-net Internet and Technology Fund, ICICI Equity Fund, ICICI Emerging Sectors Fund, ICICI Strategic Investments Fund and ICICI Venture Value Fund.

Profit before tax of the treasury segment increased from Rs. 13.1 billion in fiscal 2009 to Rs. 27.4 billion in fiscal 2010, primarily due to higher profits from our equity portfolio, realized gain and mark-to-market loss reversal on our credit derivatives portfolio and write-back of provisions related to receivables from derivatives contracts. This was offset by lower profits from government securities and other domestic fixed income positions and lower income from foreign exchange and derivatives transactions.

Net interest income increased by Rs. 5.7 billion from Rs. 5.8 billion in fiscal 2009 to Rs. 11.5 billion in fiscal 2010, primarily due to a reduction in the average cost of term deposits from 9.2% in fiscal 2009 to 7.7% in fiscal 2010 and also due to an increase in the average current and saving account deposits in the total deposit base from Rs. 580.5 billion in fiscal 2009 to Rs. 640.6 billion in fiscal 2010. This resulted in higher net positive income derived from transfer pricing of assets and liabilities.

Non-interest income increased from Rs. 10.8 billion in fiscal 2009 to Rs. 17.9 billion in fiscal 2010. The benchmark equity index BSE SENSEX increased by 80.5% from 9,709 at year-end fiscal 2009 to 17,528 at year-end fiscal 2010 compared to a decline of 38% during fiscal 2009. We made a profit of Rs. 4.6 billion from our equity portfolio in fiscal 2010 against a loss of Rs. 4.8 billion in fiscal 2009. During fiscal 2010, the contraction in credit spreads due to improved global market conditions resulted in income of Rs. 4.0 billion, comprising the reversal of mark-to-market provisions and realized gains on the credit derivatives portfolio compared to loss of Rs. 2.8 billion in fiscal 2009. In fiscal 2009, the Bank reversed an amount equal to Rs. 4.4 billion relating to receivables under derivatives contracts that were overdue for more than 90 days, in accordance with the Reserve Bank of India guidelines. In fiscal 2010 there was a net write back of Rs. 0.4 billion. During fiscal 2010, the Bank capitalized on market opportunities to realize

gains from its government securities portfolio and other domestic fixed income positions. However, the opportunities were limited compared to fiscal 2009. The Bank earned a profit of Rs. 6.8 billion on government securities portfolio and other domestic fixed income positions in fiscal 2010 compared to Rs. 20.6 billion in fiscal 2009. Our fixed income portfolio generally benefits by declining interest rates. During fiscal 2009, due to various accommodative monetary measures the yield on ten-year government of India securities after increasing from 7.94% at year-end fiscal 2008 to a peak of about 9.47% declined sharply to a low of 5.09% at

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January 5, 2009. We positioned ourselves to take advantage of the change in the interest rate scenario by increasing the duration of the government securities as well as taking trading positions to benefit from the drop in yields. This resulted in significant gains from the fixed income securities during fiscal 2009. During fiscal 2010, the concerns over the fiscal deficit, together with the Reserve Bank of India's gradual exit from expansionary monetary policy and inflationary pressures, led to expectations of hardening of interest rates. The yield on ten-year government of India securities after declining in the initial months increased by 81 basis points from 7.01% at year end-fiscal 2009 to 7.82% at year-end fiscal 2010.

Other Banking

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Net interest income	Rs. 8,423	Rs. 5,099	US$ 113	(39.5)%
Non-interest income	9,926	9,396	209	(5.3)
Total income	18,349	14,495	322	(21.0)
Non-interest expenses	6,950	5,584	124	(19.7)
Profit before provisions	11,399	8,911	198	(21.8)
Provisions	5,320	1,177	26	(77.9)
Profit before tax	Rs. 6,079	Rs. 7,734	US$ 172	27.2%

The following table sets forth, for the periods indicated, the outstanding balances of the key assets and liabilities.

	Outstanding balance at March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Investments	Rs. 190,868	Rs. 143,663	US$ 3,196	(24.7)%
Advances	390,827	356,029	7,921	(8.9)
Deposits	443,297	406,064	9,034	(8.4)
Borrowings	122,134	102,532	2,281	(16.0)

Other banking business includes our hire purchase and leasing operations, our overseas banking subsidiaries, ICICI Bank UK, ICICI Bank Canada and its subsidiary ICICI Wealth Management Inc. (up to December 31, 2009), and ICICI Bank Eurasia LLC., and other items not attributable to any particular business segment of the Bank.

Profit before tax of other banking segment increased from Rs. 6.1 billion in fiscal 2009 to Rs. 7.7 billion in fiscal 2010, primarily due to a decline in provisions. ICICI Bank UK and ICICI Bank Canada also experienced a decrease in net interest income due to a decline in their net interest margins.

Net interest income decreased by 39.5% from Rs. 8.4 billion in fiscal 2009 to Rs. 5.1 billion in fiscal 2010, primarily on account of interest received on income tax refunds due upon the completion of pending income tax assessments of Rs. 3.4 billion in fiscal 2009 compared to Rs. 1.2 billion in fiscal 2010. The net interest income also decreased due to a decrease in the net interest margins of ICICI Bank UK and ICICI Bank Canada. The net interest margin of ICICI Bank UK and ICICI Bank Canada decreased primarily due to a decline in LIBOR rates during fiscal 2010. ICICI Bank UK and ICICI Bank Canada have a largely floating rate LIBOR loan portfolio while a large part of their funding

is fixed rate customer deposits. Also during fiscal 2010, ICICI Bank UK and ICICI Bank Canada held a higher level of lower yielding liquid investments, resulting in a decline in interest income more than a decline in interest expense.

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Non-interest income decreased by 5.3% from Rs. 9.9 billion in fiscal 2009 to Rs. 9.4 billion in fiscal 2010, primarily due to a lower level of profits realized by ICICI Bank UK on its buyback of bonds from Rs. 4.0 billion in fiscal 2009 to Rs. 0.3 billion in fiscal 2010. However, non-interest income increased due to gains realized on sale of investments and reversal of mark-to-market provision on credit-linked notes by ICICI Bank UK and gains realized from the sale of insured mortgages by ICICI Canada and reversal of mark-to-market provision on its investments.

Non-interest expenses decreased by 19.7% from Rs. 7.0 billion in fiscal 2009 to Rs. 5.6 billion in fiscal 2010 primarily due to a decrease in employee and administrative expenses at overseas banking subsidiaries.

Provisions and contingencies decreased from Rs. 5.3 billion in fiscal 2009 to Rs. 1.2 billion in fiscal 2010. In fiscal 2009, provision on investments of Rs. 4.2 billion was made by ICICI Bank UK primarily for its investment in Lehman Brothers after the failure of Lehman Brothers.

Advances decreased by 8.9% from Rs. 390.8 billion at year-end fiscal 2009 to Rs. 356.0 billion at year-end fiscal 2010 primarily due to a decline in loans of ICICI Bank Canada resulting from the sale of insured mortgages and a decline in its offshore lending portfolio during fiscal 2010 on account of scheduled repayments and low level of incremental growth in offshore lending.

Investments decreased by 24.7% from Rs. 190.9 billion at year-end fiscal 2009 to Rs. 143.7 billion at year-end fiscal 2010, primarily due to a decline in the investment book of ICICI Bank UK.

ICICI Bank UK reduced its investment portfolio by 39.5% from Rs. 148.5 billion at year-end fiscal 2009 to Rs. 89.8 billion at year-end fiscal 2010. Until fiscal 2008, ICICI Bank UK's retail deposits were primarily in the nature of demand deposits received through the internet channel. As a prudent asset liability management strategy, ICICI Bank UK invested these deposits mainly in the bonds of financial institutions with generally strong credit ratings. Since fiscal 2009, ICICI Bank UK has focused on re-balancing its deposit base towards retail term deposits in order to increase the proportion of its deposits that may be deployed in medium-term loan assets.

In October 2008, the UK Accounting Standards Board amended FRS 26 on 'Financial Instruments: Recognition and Measurement' and permitted the reclassification of financial assets in certain circumstances from the "held for trading" category to the "available-for-sale" category, from the "held for trading" category to the "loans and receivables" category and from the "available-for-sale" category to the "loans and receivables" category. Pursuant to these amendments, ICICI Bank UK in fiscal 2009 had reclassified certain corporate bonds and asset backed securities with a fair value of Rs. 34.0 billion from the "held for trading" category to the "available-for-sale" category, certain asset backed securities with fair value of Rs. 0.1 billion from "held for trading" category to "loans and receivables" category, and certain corporate bonds and asset backed securities with fair value of Rs. 20.4 billion from the "available-for-sale" category to the "loans and receivables" category. If these reclassifications had not been made, ICICI Bank UK pre-tax profit for fiscal 2009 would have decreased by Rs. 2.5 billion and ICICI Bank UK's pre-tax losses in "available-for-sale" reserve would have increased by Rs. 0.5 billion for fiscal 2009. If these reclassifications had not been made, ICICI Bank UK's pre-tax profit for fiscal 2010 would have increased by Rs. 2.3 billion and ICICI Bank UK's pre-tax gain in "available-for-sale" reserve would have decreased by Rs. 1.2 billion.

On the "available-for-sale" investments of ICICI Bank UK, the mark-to-market post-tax loss reflected in the shareholders' equity decreased from Rs. 12.4 billion at year-end fiscal 2009 to Rs. 4.3 billion at year-end fiscal 2010 due to impact of tightening credit spreads on the bond portfolio.The mark-to-market post-tax loss reflected in the shareholders' equity increased from Rs. 4.1 billion at year-end fiscal 2008 to Rs. 12.4 billion at year-end fiscal 2009.

ICICI Bank Canada's investment portfolio increased by 29.3% from Rs. 40.3 billion at year-end fiscal 2009 to Rs. 52.2 billion at year-end fiscal 2010 primarily due to an increase in liquid investments like treasury bills and government bonds.. ICICI Bank Canada held certain Asset Backed Commercial Paper that was subject to a court approved restructuring plan, which was completed on January 21, 2009. Under the terms of the plan, ICICI Bank Canada had received restructured 'Master Asset Vehicle' (MAV 2 and MAV 3) notes in lieu of the Asset backed Commercial Paper held. The 'Master Asset Vehicle' notes have been mark-to-market similar to the Asset backed Commercial Paper held prior to being restructuring to 'Master Asset Vehicle' notes. In fiscal 2010, an additional mark-to-market loss of Rs. 0.01 billion on the 'Master Asset Vehicle' notes has been recorded.

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Deposits decreased by 8.4% from Rs. 443.3 billion at year-end fiscal 2009 to Rs. 406.1 billion due to decline in deposits at ICICI Bank UK and ICICI Bank Canada. Until fiscal 2008, ICICI Bank UK's retail deposits were primarily in the nature of demand deposits received through the internet channel. As a prudent asset liability management strategy, ICICI Bank UK invested these deposits mainly into the bonds of financial institutions with generally strong credit ratings. Since fiscal 2009, ICICI Bank UK has focused on re-balancing its deposit base towards retail term deposits and the proportion of retail term deposits in total deposits has increased significantly from 16% at year-end fiscal 2008 to 66% at year-end fiscal 2010.

Borrowings, in rupee terms, decreased by 16.0% from Rs. 122.1 billion at year-end fiscal 2009 to Rs. 102.5 billion primarily due to the impact of rupee appreciation on foreign currency denominated borrowings at ICICI Bank UK and ICICI Bank Canada.

Life Insurance

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Premium earned	Rs. 153,562	Rs. 165,319	US$ 3,678	7.7 %
Premium on reinsurance ceded	(380)	(529)	(12)	39.2
Net premium earned	153,182	164,790	3,666	7.6
Other income	8,642	16,923	376	95.8
Investment income	3,205	3,620	81	12.9
Total income	165,029	185,333	4,123	12.3
Commission paid	7,000	6,030	134	(13.9)
Claims/benefits paid	2,250	2,878	64	27.9
Operating expenses	25,876	23,521	523	(9.1)
Total expenses	35,126	32,429	721	(7.7)
Transfer to linked funds	132,058	144,222	3,209	9.2
Provisions for policy holder liabilities (non- linked)	6,441	5,905	131	(8.3)
Profit/(loss) before tax	Rs. (8,596)	Rs. 2,777	US$ 62	132.3

The following table sets forth, for the periods indicated, the outstanding balances of key assets and liabilities outstanding.

	Outstanding balance at March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Investments	Rs. 39,951	Rs. 56,865	US$ 1,265	42.3 %
Assets held to cover linked liabilities	286,139	514,693	11,450	79.9
Liabilities on life policies in force	310,536	539,654	12,006	73.8

ICICI Prudential Life Insurance Company maintained its market leadership in the private sector with an overall market share of 9.3% in fiscal 2010 based on the retail new business weighted received premium which represents the

first year premium and 10% of the single premium received. Assets under management increased by 74.8% from Rs. 327.9 billion at year end fiscal 2009 to Rs. 573.2 billion at year end fiscal 2010.

ICICI Prudential Life Insurance Company achieved its first year of accounting profit before tax of Rs. 2.8 billion in fiscal 2010, compared to a loss of Rs. 8.6 billion in fiscal 2009, primarily due to higher renewal premium and lower new business premium, resulting in lower upfront expenses and commission expenses and also due to an

increase in fees including fund management fees and policy discontinuation charges. Life insurance companies incur losses in the initial years mainly due to higher business set-up costs in the initial years of rapid growth, non-amortization of acquisition costs and reserving for actuarial liability in line with insurance company accounting norms. These factors resulted in statutory losses for the life insurance business since the company's inception until fiscal 2009, as its business grew rapidly year-on-year during this period.

The total premium income of ICICI Prudential Life Insurance Company increased by 7.7% from Rs. 153.6 billion in fiscal 2009 to Rs. 165.3 billion in fiscal 2010 primarily due to an increase in renewal premiums by 19.4% from Rs. 85.4 billion in fiscal 2009 to Rs. 102.0 billion in fiscal 2010 contributing to 61.7% of total premium in fiscal 2010 compared to 55.6% in fiscal 2009. The new business premiums (gross of premium on reinsurance ceded) of ICICI Prudential Life Insurance Company decreased by 7.0% from Rs. 68.1 billion in fiscal 2009 to Rs. 63.3 billion in fiscal 2010 due to declining new business growth in the first half of fiscal 2010 relative to the first half of fiscal 2009. New business premium growth moderated sharply in the second half of fiscal 2009 primarily due to the impact of the financial crisis and its impact on equity markets.

Other income of ICICI Prudential Life Insurance Company increased by 95.8% from Rs. 8.6 billion in fiscal 2009 to Rs. 16.9 billion in fiscal 2010 primarily due to an increase in fees including fund management fees and policy discontinuation charges.

Commission expenses of ICICI Prudential Life Insurance Company decreased by 13.9% as against the increase in premium by 7.7% primarily due to an increase in the proportion of renewal premium in its total premiums and an increase in proportion of pension business in its new business premium, where commission rates are lower compared to the other line of life insurance business.

Claims and benefit payouts of ICICI Prudential Life Insurance Company increased by 27.9% from Rs. 2.3 billion in fiscal 2009 to Rs. 2.9 billion in fiscal 2010, due to an increase in death and health claims together with the survival benefits outgoing payments paid as per the contractual obligation to policyholders. The increase in death and health claims remain within the internal norms set by the management and are closely monitored by the actuarial team with necessary corrective measures taken whenever required.

The operating expense of ICICI Prudential Life Insurance Company decreased 9.1% from Rs. 25.9 billion in fiscal 2009 to Rs. 23.5 billion in fiscal 2010, mainly due to significant focus on cost efficiencies that led to a decrease in new policy-related expenses, agency training cost, advertisement expenses and other branch related expenses in fiscal 2010 compared to fiscal 2009. The number of branches decreased from 2,099 at year end fiscal 2009 to 1,918 at year-end fiscal 2010.

Transfer of premium received including the renewal premium on linked policies of ICICI Prudential Life Insurance Company to investments increased by 9.2% from Rs. 132.1 billion in fiscal 2009 to Rs. 144.2 billion in fiscal 2010, in line with the increase in linked business in fiscal 2010.

Assets held to cover linked liabilities of ICICI Prudential Life Insurance Company increased by 79.9% from Rs. 286.1 billion at year-end fiscal 2009 to Rs. 514.7 billion at year-end fiscal 2010, due to an increase in linked business coupled with improvement in capital markets. Investments held to cover linked liabilities are investments held for the linked policy holders. In the linked business, the premium amount paid by the policy holder after the deduction of charges and the premium for risk cover, are invested in the underlying asset or index as chosen by the policy holder. The risks and rewards on the investments of linked policies therefore lie to a large extent with the policy holders.

Liability under existing life insurance policies to be paid by ICICI Prudential Life Insurance Company increased by 73.8% from Rs. 310.5 billion at year-end fiscal 2009 to Rs. 539.7 billion at year-end fiscal 2010, primarily in line with the increase in linked assets.

General Insurance

The following table sets forth, for the periods indicated, the principal components of profit before tax.

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	Year ended March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Gross written premium (include premium on reinsurance accepted)	Rs.37,492	Rs.36,948	US$822	(1.5)%
Premium on reinsurance ceded	(16,327)	(13,807)	(307)	(15.4)
Unexpired risk reserve	(1,428)	(1,213)	(27)	(15.1)
Net premium earned	19,737	21,928	488	11.1
Commission income (net)	756	(210)	(5)	(127.8)
Total income (a)	20,493	21,718	483	6.0
Operating expenses	6,783	5,546	123	(18.2)
Claims/benefits paid	16,913	18,928	421	11.9
Total expense (b)	23,696	24,474	544	3.3
Underwriting profit/(loss) (a)-(b)	(3,203)	(2,756)	(61)	(14.0)
Investment income	3,222	4,454	99	38.2
Other expenses	(16)	(115)	(3)	618.8
Profit before tax	Rs.3	Rs.1,583	US$35	–

The following table sets forth, for the periods indicated, the outstanding balances of key assets and liabilities.

	Outstanding balance at March 31,			
	2009	2010	2010	2010/2009 % change
	(in millions, except percentages)			
Investments	Rs.30,307	Rs.35,231	US$784	16.2%
Current liabilities including claims outstanding	27,984	36,277	807	29.6
Provisions	11,574	12,659	282	9.4

ICICI Lombard General Insurance Company maintained its leadership in the private sector with an overall market share of 9.5% of gross written premium in fiscal 2010. Profit before tax of ICICI Lombard General Insurance Company increased from Rs. 3 million in fiscal 2009 to Rs. 1.6 billion in fiscal 2010, primarily due to an increase in operational efficiency and higher gains on the sale of investments following improved market conditions in fiscal 2010.

The gross written premium decreased by 1.5% from Rs. 37.5 billion in fiscal 2009 to Rs. 36.9 billion in fiscal 2010. Until January 1, 2007, almost 70.0% of the general insurance market was subject to price controls under a tariff regime. The general insurance industry was de-tariffed with effect from January 1, 2007 resulting in a reduction in premium rates and in the rate of growth of the industry. Against a net commission income of Rs. 756 million in fiscal 2009, there was a net commission expense of Rs. 210 million in fiscal 2010, primarily due to a change in reinsurance arrangements resulting in lower commission earnings. Operating expenses decreased from Rs. 6.8 billion in fiscal 2009 to Rs. 5.5 billion in fiscal 2010, primarily due to a decrease in the employee base and the implementation of cost control measures. Claims/benefits paid increased by 11.9% from Rs. 16.9 billion in fiscal 2009 to Rs. 18.9 billion in fiscal 2010, in line with an increase in net premium earned and due to higher motor and health claims.

As a result of the above, underwriting loss decreased by 14.0% from Rs. 3.2 billion in fiscal 2009 to Rs. 2.8 billion in fiscal 2010. The underwriting loss includes the impact of insurance pool created across all general insurance

companies for third party insurance of commercial vehicles. All general insurance companies are required to cede 100% of the premiums collected and the claims incurred for this segment to the pool and the results of the pool is shared by each insurance company in proportion to its overall market share i.e., the gross direct premium of the industry. ICICI Lombard General Insurance Company incurred a loss of Rs. 0.7 billion in fiscal 2009 and Rs. 0.6 billion in fiscal 2010, on account of its share of loss in the pool results.

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Investment income increased by 38.2% from Rs. 3.2 billion in fiscal 2009 to Rs. 4.5 billion in fiscal 2010 primarily due to higher gains on the sale of investments following improved market conditions in fiscal 2010.

Investments increased by 16.2% from Rs. 30.3 billion in fiscal 2009 to Rs. 35.2 billion in fiscal 2010 primarily due to a re-investment of income from investments and improved market conditions in fiscal 2010. Current liabilities increased by 29.6% from Rs. 28.0 billion in fiscal 2009 to Rs. 36.3 billion in fiscal 2010 primarily due to an increase in motor third party claims outstanding.

Venture fund management

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
				2010/2009
	2009	2010	2010	% change
	(in millions, except percentages)			
Net interest income	Rs. (208)	Rs. (106)	US$ (2)	49.0 %
Non-interest income	3,456	1,790	40	(48.2)
Total income	3,248	1,684	37	(48.2)
Non-interest expenses	1,227	1,066	24	(13.1)
Profit before provisions	2,021	618	14	(69.4)
Provisions	–	(126)	(3)	–
Profit before tax	Rs. 2,021	Rs. 744	US$ 17	(63.2)%

Profits before tax of the venture fund management segment decreased from Rs. 2.0 billion in fiscal 2009 to Rs. 0.7 billion in fiscal 2010. This was primarily due to lower profits on the sale of securities and a decline in management fees due to a change in the fee levy structure from a commitment amount basis to a net asset basis. This was offset by reduction in staff cost and administrative cost. In fiscal 2009, ICICI Venture Funds Management Company Limited made a profit of Rs. 1.4 billion on the sale of its entire stake in TSI Ventures, which was an integrated real estate investment, management and operating company and was a 50:50 joint venture between ICICI Venture Funds Management Company Limited and Tishman Speyer Development, LLC.

Others

The "others" segment mainly includes ICICI Home Finance Company Limited, ICICI Securities Primary Dealership Limited, ICICI Securities Limited and ICICI Prudential Asset Management Company Limited.

ICICI Prudential Asset Management Company manages the ICICI Prudential Mutual Fund, which was among the top three mutual funds in India in terms of average funds under management in March 2010, with a market share of 10.8%. The average assets under management increased from Rs. 498.1 billion in fiscal 2009 to Rs. 769.9 billion in fiscal 2010, primarily due to an increase in market price of securities.

ICICI Securities and ICICI Securities Primary Dealership are engaged in equity underwriting and brokerage and primary dealership in government securities respectively. ICICI Securities owns icicidirect.com, a leading online brokerage platform.

Profit before tax of the “others” segment increased from Rs. 5.9 billion in fiscal 2009 to Rs. 6.8 billion in fiscal 2010 mainly due to an increase in profit of ICICI Prudential Asset Management Company and ICICI Securities Limited, but was reduced due to a decline in profit of ICICI Securities Primary Dealership.

The following table sets forth, for the periods indicated, the principal components of profit before tax.

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	Year ended March 31,			
				2010/2009
	2009	2010	2010	% change
	(in millions, except percentages)			
Net interest income	Rs. 3,715	Rs. 4,131	US$ 92	11.2 %
Non-interest income	15,133	14,886	331	(1.6)
Total income	18,848	19,017	423	0.9
Non-interest expenses	12,599	11,919	265	(5.4)
Operating profit before provisions and tax	6,249	7,098	158	13.6
Provisions	355	284	6	(20.0)
Profit before tax	Rs. 5,894	Rs. 6,814	US$ 152	15.6 %

Net interest income increased by 11.2%, from Rs. 3.7 billion in fiscal 2009 to Rs. 4.1 billion in fiscal 2010, primarily due to an increase in average interest earning investments and a lower cost of funds.

Non-interest income decreased by 1.6%, from Rs. 15.1 billion in fiscal 2009 to Rs. 14.9 billion in fiscal 2010, primarily due to a decrease in trading profits. However, there was an increase in management fees on account of a greater amount of funds under management and an increase in brokerage fees due to improved capital market conditions in fiscal 2010.

Non-interest expenses decreased by 5.4%, from Rs. 12.6 billion in fiscal 2009 to Rs. 11.9 billion in fiscal 2010, primarily due to scheme support expenses of Rs. 0.9 billion incurred in fiscal 2009. The scheme support expense related to fixed maturity plans, money market schemes and equity schemes. The scheme support expenses were incurred to address market valuation shortfalls in fixed maturity plans and money market schemes due to liquidity constraints and volatility in the fixed income markets; and for compensation against a diminution in the value of shares held in an equity scheme. These measures were taken to protect the interests of investors and to preserve the franchise, although there was no contractual obligation to do so.

ICICI Prudential Asset Management Company made a profit before tax of Rs. 1.9 billion in fiscal 2010 compared to Rs. 3 million in fiscal 2009, primarily due to an increase in management fees on account of higher funds under management and due to scheme support expenses of Rs. 0.9 billion incurred in fiscal 2009. During fiscal 2010 no such scheme support expenses were incurred by ICICI Prudential Asset Management Company Limited.

ICICI Securities Limited made a profit before tax of Rs. 1.8 billion in fiscal 2010 compared to Rs. 67 million in fiscal 2009 primarily due to higher brokerage income on account of improved capital market conditions.

ICICI Securities Primary Dealership made a profit before tax of Rs. 1.2 billion in fiscal 2010 compared to Rs. 4.2 billion in fiscal 2009 primarily due to a decrease in trading profits in fiscal 2010. In fiscal 2009 the yield on fixed income securities had declined substantially resulting in higher trading opportunity and thereby significant trading profits compared to fiscal 2010, when the yield on fixed income securities increased resulting in limited opportunities for trading profits.

Fiscal 2009 Compared with Fiscal 2008

Retail Banking

The profit before tax of the retail banking segment decreased from Rs. 9.5 billion in fiscal 2008 to Rs. 0.6 billion in fiscal 2009, primarily due to a decrease in net interest income and non-interest income and an increase in provisions, offset, in part, by decrease in non-interest expenses.

Net interest income, decreased by 11.1% from Rs. 54.5 billion in fiscal 2008 to Rs. 48.5 billion in fiscal 2009, primarily due to a sharp increase in the interest rates in the banking system, which impacted the net interest income

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on the existing retail asset portfolio. Further, as a risk containment measure, we had consciously moderated retail disbursements, which resulted in a lower level of net interest income.

Non-interest income decreased by 12.8% from Rs. 33.7 billion in fiscal 2008 to Rs. 29.4 billion in fiscal 2009, primarily due to lower retail disbursements, which resulted in a lower level of loan related fees. Further, sales of third party products, such as insurance and mutual funds, slowed down considerably in the second half of fiscal 2009, resulting in lower third party distribution fees. Our commission, exchange and brokerage income was impacted by the lower demand for retail financial products and the lower overall level of economic and trade activity.

Non-interest expenses decreased by 17.1% from Rs. 57.7 billion in fiscal 2008 to Rs. 47.9 billion in fiscal 2009, primarily due to overall cost reduction initiatives undertaken by the Bank, lower direct marketing agency expenses due to lower retail loan origination, lower issuance of new credit cards and the reduction in the rate of commission.

Provisions and contingencies increased by 39.5% from Rs. 21.1 billion in fiscal 2008 to Rs. 29.4 billion in fiscal 2009, primarily due to a higher level of specific provisioning on non-performing retail loans, offset, in part, by lower general provisioning on standard loans. The increase in retail non-performing loans was on account of seasoning of the secured loan portfolio, relatively higher losses on the unsecured portion of the portfolio attributable to the adverse macro-economic environment.

Wholesale Banking

Profit before tax of the wholesale banking segment decreased from Rs. 35.7 billion in fiscal 2008 to Rs. 34.1 billion in fiscal 2009. This was primarily due to the downturn in the global economy which resulted in a slowdown in the Indian economy and also impacted the Indian corporate sector. The decrease was mainly due to a decline in net interest income and an increase in provisions, offset, in part, by an increase in non-interest income and a decrease in non-interest expenses.

Net interest income decreased by 16.7% from Rs. 31.8 billion in fiscal 2008 to Rs. 26.5 billion in fiscal 2009. This was primarily due to a sharp increase in the interest rates in the banking system which adversely impacted net interest income of the wholesale banking segment.

Non-interest income increased by 10.0% from Rs. 31.5 billion in fiscal 2008 to Rs. 34.7 billion in fiscal 2009. The increase was achieved despite the slow down by corporate clients in their investment and overseas expansion plans which impacted our fees related to investments and mergers and acquisitions activity of corporate clients during the second half of the year.

Non-interest expenses decreased by 8.2% from Rs. 20.9 billion in fiscal 2008 to Rs. 19.1 billion in fiscal 2009, primarily due to our continuous focus on cost containment.

Provisions and contingencies increased by 17.0% from Rs. 6.8 billion in fiscal 2008 to Rs. 7.9 billion in fiscal 2009.

Treasury

Profit before tax of the treasury segment increased from Rs. 5.4 billion in fiscal 2008 to Rs. 13.1 billion in fiscal 2009 primarily due to an increase in net interest income and a decrease in non-interest expense, offset, in part, by a decrease in non-interest income.

Net interest income increased by Rs. 18.6 billion from net interest expenditure of Rs. 12.8 billion in fiscal 2008 to net interest income of Rs. 5.8 billion in fiscal 2009, primarily due to the increase in the interest rates in the banking system, which resulted in a net positive income derived from transfer pricing of assets and liabilities.

Non-interest income decreased from Rs. 22.8 billion in fiscal 2008 to Rs. 10.8 billion in fiscal 2009, primarily due to a reduction in sale of equity investments, a decline in equity markets resulting in mark-to-market losses in the equity portfolio, a loss on proprietary equity trading and mutual fund portfolio, a reversal of derivatives income where receivables are overdue for more than 90 days and the mark-to-market provisioning on security receipts,

offset, in part, by realized profit on sale of fixed income investments, lower losses on credit derivatives portfolio and gains on buyback of bonds.

Non-interest expense decreased from Rs. 3.0 billion in fiscal 2008 to Rs. 1.8 billion in fiscal 2009, primarily due to lower incentives on account of declines in equity divestments by the consolidating venture capital funds.

Other Banking

Profit before tax of the other banking segment increased from Rs. 1.5 billion in fiscal 2008 to Rs. 6.1 billion in fiscal 2009, primarily due to increases in net interest income and non-interest income, offset, in part, by an increase in provisions.

Net interest income increased by 158.4% from Rs. 3.3 billion in fiscal 2008 to Rs. 8.4 billion in fiscal 2009, primarily due to the completion of pending income tax assessments during the course of the year as a result of which the Bank received interest on income tax refund, and an increase in the net interest income of ICICI Bank UK and ICICI Bank Canada due to an increase in interest-earning assets.

Non-interest income increased by 154.3% from Rs. 3.9 billion in fiscal 2008 to Rs. 9.9 billion in fiscal 2009, primarily due to profit on buyback of bonds of Rs. 4.0 billion in the UK subsidiary and an increase in income from investment banking and client-centric derivatives business at ICICI Bank Canada. In fiscal 2008, the mark-to-market losses due to the widening of credit spreads and other losses on the investment portfolio aggregating to Rs. 4.6 billion was made through the income statement in our overseas banking subsidiaries. In fiscal 2009, the net mark-to-market loss on investments held by our overseas banking subsidiaries, made through the income statement was Rs. 0.5 billion.

Provisions and contingencies increased from Rs. 0.1 billion in fiscal 2008 to Rs. 5.3 billion in fiscal 2009, primarily due to an increase in impairment loss mainly pertaining to provision made for investments of Rs. 4.2 billion in Lehman Brothers and other investments held by ICICI Bank UK.

Non-interest expenses increased by 25.2% from Rs. 5.6 billion in fiscal 2008 to Rs. 6.9 billion in fiscal 2009, primarily due to increases in employee expenses and administrative expenses at ICICI Bank UK and ICICI Bank Canada.

Venture fund management

Profit before tax of the venture fund management segment increased from Rs. 1.3 billion in fiscal 2008 to Rs. 2.0 billion in fiscal 2009. This is primarily due to an increase in profit on the sale of investments from Rs. 0.1 billion in fiscal 2008 to Rs. 1.5 billion in fiscal 2009. In fiscal 2009, ICICI Venture Fund Management Company Limited (“ICICI Venture”) sold its entire stake in TSI Ventures, which is an integrated real estate investment, management and operating company and was a 50:50 joint venture between ICICI Venture and Tishman Speyer Development, L.L.C.

Life Insurance

ICICI Prudential Life Insurance Company incurred a loss before tax of Rs. 8.6 billion in fiscal 2009 compared to Rs. 15.1 billion in fiscal 2008. The decline in the loss of ICICI Prudential Life Insurance Company was on account of higher renewal premiums and lower new business premiums, resulting in lower upfront expenses and commission expenses, together with rationalization of various operating expenses. Life insurance companies incur losses in the initial years mainly due to higher business set-up costs in the initial years of rapid growth, non-amortization of acquisition costs and reserving for actuarial liability in line with insurance company accounting norms. These factors

have resulted in statutory losses for the life insurance business since the company's inception, as its business has grown rapidly year on year.

The total premium income of ICICI Prudential Life Insurance Company increased by 13.2% from Rs. 135.6 billion in fiscal 2008 to Rs. 153.6 billion in fiscal 2009. The new business premium of ICICI Prudential Life Insurance Company decreased by 19.3% from Rs. 80.4 billion in fiscal 2008 to Rs. 64.8 billion in fiscal 2009 due to

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the slowdown experienced in second half of fiscal 2009. However, renewal premium increased by 60.4% from Rs. 55.3 billion in fiscal 2008 to Rs. 88.7 billion in fiscal 2009.

General Insurance

Profit before tax of ICICI Lombard General Insurance Company decreased from Rs. 1.3 billion in fiscal 2008 to Rs. 3 million in fiscal 2009, primarily due to a decrease in premium rates on account of de-tariffication, enhanced investments in technology architecture, brand building and offices in small towns, certain high value claims and impairment provision on investments during fiscal 2009.

The gross written premium (excluding share of motor third party insurance pool) of ICICI Lombard General Insurance Company increased by 3.3% from Rs. 33.5 billion in fiscal 2008 to Rs. 34.6 billion in fiscal 2009.

Others

Profit before tax of "others" segment has decreased from Rs. 6.6 billion in fiscal 2008 to Rs. 5.9 billion in fiscal 2009 mainly due to a decline in profit of ICICI Securities Limited and ICICI Prudential Asset Management Company, offset by higher profit earned by ICICI Securities Primary Dealership.

ICICI Prudential Asset Management Company made a profit of Rs. 7 million in fiscal 2009 compared to Rs. 821 million in fiscal 2008 primarily due to a reduction in the average funds under management and expenses towards scheme support.

ICICI Securities Limited made a profit of Rs. 44 million in fiscal 2009 compared to Rs. 1.5 billion in fiscal 2008 on account of a sharp decline in brokerage volumes and corporate finance fees due to the unfavorable conditions in domestic and international markets.

ICICI Securities Primary Dealership made a profit of Rs. 2.7 billion in fiscal 2009 compared to Rs. 1.4 billion in fiscal 2008 due to higher profits from fixed income portfolio consequent to the sharp decrease in yields on government securities.

Related Party Transactions

During fiscal 2010, we entered into transactions with related parties consisting of (i) associates/other related entities and (ii) key management personnel and their close family members.

Related Parties

Associates/Other Related Entities

During fiscal 2010, the following parties were identified as our associates/other related entities: Financial Information Network and Operations Limited, I-Process Services (India) Private Limited, I-Solutions Providers (India) Private Limited, Comm Trade Services Limited, NIIT Institute of Finance Banking and Insurance Training Limited, Prize Petroleum Company Limited, ICICI Foundation for Inclusive Growth, Rainbow Fund, Firstsource Solutions Limited (up to December 31, 2009), and ICICI Merchant Services Private Limited.

Key Management Personnel and their Close Family Members

Our key management personnel include our executive directors. The following individuals were our key management personnel during fiscal 2010: Mr. K. V. Kamath (who was an Executive Director up to April 30, 2009 and therefore with whom our transactions were reported until April 30, 2009), Ms. Chanda D. Kochhar, Mr. Sandeep Bakhshi (who was appointed as a Executive Director effective May 1, 2009 and therefore with whom our transactions are reported from that date onwards); Mr. N. S. Kannan (who was appointed as an Executive Director effective May 1, 2009 and therefore with whom our transactions are reported from that date onwards); Mr. K. Ramkumar, Mr. Sonjoy Chatterjee, and Mr. V. Vaidyanathan (who was the Executive Director up to April 30, 2009 and therefore with whom our transactions were reported until April 30, 2009). The close family members of the above key management personnel are also our related parties. Close family members in relation to the Executive

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Directors means their spouses, children, siblings and parents. We have applied the Indian GAAP standard in determining the close family members of the executive directors.

Related Party Transactions

The following are the material transactions between us and our associates/other related entities or our key management personnel or their close family members. A related party transaction is disclosed as a material related party transaction whenever it exceeds 10% of all related party transactions in that category.

For additional details, see also "Management — Compensation and Benefits to Directors and Officers — Loans" and Schedule 19 to the consolidated financial statements — paragraph A (2) — Related party Transactions.

Insurance Services

During fiscal 2010, we received insurance premiums from our associates/other related entities amounting to Rs. 53 million, from key management personnel of the Bank amounting to Rs. 0.1 million and from the close family members of key management personnel amounting to Rs. 0.3 million. Our material transaction in this regard during fiscal 2010 amounted to Rs. 47 million of premiums received from Firstsource Solutions Limited. The premiums received were towards cover for health insurance, fire, motor and miscellaneous items.

During fiscal 2010, we paid claims to our associates/other related entities amounting to Rs. 11 million, to the key management personnel of the Bank amounting to Rs. 0.3 million and to the close family members of key management personnel amounting to Rs. 0.1 million. Our material transaction in this regard during fiscal 2010 was a claim payment of Rs. 8 million to Firstsource Solutions Limited.

Fees and Commission

During fiscal 2010, we received fees from our associates/other related entities amounting to Rs. 3 million, from key management personnel amounting to Rs. 0.2 million and from the close family members of key management personnel amounting to Rs. 0.1 million. Our material transactions during fiscal 2010 amounted to Rs. 2 million of fees received from Firstsource Solutions Limited, Rs. 0.4 million of fees received from NIIT Institute of Finance Banking and Insurance Training Limited and Rs. 0.4 million of fees received from the Rainbow Fund. These transactions primarily generated advisory fees/bank charges for us.

During fiscal 2010, we received commissions amounting to Rs. 15 million from our associates/other related entities. Our material transaction during fiscal 2010 amounted to Rs. 15 million of commissions received from Firstsource Solutions Limited. These transactions mainly pertain to commission income on bank guarantees issued by the Bank.

Lease of Premises and Facilities

During fiscal 2010, we received Rs. 53 million for the lease of premises, facilities and other administrative costs from our associates/other related entities. Our material transactions during fiscal 2010 amounted to Rs. 32 million of payments received from ICICI Merchant Services Private Limited and Rs. 20 million of payments received from Firstsource Solutions Limited. These amounts were paid to the Bank towards their share of the common corporate expenses, infrastructure and technology sharing charges as specified by the Bank's transfer pricing policy.

Secondment of Employees

During fiscal 2010, we received compensation from our associates/other related entities amounting to Rs. 27 million for the secondment of our employees. Our material transactions during fiscal 2010 amounted to Rs. 23 million in compensation received by us from ICICI Merchant Services Private Limited and Rs. 3 million in compensation received from I-Process Services (India) Private Limited.

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Brokerage and Fee Expenses

During fiscal 2010, we paid fees to our associates/other related entities amounting to Rs. 1.4 billion. Our material transactions during fiscal 2010 amounted to Rs. 686 million in fees paid to I-Process Services (India) Private Limited, Rs. 346 million in fees paid to Financial Information Network and Operations Limited, Rs. 215 million in fees paid to Firstsource Solutions Limited and Rs. 170 million in fees paid to ICICI Merchant Services Private Limited. These transactions primarily pertain to customer support related services such as sales, marketing and promotional activities, back-end operations and merchant servicing fees.

Purchase of Investments

During fiscal 2010, we invested in equity capital/bonds of our associates/other related entities amounting to Rs. 765 million. Our material transaction during fiscal 2010 was an investment in the equity shares and bonds of ICICI Merchant Services Private Limited amounting to Rs. 756 million.

Interest Expenses

During fiscal 2010, we paid interest to our associates/other related entities amounting to Rs. 0.3 million, to our key management personnel amounting to Rs. 3 million and to the close family members of key management personnel amounting to Rs. 1 million, for their deposits with us. There was a material transaction during fiscal 2010 with Mr. K. Ramkumar amounting an interest payment of Rs. 2 million.

Interest Income

During fiscal 2010, we received interest from our associates/other related entities amounting to Rs. 93 million, from our key management personnel amounting to Rs. 0.5 million and from the close family members of key management personnel amounting to Rs. 1 million. There was a material transaction during fiscal 2010 of Rs. 90 million in interest income received from Firstsource Solutions Limited. The transactions mainly pertain to interest received on loans and advances.

Other Income

During fiscal 2010, our net loss on derivatives transactions entered into with Firstsource Solutions Limited was Rs. 221 million.

Dividends Paid

During fiscal 2010, the Bank paid dividends to its key management personnel amounting to Rs. 5 million. The dividend paid during fiscal 2010 to Ms. Chanda D. Kochhar was Rs. 3 million, to Mr. Sandeep Bakhshi was Rs. 0.03 million, to Mr. N. S. Kannan was Rs. 0.9 million, to Mr. K. Ramkumar was Rs. 0.2 million and to Mr. Sonjoy Chatterjee was Rs. 0.3 million.

Donation Given

During fiscal 2010, we gave donations to the ICICI Foundation for Inclusive Growth amounting to Rs. 236 million.

Related Party Balances

The following table sets forth, at the date indicated, our balance payable to/receivable from our associates/other related entities:

Items	At March 31, 2010 (in millions)
Deposits from related parties held by us	Rs. 301
Loans and advances to related parties(1)	43
Our investments in related parties	956
Receivables from related parties	285
Payables to related parties	218
Guarantees issued by us for related parties	0.1

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The following table sets forth, at the date indicated, the balance payable to/receivable from the key management personnel:

Items	At March 31, 2010 (in millions, except number of shares)
Deposits from key management personnel	Rs. 39
Loans and advances to key management personnel(1)	Rs. 7
Investments in our shares held by key management personnel	Rs. 4
Employee stock options outstanding (numbers)	1,254,250
Employee stock options exercised(2)	Rs. 46

The following table sets forth, at the date indicated, the balance payable to/receivable from the close family members of key management personnel:

Items	At March 31, 2010 (in millions)
Deposits from close family members of key management personnel	Rs. 17
Loans and advances to close family members of key management personnel(1)	8

The following table sets forth, for the periods indicated, the maximum balance payable to/receivable from the key management personnel:

Items	Year ended March 31, 2010 (in millions)
Deposits from key management personnel	Rs. 66
Loans and advances to key management personnel	26
Investments in our shares held by key management personnel	9

The following table sets forth, for the periods indicated, the maximum balance payable to/receivable from the close family members of key management personnel:

Items	Year ended March 31, 2010 (in millions)
Deposits from close family members of key management personnel	Rs. 23
Loans and advances to close family members of key management personnel	12
Investments in our shares held by close family members of key management personnel	0.3

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(1)

The loans and advances (a) were made in the ordinary course of business, (b) were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and (c) did not involve more than the normal risk of collectability or present other unfavorable features.

(2) During fiscal 2010, 121,875 employee stock options were exercised by the key management personnel of the Bank.

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Joint Ventures and Associates

From fiscal 2006 to fiscal 2008, ICICI Bank consolidated TSI Ventures as a joint venture as per AS 27 on "Financial Reporting of Interests in Joint Ventures". From fiscal 2009, in view of sale of investment in the equity share capital of TSI Ventures (India) Private Limited by ICICI Venture Funds Management Company Limited, the entity ceased to be a joint venture on the date of sale and accordingly, this entity has not been consolidated from fiscal 2009 onwards.

Since fiscal 2006, TCW/ICICI Investment Partners LLC has been classified as a Joint Venture as per AS 27 on "Financial Reporting of Interests in Joint Ventures".

From fiscal 2008, ICICI Bank started consolidating Financial Information Network and Operations Limited, I-Process Services (India) Private Limited, I-Solutions Providers (India) Private Limited, NIIT Institute of Finance, Banking and Insurance Training Limited and ICICI Venture Value Fund as associates, as required by AS 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements'. However, due to an increase in the equity stake in the ICICI Venture Value Fund from 48.0% to 54.8% during fiscal 2010 by ICICI Venture Fund Management Company Limited, a wholly owned subsidiary of the Bank, ICICI Venture Value Fund has been consolidated as required by AS 21 on "Consolidated Financial Statements".

From fiscal 2009, ICICI Bank started consolidating Crossdomain Solutions Private Limited, Contests2win.com India Private Limited, Transafe Services Limited, Prize Petroleum Company Limited as per the equity method as prescribed by AS 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements'. However, from fiscal 2010, in view of the sale of investments in the equity share capital of Crossdomain Solutions Private Limited, Contests2win.com India Private Limited, and Transafe Services Limited, these entities ceased to be associates as on that date of the sale and accordingly, these entities have not been consolidated.

From fiscal 2010, ICICI Bank started consolidating Rainbow Fund and ICICI Merchant Services Private Limited as per equity method as prescribed by AS 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements'.

Reconciliation of Net Profit between Indian GAAP and US GAAP

Our consolidated financial statements are prepared in accordance with Indian GAAP, which differs, in certain significant aspects from US GAAP. The following discussion explains the significant adjustments to our consolidated profit after tax under Indian GAAP in fiscal 2010, 2009 and 2008 that would result from the application of US GAAP instead of Indian GAAP.

Consolidated profit after tax of Rs. 46.7 billion in fiscal 2010 under Indian GAAP was higher than the net income of Rs. 45.3 billion under US GAAP. During fiscal 2010, the net income under US GAAP was lower primarily due to the net impact of the higher amortization of fees and costs of Rs. 8.7 billion and the impact of the currency revaluation of foreign currency denominated available for sale debt securities amounting to Rs. 4.3 billion. During fiscal 2010, income under US GAAP was impacted positively by the lower loan loss provisioning amounting to Rs. 5.3 billion and higher profits in our life insurance subsidiary of Rs. 5.8 billion as compared to Indian GAAP. See note 22 to our "consolidated financial statements - schedules forming part of the consolidated financial statements - additional notes" under US GAAP included herein.

We earn fees and incur costs on the origination of loans which are recognized upfront in Indian GAAP but are amortized in US GAAP. The amortization of loan origination fees and costs resulted in the income under US GAAP being lower by Rs. 8.2 billion in fiscal 2010 and by Rs. 5.1 billion in fiscal 2009, compared to Indian GAAP. Under

US GAAP, the net impact of fees and cost amortization was higher in fiscal 2010 as compared to fiscal 2009, primarily due to higher loan origination fees booked during fiscal 2010. See note 22(e) to our "consolidated financial statements—schedules forming part of the consolidated financial statements—additional notes" under US GAAP included herein.

The difference in accounting for valuation of debt and equity securities resulted in lower income under US GAAP by Rs. 5.4 billion in fiscal 2010 as compared to Indian GAAP and higher income under US GAAP by Rs. 3.6

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billion in fiscal 2009, compared to Indian GAAP. This was primarily due to the mark-to-market gains/losses on available for sale securities which resulted in a lower income of Rs. 6.9 billion in fiscal 2010 and a higher income of Rs. 7.2 billion in fiscal 2009 under US GAAP as compared to Indian GAAP. Of this, a loss of Rs. 4.3 billion arose in fiscal 2010 from the revaluation for changes in foreign currency exchange rates, mainly Euros and British pounds, denominated available for sale debt securities under US GAAP. During fiscal 2009, this impact under US GAAP was a gain of Rs. 6.2 billion. Under US GAAP, the changes in the fair value of available for sale securities, including currency revaluation gains/losses, are reflected in other comprehensive income, while under Indian GAAP these changes are reflected in the profit and loss account. Such foreign currency denominated available for sale securities are either funded in the same currency or the exchange rate risk on these investments is covered by foreign currency forwards/swaps. The impact of currency revaluation on such funding liabilities and the derivatives is taken through income statement under both Indian GAAP and US GAAP. Hence, while the exchange rate movement risk on foreign currency denominated available for sale securities is economically covered, the difference in accounting treatment of the assets under US GAAP as compared to Indian GAAP results into a difference in net profit between Indian GAAP and US GAAP. The net income from the valuation of debt and equity securities under US GAAP was also impacted due to differences in the accounting treatment of the mark to market impact of investments made by our consolidated venture capital fund subsidiaries. The mark to market gains/losses on such investments, which were gain of Rs. 0.8 billion in fiscal 2010 and loss of Rs. 2.6 billion in fiscal 2009, are made through reserves under Indian GAAP while these are made through net income under US GAAP. See note 22(d) to our “consolidated financial statements — schedules forming part of the consolidated financial statements — additional notes” under US GAAP included herein.

The difference in accounting for provision for loan losses resulted in a higher income under US GAAP by Rs. 5.3 billion in fiscal 2010, as compared to Indian GAAP and a lower income under US GAAP by Rs. 3.6 billion in fiscal 2009 as compared to Indian GAAP. This was primarily due to differences in the methodology of computing loan loss allowances between Indian GAAP and US GAAP, resulting in timing differences in the recognition of such losses. The favorable impact on allowances under US GAAP in fiscal 2010 was primarily due to these timing differences. However, the cumulative provisions continue to be higher by Rs. 22.5 billion under US GAAP at year-end fiscal 2010 over Indian GAAP. See note 22 (a) to our “consolidated financial statements—schedules forming part of the consolidated financial statements—additional notes” under US GAAP included herein.

The net income under US GAAP due to the consolidation of our subsidiaries and affiliates was higher by Rs. 6.6 billion in fiscal 2010 and by Rs. 1.1 billion in fiscal 2009, as compared to Indian GAAP, primarily due to higher profits in our life insurance subsidiary under US GAAP. The share of profits from our life insurance subsidiary, accounted for by the equity method of accounting under US GAAP, resulted in a higher income under US GAAP by Rs. 5.8 billion in fiscal 2010 and Rs. 0.6 billion in fiscal 2009, as compared to Indian GAAP. This was primarily due to the positive impact of higher values of funds under lapsed policies by Rs. 3.9 billion due to the improvement in Indian equity markets and unrealized gains on trading portfolio of participating funds by Rs. 1.3 billion due to an improvement in the fair value of investments. See note 22 (c) to our “consolidated financial statements—schedules forming part of the consolidated financial statements—additional notes” under US GAAP included herein.

Consolidated profit after tax of Rs. 35.8 billion under Indian GAAP in fiscal 2009 was higher than the net income under US GAAP of Rs. 34.5 billion primarily due to additional charges to the income statement under US GAAP as a result of the higher loan loss provisioning of Rs. 3.6 billion and the net impact of the higher amortization of fees and costs of Rs. 5.0 billion, offset, in part, by the impact of currency revaluation of foreign currency denominated available for sale debt securities of Rs. 6.2 billion, reflected in other comprehensive income rather than in the income statement as in Indian GAAP.

Consolidated profit after tax of Rs. 34.0 billion under Indian GAAP in fiscal 2008 was higher than the net income under US GAAP of Rs. 33.1 billion, primarily due to additional charges to the income statement under US GAAP due

to higher loan loss provisioning of Rs. 4.4 billion and higher amortization of fees and costs of Rs. 4.8 billion offset in part by lower losses in our life insurance subsidiary amounting to Rs. 5.9 billion and gains on derivatives accounting of Rs. 2.4 billion.

For a further description of significant differences between Indian GAAP and US GAAP, a reconciliation of net income and stockholders' equity to US GAAP and certain additional information required under US GAAP, see notes 22 and 23 to our consolidated financial statements included herein.

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Critical Accounting Policies

In order to understand our financial condition and the results of operations, it is important to understand our significant accounting policies and the extent to which we use judgments and estimates in applying those policies. Our accounting and reporting policies are in accordance with Indian GAAP and conform to standard accounting practices relevant to our products and services and the businesses in which we operate. Indian GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expenses during the reported period. Accordingly, we use a significant amount of judgment and estimates based on assumptions for which the actual results are uncertain when we make the estimation.

We have identified three critical accounting policies: accounting for investments, provisions/write offs on loans and other credit facilities and transfer and servicing of assets.

Accounting for Investments

We account for investments in accordance with the guidelines on investment classification and valuation issued by the Reserve Bank of India. We classify all our investments into categories of investments: (a) held to maturity, (b) available for sale and (c) held for trading. Under each classification, we further categorize investments into (a) government securities, (b) other approved securities, (c) shares, (d) bonds and debentures, (e) subsidiaries and joint ventures and (f) others.

Held to maturity securities are carried at their acquisition cost or at the amortized cost, if acquired at a premium over the face value. Any premium over the face value of the fixed rate and floating rate securities acquired is amortized over its remaining period to maturity on a constant effective yield basis and straight line basis respectively. We also evaluate our investments for any other than temporary diminution in value.

We compute the market value of our securities classified as available for sale and held for trading in accordance with the guidelines issued by the Reserve Bank of India. We amortize the premium, if any, over the face value of our investments in government securities classified as available for sale over the remaining period to maturity on a constant effective yield basis. We compute the market value of our quoted investments based on the trades/quotes on recognized stock exchanges, securities general ledger account transactions, and price list of the Reserve Bank of India or prices declared by the Primary Dealers Association of India jointly with the Fixed Income Money Market and Derivatives Association, periodically.

We compute the market value of our unquoted government securities included in the available for sale and held for trading categories in accordance with rates published by the Fixed Income Money Market and Derivatives Association.

We compute the market value of non-government securities, other than those quoted on the stock exchanges, wherever linked to the yield-to-maturity rates, with a mark-up (reflecting associated credit risk) over the yield to maturity rates for government securities published by the Fixed Income Money Market and Derivatives Association.

We mark-to-market our funded credit derivatives based on counter-party valuation quotes, or internal models using inputs from market sources such as Bloomberg/Reuters, counter-parties and the Fixed Income Money Market and Derivatives Association.

We compute the market value of our unquoted equity shares at the break up value, if the latest balance sheet is available. If such a balance sheet is not available, the unquoted equity shares are valued at Rupee 1 in accordance with Reserve Bank of India guidelines.

We compute the market value of our securities, under the available for sale and held for trading categories, scrip-wise (that is, by individual securities) and the depreciation/appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, as it is unrealized, while net depreciation is provided for.

We account for repo and reverse repo agreements in accordance with current guidelines issued by the Reserve Bank of India. Repo transactions and reverse repo transactions are each two-step transactions. In accordance with

the Reserve Bank of India guidelines, in the first step of a repo transaction, we remove securities from our investment portfolio by selling them to other banks or financial institutions. In the first step of a reverse repo transaction, by contrast, we add securities to our investment portfolio by purchasing securities from other banks or financial institutions. The second step of a repo transaction or a reverse repo transaction involves the "reversal" of the first step. In the case of repo transactions, the second step involves repurchasing the sold securities; in the case of reverse repurchase transactions, the second step involves selling the purchased securities. Under Reserve Bank of India guidelines, upon the completion of the second step, the net income impact of a repo transaction is the recognition of a contracted interest expense, whereas the impact of a reverse repo transaction is the recognition of contracted interest income.

Provisions/Write-offs on Loans and Other Credit Facilities

We classify our loans into standard, substandard and doubtful assets based on the number of days an account is overdue. We classify non-performing loans as loss assets when we believe that the loans are no longer collectible or the security available is below 10% of the balance outstanding. We create specific provisions on our secured and unsecured corporate loans classified as substandard and doubtful assets at rates prescribed by the Reserve Bank of India. Loans in the retail asset portfolio classified as substandard and doubtful are provided for at rates prescribed by our internal policy subject to minimum provisioning requirements set by the Reserve Bank of India. Loss assets are fully provided for. We hold specific provisions for retail loans that are higher than the minimum regulatory requirements. We hold specific provisions against non-performing loans and a general provision against standard loans.

We determine provisions for our restructured/rescheduled loans based on the diminution in the fair value of the loan under the methodology prescribed by the Reserve Bank of India. For loans classified as substandard and doubtful assets that are restructured, we compute the diminution in fair value of the loan in addition to the loan loss provisions.

We upgrade a restructured non-performing loan to a standard account if there has been satisfactory payment performance for one year following the date on which the first payment of principal, or interest is due. We upgrade all other non-performing loans to a standard account if arrears of interest and principal are fully paid by the borrower.

The Reserve Bank of India has issued separate guidelines governing the off-balance sheet exposures of banks. The guidelines require banks to treat only unpaid amounts due for more than 90 days under derivatives contracts as non-performing assets. Further, provisioning requirements applicable to the loan assets in the standard asset category are applicable to banks' derivative and gold exposures. The guidelines also require banks to determine their credit exposures arising from interest rate and foreign exchange derivatives transactions and gold, using the current exposure method according to the guidelines of the Reserve Bank of India.

We also create general provisions on our standard loans based on the guidelines issued by the Reserve Bank of India.

Additionally, we create provisions on individual country exposures (other than for home country exposures). The countries are categorized into seven risk categories: insignificant, low, moderate, high, very high, restricted and off-credit, and provisioning is made for those exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with a contractual maturity of less than 180 days, 25% of the provisions are required to be held. If the country exposure (net) of the Bank with respect to each country does not exceed 1% of the total funded assets, no provision is required for such country exposure.

Transfer and Servicing of Assets

We transfer commercial and consumer loans through securitization transactions. The transferred loans are de-recognized and gains/losses, net of provisions, are accounted for only if we surrender the rights to benefits specified in the loan contract. Recourse and servicing obligations are accounted for net of provisions. We measure the retained beneficial interests in the loans by allocating the carrying value of the loans between the assets sold and the retained interest, based on the relative fair value at the date of the securitization.

Effective February 1, 2006, we account for any loss arising on sale immediately at the time of sale and the profit/premium arising on account of sale is amortized which is in accordance with the Reserve Bank of India guidelines.

Fair Value Measurements

For the purposes of US GAAP, the Group adopted Statement of FASB ASC Topic 820 “Fair Value Measurements and Disclosures” on April 1, 2008. We determine the fair values of its financial instruments based on the fair value hierarchy established in ASC Topic 820. The standard describes three levels of inputs that may be used to measure fair value.

The valuation of Level 1 instruments is based upon the unadjusted quoted prices of identical instruments traded in active markets.

The valuation of Level 2 instruments is based upon the quoted prices for similar instruments in active markets, the quoted prices for identical or similar instruments in markets that are not active, prices quoted by market participants and prices derived from valuation models which use significant inputs that are observable in active markets. Inputs used include interest rates, yield curves, volatilities and credit spreads, which are available from public sources such as Reuters, Bloomberg and the Fixed Income Money Markets and Derivatives Association of India.

The valuation of Level 3 instruments is based on valuation techniques or models which use significant market unobservable inputs or assumptions. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable or when the determination of the fair value requires significant management judgment or estimation.

The valuation methodologies adopted by us for valuing our investments and derivatives portfolio are summarized below. A substantial portion of the portfolio is valued based on the unadjusted quoted or traded prices or based on models using market observable inputs such as interest rates, yield curves, volatilities and credit spreads available from public sources like Reuters, Bloomberg and stock exchanges.

The rupee denominated fixed income portfolio which includes all rupee investments in government securities and corporate bonds is valued based on guidelines for market participants established by the Fixed Income Money Market and Derivatives Association. The Fixed Income Money Market and Derivatives Association is an association of scheduled commercial banks, public financial institutions, primary dealers and insurance companies, and is a voluntary market body for bonds, derivatives and money markets in India. The international investments portfolio is valued on the basis of quoted prices; in certain markets, due to illiquidity, the Bank uses alternate valuation methodologies based on its own assumptions and estimates of the fair values.

A substantial part of the derivatives portfolio is valued using market observable inputs like swap rates, foreign exchange rates, volatilities and forward rates. The valuation of derivatives is carried out primarily using the market quoted swap rates and foreign exchange rates. Certain structured derivatives are valued based on counterparty quotes. The exposure regarding derivative transactions is computed and is marked against the credit limits approved for the respective counter-parties.

We also hold investments and derivatives that, during and at the end of fiscal 2010, have been valued based on unobservable inputs or involve significant assumptions made by the management in arriving at their fair values. Such instruments are classified under Level 3 as per the classification defined in FASB ASC Topic 820 “Fair Value

Measurements and Disclosures".

A description of the valuation methodologies of Level 3 investments:

The determination of market illiquidity for financial instruments is based on qualitative factors such as the prevalent market conditions, observed bid-offer spreads and market volumes. Bonds which have been identified as illiquid and valued on the basis of average price derived from market quotes and valuation model have been classified as level 3 instruments. Due to the illiquidity in the asset backed, mortgage backed and Master Asset

Vehicle security markets, a substantial part of the securities are classified as Level 3 and a combination of market quotes and valuation models are used to value these securities.

The Bank values the India-linked non-rupee denominated bonds through a combination of market quotes and cash flow discounting using the Fixed Income Money Market and Derivatives Association spreads corresponding to the domestic ratings of the issuer. India-linked single name credit derivatives are valued based on credit spreads from market sources, wherever such spreads are available; where such spreads are not available, they are valued based on a valuation model using the Fixed Income Money Market and Derivatives Association spreads corresponding to the domestic ratings of the issuer with appropriate mark-ups.

The investment of Rs. 10.3 billion in a third-party managed India-linked collateralized debt obligations is valued using quotes provided by the asset manager. The quotes provided by the asset manager are based on spreads arrived at by using the same methodology as used for estimating the spreads for the single-name credit derivatives.

The valuation of Indian pass through certificates is dependent on the estimated cash flows that the underlying trust would pay out. A number of assumptions are made with regards to various variables to arrive at the estimated flows. The cash flow for pass through certificates is discounted at the base yield curve rates and credit spreads published by Income Money Market and Derivatives Association on month ends.

The Bank has investments in certain unlisted equity shares at year-end fiscal 2010, which are carried at cost.

The Bank holds investments in asset backed commercial paper through its Canadian subsidiary amounting to Rs. 0.6 billion (book value, net of provision) at year-end fiscal 2010, which are overdue. We have made provisions on these investments based on management's estimates of expected recovery.

Our total investment in Level 3 instruments amounted to Rs. 95.8 billion at year-end fiscal 2010, as compared to Rs. 123.2 billion at year end fiscal 2009. Out of the total Level 3 investment, Rs. 83.7 billion investment was India linked and Rs. 12.1 billion was non-India linked. India linked investments were comprised primarily of India-linked pass through certificates of Rs. 33.3 billion issued in India, bonds of Rs. 1.6 billion issued by domestic companies, foreign currency convertible bonds of Rs. 16.6 billion issued by domestic companies and credit derivatives of Rs. 27.6 billion referencing Indian companies. Non-India linked investments were comprised primarily of residential mortgage backed securities of Rs. 9.0 billion, master asset vehicle securities of Rs. 2.3 billion, asset backed commercial paper of Rs. 0.6 billion and other asset backed securities and commercial mortgage backed securities (excluding asset backed commercial paper) of Rs. 0.2 billion at year-end fiscal 2010. We hold certain bonds through our UK subsidiary, out of which Rs. 17.3 billion was classified under Level 3 in fiscal 2009, as active market quotes were not available for these bonds and were valued as per the valuation model. In Fiscal 2010, these bonds were valued as per the market quote and accordingly these bonds were transferred to Level 1.

The sensitivity of the fair value of the Level 3 investments discussed above to an adverse change in the significant unobservable assumptions is a loss of Rs. 1.9 billion. For the calculation of sensitivity, an adverse change of 10% in the market value of the unlisted equity shares, security receipts and venture funds and a 50 basis points adverse change in yields for other securities has been assumed.

The methodologies we use for validating the pricing of those products which are priced with reference to market observable inputs include comparing the outputs of our models with counter party quotes, in comparison with pricing from third party pricing tools, replicating the valuation methodology used in the model or other methods used on a case-by-case basis. The prices are also computed under various scenarios and are checked for consistency. However, for products where there are no reliable market prices or market observable inputs available, valuation is carried out

using models developed using alternate approaches and incorporating proxies wherever applicable. The validation of pricing models is performed by an independent risk management group, and approved by a committee comprising of executive directors until fiscal 2010. After the review of the Bank's Investment Policy in the meeting of the Board of Directors in April 2010, these proposals are now placed for approval to the Asset Liability Management Committee.

Recently Issued Accounting Pronouncements

US GAAP

Transfers of Financial Assets

In December 2009 FASB issued Accounting Standard Update No. 2009–16, “Accounting for Transfer of Financial Assets” amending the Transfer and Servicing (Topic 860) (originally issued in June 2009, FASB issued Statement No. 166, “Accounting for Transfers of Financial Assets”) This update removes the concept of a qualifying special-purpose entity from Financial Accounting Standard 140 and removes the exception from applying FASB ASC 810-10 Interpretation No. 46 (revised December 2003), “Consolidation of Variable Interest Entities”, to qualifying special-purpose entities.

This Statement clarifies that the objective of paragraph 9 of Statement 140 is to determine whether a transferor and all of the entities included in the transferor’s financial statements being presented have surrendered control over transferred financial assets. That determination must consider the transferor’s continuing involvements in the transferred financial asset. This Statement limits the circumstances in which a financial asset, or a portion of a financial asset, should be derecognized when the transferor has not transferred the entire original financial asset and/or when the transferor has continuing involvement with the transferred financial asset.

This Statement defines the term ‘participating interest’ to establish specific conditions for reporting a transfer of a portion of a financial asset as a sale. If the transfer does not meet those conditions, a transferor should account for the transfer as a sale only if it transfers an entire financial asset or a group of entire financial assets and surrenders control over the entire transferred asset(s) in accordance with the conditions in paragraph 9 of Statement 140, as amended by this Statement. This Statement requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor’s beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale.

This Statement also requires enhanced disclosures to provide financial statement users with greater transparency about transfers of financial assets and a transferor’s continuing involvement with transferred financial assets.

This Statement is to be applied as of the beginning of a reporting entity’s first annual reporting period beginning after November 15, 2009. We are in the process of evaluating the impact of adoption of this statement.

Consolidation of Variable Interest Entities

In December 2009 FASB issued Accounting Standard Update No. 2009-17 “Improvements of Financial Reporting by Enterprises Involved with Variable Interest Entities” amending the Consolidation (Topic 810) “Improvements of Financial Reporting by Enterprises Involved with Variable Interest Entities” (originally issued in June 2009, FASB Statement No. 167, Amendments to FASB Interpretation No. 46(R), which will be effective as of the beginning of each reporting entity’s first annual reporting period that begins after November 15, 2009.

This Statement amends Interpretation FASB ASC Subtopic 810-10 “Consolidation Overall” to require an enterprise to perform an analysis to determine whether the enterprise’s variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both of the following characteristics:

a)

The power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance.

b) The obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity.

This Statement amends Interpretation FASB ASC Subtopic 810-10 to eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity, which was based on determining which enterprise absorbs the majority of the entity's expected losses, receives a majority of the entity's

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expected residual returns, or both. This Statement also amends certain guidance in FASB ASC Subtopic 810-10 for determining whether an entity is a variable interest entity.

Under FASB ASC Subtopic 810-10, a troubled debt restructuring as defined in FASB ASC Subtopic 310-40, "Troubled Debts Restructurings by Creditors", was not an event that required reconsideration of whether an entity is a variable interest entity and whether an enterprise is the primary beneficiary of a variable interest entity. This Statement eliminates that exception.

This Statement amends FASB ASC Subtopic 810-10 to require enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise's involvement in a variable interest entity. The enhanced disclosures are required for any enterprise that holds a variable interest in a variable interest entity.

Further, the FASB has issued ASU No. 2010-10 – "Amendments for certain investment funds" amending FASB ASC Topic 810 – "Consolidation". ASU No. 2010-10 has indefinitely deferred the requirements of ASC Topic 810 – "Consolidation" for certain investment companies. We are in the process of evaluating the impact of adoption of this statement.

Disclosure About the Credit Quality of Financing Receivables and the Allowance for Credit Losses

In July 2010, FASB issued Accounting Standard Update No. 2010-20, amending Topic 310 "Receivable" which for disclosures as of the end of a reporting period will be effective for interim and annual reporting periods ending on or after December 15, 2010, and for disclosures about activity that occurs during a reporting period will be effective for interim and annual reporting periods beginning on or after December 15, 2010.

The amendments require the entity to provide the following additional disclosure on a disaggregated basis, to evaluate the nature of the credit risk inherent in the entity's portfolio of financing receivables, how that risk is analyzed and assessed in arriving at the allowance for credit losses, and the changes if any and reasons for those changes in the allowance for credit losses:

1. a roll forward schedule of the allowance for credit losses from the beginning of the reporting period to the end of the reporting period on a portfolio segment basis, with the ending balance further disaggregated on the basis of the impairment method;

2. for each disaggregated ending balance in item (1) above, the related recorded investment in financing receivables;

3. the non accrual status of financing receivables by class of financing receivables;

4. impaired financing receivables by class of financing receivables;

5. credit quality indicators of financing receivables at the end of the reporting period by class of financing receivables;

6. the aging of past due financing receivables at the end of the reporting period by class of financing receivables;

7. the nature and extent of troubled debt restructurings that occurred during the period by class of financing receivables and their effect on the allowance for credit losses;

8.

the nature and extent of financing receivables modified as troubled debt restructurings within the previous 12 months that defaulted during the reporting period by class of financing receivables and their effect on the allowance for credit losses; and

9. significant purchases and sales of financing receivables during the reporting period disaggregated by portfolio segment.

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Since the requirement of this ASU is for enhanced disclosures only, it will not have an impact on the financial results under US GAAP.

Fair Value Measurements and Disclosures

In January 2010, the FASB issued ASU 2010-06, Improving Disclosures about Fair Value Measurements amending FASB ASC Sub-topic 820-10 - "Fair value measurements and disclosures – overall". The ASU requires disclosing the amounts of significant transfers in and out of Level 1 and 2 fair value measurements and to describe the reasons for the transfers. The disclosures are effective for reporting periods beginning after December 15, 2009. Additionally, disclosures of the gross purchase, sale, issuance and settlement activity in Level 3 fair value measurements will be required for fiscal years beginning after December 15, 2010. Since the requirement of this ASU is for enhanced disclosures only, it will not have an impact on the financial results under US GAAP.

Derivatives and Hedging

In March 2010, the FASB issued ASU 2010-11, "Scope Exception Related to Embedded Credit Derivatives" amending FASB ASC Topic 815 – "Derivatives and Hedging". The amendments in this update are effective for each reporting entity at the beginning of its first fiscal quarter beginning after June 15, 2010.

This ASU clarifies that embedded credit-derivatives features related only to the transfer of credit risk in the form of the subordination of one financial instrument to another are not subject to potential bifurcation and separate accounting. Other embedded credit-derivatives features are required to be analyzed to determine whether they must be accounted for separately. The ASU also provides guidance about whether embedded credit-derivatives features in financial instruments issued by structures such as collateralized debt obligation and synthetic credit default obligation are subject to bifurcation and separate accounting. We are in the process of evaluating the impact of adoption of this statement.

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MANAGEMENT

Directors and Executive Officers

Our Board of Directors, consisting of 13 members at August 31, 2010, is responsible for the management of our business. Our organizational documents provide for a minimum of three directors and a maximum of 21 directors, excluding the government director and the debenture director (defined below), if any. We may, subject to the provisions of our organizational documents and the Companies Act, change the minimum or maximum number of directors by a resolution which is passed at a general meeting by a majority of the present and voting shareholders. In addition, under the Banking Regulation Act 1949, the Reserve Bank of India may require us to convene a meeting of our shareholders for the purposes of appointing new directors to our Board of Directors.

The Banking Regulation Act 1949, requires that at least 51% of our directors should have special knowledge or practical experience in banking and areas relevant to banking including accounting, finance, agriculture and small scale industry. All of our directors are professionals with special knowledge of one or more of the above areas. Of the 13 directors, four are directors who are in our wholetime employment, or executive directors. The appointment of the chairman and executive directors requires the approval of the Reserve Bank of India and the shareholders. The government of India has appointed one representative, Dr. Anup K. Pujari, to our board effective January 27, 2009. Of the remaining eight non-executive directors, Mr. K. V. Kamath is the non-executive chairman of our board, one is from a financial holding company with investments in insurance and investment management companies, and the others are retired company executives, advisors and chartered accountants. Of the nine non-executive directors, three have specialized knowledge in respect of agriculture and rural economy or small scale industry. The Reserve Bank of India has also prescribed ‘fit and proper’ criteria to be considered while appointing persons as directors of banking companies. Our directors (other than the government director) are required to make declarations confirming their ongoing compliance of the ‘fit and proper’ criteria. Our Board of Directors has reviewed the declarations received from the directors in this regard and determined that all our directors satisfy the ‘fit and proper’ criteria.

Pursuant to the provisions of the Companies Act, at least two-thirds of the total number of directors are subject to retirement by rotation. The government director and the debenture director are not subject to retirement by rotation as per our organizational documents. One-third of the directors must retire from office at each annual meeting of shareholders. A retiring director is eligible for re-election. Pursuant to the provisions of the Banking Regulation Act, none of the directors other than Executive Directors may hold office continuously for a period exceeding eight years. Pursuant to the Reserve Bank of India guidelines, a person would be eligible for appointment as director if he or she is between 35 and 70 years of age.

Our organizational documents also provide that we may execute trust deeds in respect of our debentures under which the trustee or trustees may appoint a director, known as the debenture director. The debenture director is not subject to retirement by rotation and may only be removed as provided in the relevant trust deed. Currently, there is no debenture director on our Board of Directors.

Mr. K.V. Kamath was Managing Director and CEO of ICICI Bank from May 3, 2002 until April 30, 2009. Our board of directors at its meeting held on December 19, 2008 appointed Mr. K. V. Kamath as non-executive Chairman for a period of five years effective May 1, 2009. While our shareholders have approved the appointment of Mr. K. V. Kamath as Chairman for a period of five years effective May 1, 2009, the Reserve Bank of India has approved his appointment for a period of three years effective May 1, 2009.

Ms. Chanda D. Kochhar was appointed as Executive Director effective April 1, 2001 and designated as Deputy Managing Director effective April 29, 2006 and Joint Managing Director and Chief Financial Officer effective

October 19, 2007. Our Board of Directors at its meeting held on December 19, 2008 appointed Ms. Chanda Kochhar as Managing Director and CEO for a period of five years effective May 1, 2009. While our shareholders have approved appointment of Ms. Chanda Kochhar as Managing Director and CEO effective May 1, 2009 up to March 31, 2014, the Reserve Bank of India has approved her appointment for a period of three years effective May 1, 2009.

Mr. K. Ramkumar was appointed as Executive Director, for a period of five years, effective February 1, 2009. Mr. N. S. Kannan was appointed as Executive Director and Chief Financial Officer, for a period of five years, effective May 1, 2009. While our shareholders have approved the above, the Reserve Bank of India has approved

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the appointment of Mr. Ramkumar and Mr. Kannan for a period of three years with effect from February 1, 2009 and May 1, 2009 respectively.

Mr. Rajiv Sabharwal was appointed as Executive Director for a period of five years effective June 24, 2010. While our shareholders have approved the above, the Reserve Bank of India has approved the appointment of Mr. Rajiv Sabharwal for a period of three years effective June 24, 2010.

Our board of directors at its meeting held on April 25, 2009, appointed Mr. M. S. Ramachandran, former Chairman, Indian Oil Corporation, as an additional director effective April 25, 2009. His appointment has been approved by our shareholders.

Our Board at its meeting held on January 21, 2010 appointed Mr. Homi Khusrokhan and Mr. V. Sridar as additional directors effective January 21, 2010 and at its meeting held on April 30, 2010 appointed Dr. Tushaar Shah as additional director effective May 3, 2010. Their appointments have been approved by the shareholders at their meeting held on June 28, 2010.

Mr. V. Vaidyanathan, Executive Director ceased to be a member of our board effective May 1, 2009. Mr. Sonjoy Chatterjee, Executive Director, resigned from our board effective April 30, 2010. Mr. Sandeep Bakhshi, who was appointed as an Executive Director designated as Deputy Managing Director effective May 1, 2009 ceased to be a member of our board effective July 31, 2010 on his appointment as Managing Director and CEO of ICICI Prudential Life Insurance Company Limited.

In order to comply with the provisions of the Companies Act and our organizational documents, Mr. N. S. Kannan, Mr. K. Ramkumar, and Mr. Rajiv Sabharwal will be subject to retirement by rotation if at any time the number of non-rotational directors exceeds one-third of the total number of directors. If they are re-appointed as directors immediately upon retirement by rotation, they will continue to hold their offices as Executive Directors and the retirement by rotation and re-appointment shall not be deemed to constitute a break in their appointment. Our other executive officers may hold office until they retire, unless they are discharged earlier by us.

Our Board of Directors had the following members at September 15, 2010:

Name, designation and profession	Age	Date of first Appointment	Particulars of other Directorship(s) at September 15, 2010
Mr. Kundapur Vaman Kamath Non-executive Chairman	62	April 17, 1996	Director Infosys Technologies Limited Lupin Limited The Great Eastern Shipping Co. Limited Schlumberger Limited Member of Board Institute of International Finance, Inc.
Mr. Sridar Iyengar Non-Executive Director Profession: Business Advisor	63	April 30, 2005	Director Aver Q Inc. Career Launcher India Limited Cleartrip Travel Services Private Limited Infosys BPO Limited Infosys Technologies Limited

Kovair Software Inc.
Mahindra Holidays & Resorts India Limited
Onmobile Global Limited
Rediff.com India Limited
Rediff Holdings Inc.
American Indian Foundation

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Name, designation and profession	Age	Date of first Appointment	Particulars of other Directorship(s) at September 15, 2010
Mr. Homi Khusrokhan Non-Executive Director Profession: Advisor	66	January 21, 2010	Chairman Khet-se Agri Produce (India) Private Limited Director Advinus Therapeutics Private Limited Fulford (India) Limited Indigene Pharmaceuticals Inc. Rallis India Limited Samson Maritime Limited Tata AIG Life Insurance Company Limited
Dr. Anup K. Pujari Nominee Director Profession: Government Service	54	January 27, 2009	None
Mr. M. S. Ramachandran Non-Executive Director Profession: Advisor	65	April 25, 2009	Chairman Cals Refineries Limited Concord Energy (India) Pte Limited Director Bharat Electronics Limited (BEL) Ester Industries Limited Gulf Oil Corporation Limited Supreme Petrochem Limited
Dr. Tushaar Shah Non Executive Director Profession: Advisor	58	May 3, 2010	None
Mr. Mahendra Kumar Sharma Non-Executive Director Profession: Retired Company Executive	63	January 31, 2003	Director Birla Corporation Limited ICICI Lombard General Insurance Company Limited Thomas Cook (India) Limited Schrader Duncan limited Fulford (India) Limited
Mr. V. Sridar Non-Executive Director Profession: Advisor	63	January 21, 2010	Director Aadhar Housing Finance Private Limited Aban Power Company Limited Lanco Vidarbha Thermal Power Limited Morpheus Capital Advisors Private Limited Ponni Sugars (Erode) Limited Sarda Metals and Alloys Limited Securities Trading Corporation of India Limited

Seshasayee Paper & Boards Limited
STCI Primary Dealer Limited
Member – Governing Council
United Stock Exchange Limited

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Name, designation and profession	Age	Date of first Appointment	Particulars of other Directorship(s) at September 15, 2010
Mr. V. Prem Watsa Non-Executive Director Profession: Company Executive	60	January 29, 2004	Chairman & CEO Fairfax Financial Holdings Limited Chairman Crum & Forster Holdings Corp. Northbridge Financial Corporation Odyssey Re Holdings Corp. TIG Holdings, Inc. Chairman & President Fairfax Investments USA Corp. President 1109519 Ontario Limited 810679 Ontario Limited 2771489 Canada Limited FFHL Share Option 1 Corp. The Sixty Two Investment Company Limited President & CEO FFHL Group Limited Vice President & Secretary Hamblin Watsa Investment Councel Limited Director The Six Four Foundation The Sixty Three Foundation Cunningham Lindsey Group Limited
Ms. Chanda D. Kochhar Managing Director & CEO Profession: Company Executive	48	April 1, 2001	Chairperson ICICI Bank Eurasia Limited Liability Company ICICI Bank UK PLC ICICI Bank Canada ICICI Prudential Asset Management Company Limited ICICI Prudential Life Insurance Company Limited ICICI Securities Limited ICICI Lombard General Insurance Company Limited
Mr. N. S. Kannan Executive Director & CFO Profession: Company Executive	45	May 1, 2009	Chairman ICICI Securities Primary Dealership Limited Director ICICI Lombard General Insurance Company Limited ICICI Prudential Asset Management Company Limited ICICI Prudential Life Insurance Company Limited ICICI Eurasia Limited Liability Company

	ICICI Bank UK PLC

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Name, designation and profession	Age	Date of first Appointment	Particulars of other Directorship(s) at September 15, 2010
Mr. K. Ramkumar Executive Director Profession: Company Executive	49	February 1, 2009	Director ICICI Prudential Life Insurance Company Limited ICICI Venture Funds Management Company Limited
Mr. Rajiv Sabharwal Executive Director Profession: Company Executive	44	June 24, 2010	Chairman ICICI Home Finance Company Limited

Our executive officers at August 31, 2010 were as follows:

Name	Age	Designation and Responsibilities	Years of work experience	Total remuneration in fiscal 2010(1) (in Rupees)	Bonus for fiscal 2010 (in Rupees)	Stock options granted in fiscal 2010	Stock options granted in fiscal 2011	Total stock options granted through August 31, 2010	Total stock options outstanding at August 31, 2010(4)	Shareho at Augu 31, 2010
Ms. Chanda D. Kochhar	48	Managing Director and CEO	26	18,181,944	2,693,250	–	210,000	1,195,000	865,000	268,9
Mr. N.S. Kannan(2)	45	Executive Director and CFO	23	10,785,856	1,724,250	–	105,000	367,400	193,000	82,22
Mr. K. Ramkumar	49	Executive Director	25	13,680,930	1,881,000	–	105,000	585,000	405,000	–
Mr. Rajiv Sabharwal(3)	44	Executive Director	18	–	–	–	100,000	100,000	100,000	–
Mr. Pravir Vohra	56	Group Chief Technology Officer	35	13,355,406	1,881,000	–	105,000	509,500	405,500	26,50
Mr. Vijay Chandok	42	Group Executive-International Banking	19	9,704,257	1,077,000	35,000	35,000	376,100	274,500	9,000
Ms. Zarin Daruwala	45	Group Executive- Wholesale Banking	20	8,104,229	894,000	32,500	32,500	285,600	218,500	45,49

(1) Includes salary and other benefits and ICICI Bank's contribution to superannuation fund, provident and gratuity funds. No bonus was paid in fiscal 2010 for the year 2009.

(2) Remuneration for the period May 1, 2009 to March 31, 2010. Prior to his appointment as Executive Director of ICICI Bank, Mr. N. S. Kannan was Executive Director of ICICI Prudential Life Insurance Company.

(3) Mr. Rajiv Sabharwal joined ICICI Bank with effect from April 1, 2010.

(4) Each stock option, once exercised, is equivalent to one equity share of ICICI Bank. ICICI Bank granted these stock options to its executive officers at no cost. See "— Compensation and Benefits to Directors and Officers — Employee Stock Option

Scheme" for a description of the other terms of these stock options. In accordance with the Scheme of Amalgamation, directors and employees of ICICI have received stock options in ICICI Bank equal to half the number of the outstanding unexercised stock options they held in ICICI with the exercise price of these options being equal to twice the exercise price for the ICICI stock options exchanged. The stock options mentioned above include ICICI stock options converted into ICICI Bank stock options on this basis.

(5) Executive officers and directors (including non-executive directors) as a group held about 0.4% of ICICI Bank's equity shares as of this date.

Ms. Chanda D. Kochhar has a post-graduate degree in management from Jamnalal Bajaj Institute of Management Studies, Mumbai and a degree in cost and works accountancy from the Institute of Cost and Works Accountants of India. She started her career in 1984 with ICICI in its project finance department and has worked in the areas of corporate banking, infrastructure financing, e-commerce, strategy, retail banking and finance. She was appointed to our board as an Executive Director in April 2001. Our board designated her as Deputy Managing Director effective April 29, 2006 and as Joint Managing Director and Chief Financial Officer in October 2007. Effective May 1, 2009 our board appointed Ms. Chanda D. Kochhar as Managing Director and CEO.

Mr. N. S. Kannan is a graduate in mechanical engineering, a post-graduate in management from the Indian Institute of Management, Bangalore and a chartered financial analyst from the Institute of Chartered Financial Analysts of India. He joined ICICI in 1991. He has worked in the areas of project finance, structured finance, treasury and life insurance. He was Chief Financial Officer and Treasurer of ICICI Bank from 2003 to 2005 and Executive Director on the Board of ICICI Prudential Life Insurance Company from 2005 to 2009. Our Board of Directors appointed him as Executive Director and Chief Financial Officer effective May 1, 2009.

Mr. K. Ramkumar is a science graduate from Madras University with a post-graduate diploma in industrial relations and labor laws. He worked with ICI India before joining ICICI Bank in 2001 in the human resources department. In 2006 he was designated as Group Chief Human Resources Officer. Our Board of Directors appointed him as Executive Director effective February 1, 2009. He is currently responsible for operations, credit and treasury middle offices and human resources management.

Mr. Rajiv Sabharwal is a graduate in mechanical engineering and a post-graduate in management from the Indian Institute of Management, Lucknow. He joined ICICI in 1998 and has worked in the areas of credit policy, collections, mortgage finance, consumer loans, rural banking, microfinance and financial inclusion. He left the services of the Bank in December 2008 and rejoined effective April 1, 2010 as Senior General Manager in charge of retail banking. Our Board of Directors appointed him as an Executive Director effective June 24, 2010. He is currently responsible for retail banking, rural banking and the small and medium enterprises and mid-corporate business.

Mr. Pravir Vohra is a post-graduate in economics from Delhi University. He was Joint President of 3i Infotech Limited (formerly ICICI Infotech Limited) before he joined ICICI Bank in 2002. He was designated as Group Chief Technology Officer in 2006. He is currently responsible for technology, infrastructure management and administration.

Mr. Vijay Chandok is a graduate in mechanical engineering and a post-graduate in management from Narsee Monjee Institute of Management Studies, Mumbai. He joined ICICI in 1993 and has worked in the areas of project finance, corporate banking, small enterprises and retail banking. He was designated as Group Executive –International Banking in April 2010.

Ms. Zarin Daruwala is a chartered accountant. She joined ICICI in 1989 and has worked in the areas of project finance, corporate banking and agri-business. She was designated as Group Executive – Wholesale Banking in July 2010.

Corporate Governance

Our corporate governance policies recognize the accountability of the board and the importance of making the board transparent to all our constituents, including employees, customers, investors and the regulatory authorities, and of demonstrating that the shareholders are the ultimate beneficiaries of our economic activities.

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Our corporate governance framework 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 directors and chaired by an independent director, to oversee critical areas and functions of executive management.

Our 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.

Our board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of monitoring corporate performance, the functions of our board include:

- approving corporate philosophy and mission;
- participating in the formulation of strategic and business plans;
- reviewing and approving financial plans and budgets;
- monitoring corporate performance against strategic and business plans, including overseeing operations;
- ensuring ethical behavior and compliance with laws and regulations;
- reviewing and approving borrowing limits;
- formulating exposure limits; and
- keeping shareholders informed regarding plans, strategies and performance.

To enable our board of directors to discharge these responsibilities effectively, executive management provides detailed reports on its performance to the board on a quarterly basis.

Our board functions either as a full board or through various committees constituted to oversee specific operational areas. These board committees meet regularly. The constitution and main functions of the various committees are given below.

Audit Committee

As of the date of the filing of this report, the Audit Committee comprises four independent directors – Mr. Sridar Iyengar, Mr. M. K. Sharma, Mr. Homi Khusrokhan and Mr. V. Sridar. Mr. Sridar Iyengar is the Chairman of the Committee and Mr. M. K. Sharma is the Alternate Chairman. Mr. Sridar Iyengar, Mr. Homi Khusrokhan and Mr. V. Sridar are Chartered Accountants.

Our board of directors has also determined that Mr. Sridar Iyengar qualifies as an Audit Committee financial expert.

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 the setting 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), the statement of funds utilized for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilization of

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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 authorized 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 of the regulatory compliance function. The Audit Committee is also authorized to approve the appointment of the Chief Financial Officer (i.e. the wholetime finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background of the candidate.

All significant audit and non-audit services to be provided by our principal accountants are pre-approved by the Audit Committee before such services are provided to us.

Board Governance and Remuneration Committee

As of the date of the filing of this report, the Board Governance, Remuneration and Nomination Committee comprises four non-executive directors — Mr. M. K. Sharma, Mr. K. V. Kamath, Mr. Sridar Iyengar and Mr. V. Prem Watsa. Mr. M. K. Sharma, an independent Director, is the Chairman of the Committee.

The functions of the Committee include the recommendation of appointments to the board, evaluation of the performance of the Managing Director and CEO and other Executive Directors on pre-determined parameters, recommendation to our board for the remuneration (including performance bonus and perquisites) to executive 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 the executive directors of ICICI Bank and its subsidiary companies.

Corporate Social Responsibility Committee

As of the date of this report, the Corporate Social Responsibility Committee comprises four directors — Mr. M. K. Sharma, Dr. Anup K. Pujari, Dr. Tushaar Shah and Ms. Chanda D. Kochhar. Mr. M. K. Sharma, an independent director, is the Chairman of the Committee.

The functions of the Committee include the review of our corporate social responsibility initiatives, policies and practices and makes recommendations to our board with respect to such initiatives, policies and practices and the review and implementation of other matters related to corporate social responsibility initiatives as recommended by the Reserve Bank of India or any other body.

Credit Committee

As of the date of the filing of this report, the Credit Committee comprises four directors — Mr. K. V. Kamath, Mr. M. S. Ramachandran, Mr. M. K. Sharma and Ms. Chanda D. Kochhar. Mr. K. V. Kamath is the Chairman of the Committee.

The functions of the Committee include review of developments in key industrial sectors and approval of credit proposals in accordance with the authorization approved by the board.

Customer Service Committee

As of the date of the filing of this report, the Customer Service Committee comprises four directors — Mr. K. V. Kamath, Mr. M. S. Ramachandran, Mr. M. K. Sharma, and Ms. Chanda D. Kochhar. Mr. K. V. Kamath is the Chairman of the Committee.

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

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Fraud Monitoring Committee

As of the date of the filing of this report, the Fraud Monitoring Committee comprises six directors — Mr. M. K. Sharma, Mr. K.V. Kamath, Mr. V. Sridar, Dr. Anup K. Pujari, Ms. Chanda D. Kochhar and Mr. Rajiv Sabharwal. Mr. M. K. Sharma is the Chairman of the Committee.

The functions of the Committee include monitoring and review of all instances of fraud involving an amount of Rs. 10 million and above.

Risk Committee

As of the date of the filing of this report, the Risk Committee comprises six directors — Mr. K. V. Kamath, Mr. Sridar Iyengar, Dr. Anup K. Pujari, Mr. V. Sridar, Mr. V. Prem Watsa and Ms. Chanda D. Kochhar. The majority of the members of the Committee are independent directors. Mr. K. V. Kamath is the Chairman of the Committee.

The Committee reviews 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 also reviews the risk return profile of the Bank, capital adequacy based on risk profile of our balance sheet, Basel-II implementation, business continuity plan and disaster recovery plan, key risk indicators and significant risk exposures.

Share Transfer and Shareholders'/Investors' Grievance Committee

As of the date of the filing of this report, the Share Transfer and Shareholders'/Investors' Grievance Committee comprises three directors – Mr. M. K. Sharma, Mr. Homi Khusrokhan and Mr. N. S. Kannan. Mr. M. K. Sharma, an independent director, is the Chairman of the Committee.

The functions of the Committee include approval and rejection of transfer or transmission of equity and 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.

Committee of Executive Directors

As of the date of the filing of this report, the Committee of Directors comprises all four executive directors and Ms. Chanda D. Kochhar, Managing Director and CEO is the Chairperson of the Committee. The other members are Mr. N. S. Kannan, Mr. K. Ramkumar and Mr. Rajiv Sabharwal.